

LUXURY MEMO SPECIAL REPORT

Diversity in luxury: Luxury Memo special report

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Diversity is more than just a moral obligation, it is also good business strategy. Image credit: Tiffany & Co.

By DANNY PARISI

Luxury has for many years been the domain of a homogenous group of individuals, mainly Caucasian men from Western countries. However, creating and maintaining diversity is important, not only because it is morally commendable, but also because it is good for business.

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Over the last decade, there has been a concerted effort in the luxury business to be more inclusive in terms of sex and gender, race, nationality or body type. But the luxury business, as with the world itself, still has a long way to go to fully remove many of the institutional and ingrained barriers that have prevented women and minorities from excelling for so long.

"We know from our research at BCG that diversity leads to stronger ambition and engagement, greater creativity and resilience, and a more innovative working environment," said Katie Abouzahr, Philadelphia, PA-based principal and global women fellow at the **Boston Consulting Group**. "Indeed, diversity of leadership teams correlates strongly with greater innovation revenues and improved financial performance.

"The business case is pretty clear: diversity is not a nice to have, it's a business imperative," she said.

Top 5 trends in diversity

- Having more diverse models in campaigns
 - One of the most obvious ways that luxury has become more diverse over the last decade has been among the most visible people in the business: models. Models have always represented an ideal, and years ago that ideal was overwhelmingly homogenous. Now, many luxury brands are embracing a lineup of models of diverse racial origin and varied body type, which is a major step in the direction of inclusivity.
- Diversity behind-the-scenes
 - Arguably more important than the people in front of the camera are the people behind it. While hiring diverse models is an easy way to show sensitivity toward diversity, hiring full-time employees from

different backgrounds shows a true commitment. A number of luxury brands have made efforts to hire designers and photographers from diverse backgrounds.

- Recruiting drives
 - Whether it is holding open calls for submissions of designs or partnering with diversity programs at schools, luxury brands have been active about recruiting more diverse employees. Recruiting drives to get more women interested in luxury design have been especially prevalent.
- Globalization
 - As luxury expands globally, the needs of customers are expanding as well. Global luxury is primarily focused on the West but with more affluent customers coming from China, Japan, India, the Middle East and other parts of the world, luxury brands are expanding their own product lines to meet cultural demands and expectations from a more disparate audience.
- #MeToo
 - The #MeToo movement, which saw women from across industries coming forward to talk about the sexual harassment and abuse that they had suffered from powerful men, made waves late last year. Since then, it has only intensified as more women have come forward to share their experiences. A more diverse workplace that includes more women in positions of authority will not necessarily eliminate any instances of sexual abuse or harassment, but could certainly help an entire company be more sensitive to it.

Why diversity matters

Superceding any business incentive to create a more diverse workplace is the moral argument.

Representation has proved to have a positive effect on people. When children see individuals similar to them in successful positions, it instills the idea that anyone can succeed based on their character and their deeds, not on their skin color or gender.

Proper representation and diversity can have a positive effect on people's psychological wellbeing to see individuals similar to them being treated as equals worthy of respect.

Additionally, having a diverse set of people in positions of authority can help the whole company be more sensitive to the specific issues relevant to different demographics and cultures.

"Brands of all sorts these days are looking for ways to engage consumers with hyper-relevant products and services," said Jim Fosina, CEO of [Fosina Marketing Group](#), Danbury, CT. "There is really no time for brands to maintain a one-size-or-style mentality if they want to grow and be profitable in the years ahead.

"Consumers are doing much more than looking at the quality and price of a company's products," he said. "Today's consumer, especially in [the] luxury brands' category, is looking the backbone of the company in terms of the way that they treat all employees and how they truly conduct business in a fair and equitable manner."

When discussing diversity in fashion marketing and its importance in the industry, model Eric Underwood cited Gucci as a prime example of a brand correctly representing the world of today.

Diversity is vital in all aspects of the fashion world today, but many brands struggle to determine what that means or how to respond. Speaking on a panel at *The New York Times*' International Luxury Conference Nov. 14, Mr. Underwood expressed that he feels as though it is brands' duty to accurately represent the world we live in and that Gucci has grasped this concept very well ([see story](#)).

For example, evoking the essence of the underground Northern Soul movement in 1960s England, a Gucci campaign from last year captures dancers in colorful settings, dancehalls and makeshift studios. "Soul Scene" is inspired by Malian artist Malick Sidib's "Made You Look" exhibition at London's Photography Galley about black masculinity and dandyism ([see story](#)).

Gucci also gave an inside look at how it casts its models.

In a series of films shared to the brand's Instagram, prospective models for the campaign were asked to open up about their personality through a Q&A and an improvised dance. While many brands feature backstage content taken from the set of a shoot, sharing these early stages of bringing a campaign to life allowed Gucci's followers to gain a

greater understanding of the eventual effort (see story).



Still from Gucci's casting video. Image credit: Gucci

But beyond that, having a diverse work force is good for business. When a company is filled with people from the same background, from similar upbringings with a similar set of cultural touchstones and ideas, things can quickly stagnate.

Diversity helps bring in fresh new ideas and ensures that a brand remains vibrant and responsive to new ideas as it can draw on a wide variety of experiences from employees.

Additionally, customers are now more tuned-in with the doings of the brands from which they are buying.

There have been successful boycotts of companies whose values do not align with consumers. Keeping abreast of what kinds of values consumers desire from their brands is important to retaining them as clients.

In that way, brands are able to communicate to customers that they share the same values as them.

"As traditional notions of luxury are being redefined, luxury brands need to follow suit in their approaches to business," said Melody Lee, global director of BOOK by Cadillac, New York. "Contemporary luxury has evolved to become less about exclusive goods and services for the affluent few, and more about highly personalized yet shareable experiences for all.

"The most successful luxury brands are already speaking to their next generations of consumers, which are not only the most multicultural, but ones with the greatest diversity in demographics, socioeconomics, ability, approach and creativity," she said.

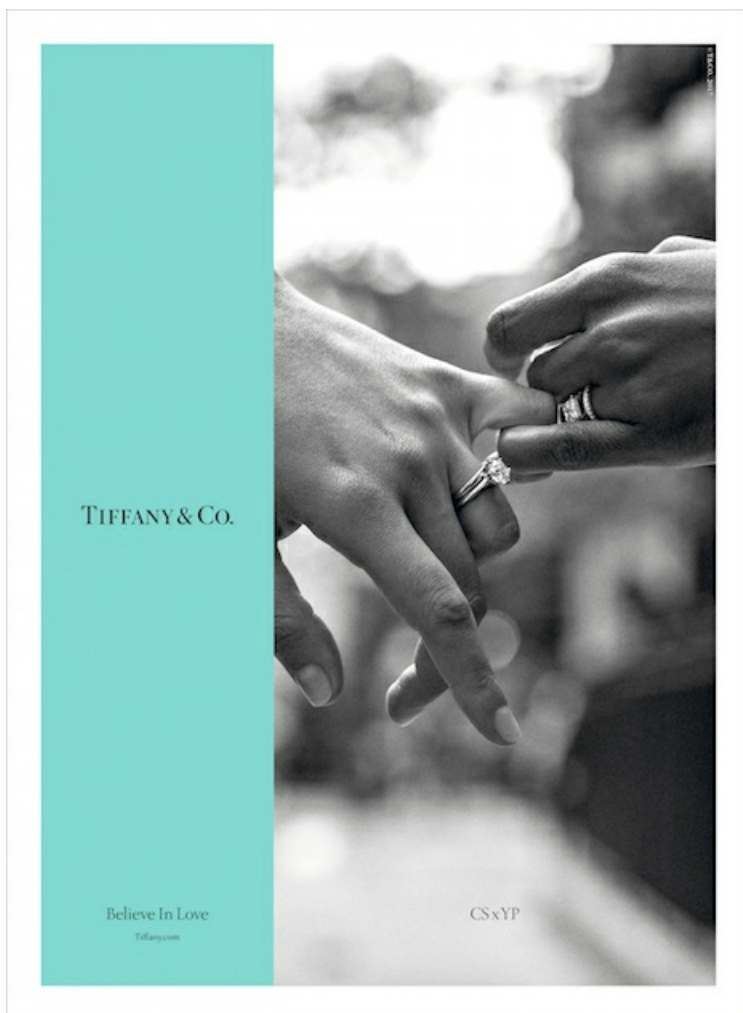
"It's not just more socially responsible, but business-critical that luxury companies put a focus on inclusion with their own teams in order to speak more empathetically and effectively with future consumers."

Diverse models

Models are some of the most visible parts of the luxury business.

Every product created, at least in the fashion-oriented luxury sectors, is sold with the help of models and is usually first presented to consumers in their hands. Because of this, having a diverse group of models is important as it the most visible way to present diversity to an audience.

Tiffany & Co., for example, created its fall 2017 campaign with a focus on many kinds of romantic love.



Believe in Love. Image credit: Tiffany & Co.

The campaign ran across the brand's social media pages and consisted of a series of black-and-white photos of pairs of hands. Each photo was a close-up of the hands of different real-life romantic pairs wearing Tiffany engagement rings and wedding bands.

Tiffany emphasizes that the romantic pairs are diverse, representing relationships of all stripes and orientations ([see story](#)).

In 2015, Tiffany's spring advertising campaign featured a same-sex couple for the first time in the brand's history.

The "Will You" campaign included seven photographs of different couples in various stages of their romantic relationships, captioned with text that expressed their love for one another. One of the images was of a gay male couple about to commit to marriage and exchange engagement rings ([see story](#)).

Other brands have focused on the diversity of the cities in which they call home.

Italian fashion house Valentino followed up on its New York Diary video series with a London-themed version that represented the diversity and eclectic style of the city.



Valentino's latest campaign highlights London's diversity of people and style. Image credit: Valentino

The video series, called "London Diary," promoted the brand's Rockstud Pike bag. Each video focused on a variety of different London residents with an emphasis on the city's diversity ([see story](#)).

Nordstrom ran a similar campaign last year, with a focus on individuals.

In mid-2017, department store chain Nordstrom's fall brand campaign put a spotlight on a diverse cast of influential individuals, ranging from artists to activists.

Olivia Kim, Nordstrom's vice president of special projects, tapped husband and wife duo Max Farago and Clara Cullen to capture models alongside real people in photography and video. Bringing an element of relatability to the high-fashion campaign concept, Nordstrom chose to dress models and real people in fall fashions in a way that more closely mirrors reality than the typically avant-garde editorial styling ([see story](#)).

"A lack of diversity can send a signal to consumers that a brand and/or company isn't really interested in serving growing segments of the consumer marketplace that are more diverse," Fosina Marketing Group's Mr. Fosina said. "This type of attitude gives the appearance to consumers that a brand is really not all that welcoming to those from diverse ethnics and/or lifestyles.

"A lack of diversity can also send a message that the products and designs being developed are not truly representative of the preferences of consumers who come from and/or work with the brand," he said. "There is a lack in sincerity in the brand that may profess support for a diverse brand composition when, in fact, the brand doesn't practice what it preaches.

"Such a stance can cause the brand to be more small-minded in its appeal and isolate the brands from a more open-minded approach which will extend their products and services to a new and growing sector of the consumer market."

Behind-the-scenes

As important as having a varied set of models is, it is arguably even more vital to ensure that the creative team behind the products being sold is diverse.

Having a diverse set of employees behind the scenes shows that a marketer is committed to diversity beyond a superficial level and is actually interested in creating a workforce that has a multifaceted set of people.

"I believe inclusion is most effective when diversity is defined in the broadest sense," Cadillac's Ms. Lee said. "Diversity can't stop at racial, cultural or gender identity or sexual orientation, but needs to extend to ability, socioeconomic, experience, business approach and creativity.

"It can't just be a simple hiring strategy, but a conscious effort which extends to all aspects of business including how project teams are designed, how ideas are generated, how programs are executed, et cetera," she said.

An example of this is department store chain Bloomingdale's 100 designer campaign.

Bloomingdale's presented consumers with exclusive capsule collections from 100 different designers in fall 2017.

The "100 percent Bloomies" campaign had 100 designers with 1,000 exclusive items at one store, and the campaign was further enhanced through capsules on the store's Web site that featured the exclusive items from the 100 designers. The immense diversity likely appealed to consumers who choose retailers exactly for that reason ([see story](#)).

Kering has done much for hiring more women and minorities, including having many of its brands join in on inclusivity efforts.

For example, Kering's Gucci is enhancing its values of inclusion and diversity by becoming a Parks Liberi e Uguali member.

Parks Liberi e Uguali, "free and equal" in English, is an Italian nonprofit organization that concentrates on supporting companies looking to embrace diversity, with a specific focus on sexual orientation and gender identity. Gucci is the first luxury fashion brand to become a Parks member, but many more are likely to follow suit, especially from within the Kering stable ([see story](#)).



Gucci spring/summer 2017. Image credit: Gucci

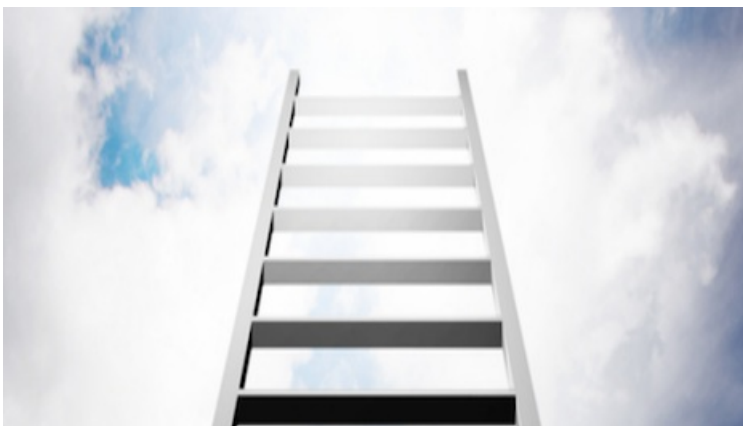
One of the most important things to remember for luxury brands looking to bring more women into the fold is that retaining women employees and allowing them the room to advance and grow in the company. This is just as important as hiring more women in the first place.

For example, Kering is furthering its advocacy for women's rights with the introduction of a parental leave policy for all employees globally.

The length of maternity leave, and whether the period away from work is paid, fully or at a lower salary, has become a passionate issue for many women and their partners. With no true workplace standard and a lack of government mandates in many countries, companies with policies that support employees' desires to have children will be better received than those who do not implement leave programs ([see story](#)).

While most companies have a gender diversity program of some sort in place, far fewer women feel that those programs are having a genuine effect on how they advance through a company.

Speaking at *Luxury Daily's* Women in Luxury conference on Sept. 26, BCG's Ms. Abouzahr laid out some of the ways that companies can support their own women employees and not just their women customers. Advancement and retention, it turns out, are far more important than simply hiring more women ([see story](#)).



The biggest issue that women face is the ability to advance through the ranks at a company. Image credit: BCG

Per a survey conducted by BCG, men at a company tend to believe that hiring more women is the most important thing, while women are more concerned with their ability to advance through a company. Well-meaning men tend to hire more women and then think the work is done, when in reality, a company must ensure that there are not engrained obstacles and a culture that discourages women from advancing and being promoted.

"They need to approach this like they would any other major business need," Ms. Abouzahr said. "The CEO needs to own this agenda, visibly and vocally.

"The organization needs to assess the current state, set the ambition, and track towards this using metrics that assess the three key areas of recruiting, retention and advancement," she said.

Global society

As the luxury business has expanded globally, both in terms of who is making and who is buying luxury, the traditional products and offerings created by luxury brands have had to change.

For one, a global audience including customers from non-Western countries, requires a more thoughtful presentation of products and designs that can cater to an array of cultures.

For example, Italian fashion house Prada is paying homage to Chinese architectural heritage with the restoration of a 20th century mansion.

Named Prada Rong Zhai, this new Shanghai center for the brand officially opened with a live-streamed fashion show Oct. 12. While Prada's activities may center on fashion, the label also pursues architectural preservation and innovation, with this project focused on the former ([see story](#)).



Prada Rong Zhai. Image credit: Prada

There have also been efforts to strengthen the bonds between countries and the diverse cultures contained within.

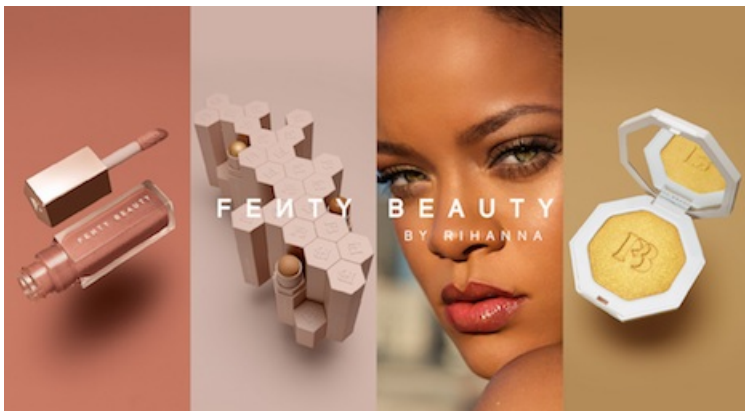
For example, members of France's Comit Colbert are reaffirming French luxury's positioning in Japan through a dialogue with 50 up-and-coming Japanese artists.

Japan has proved a successful market for luxury brands of all sizes and craft category, resulting in well-developed retail networks in major cities such as Tokyo, Osaka, Kobe and Kyoto. On average, the Japanese market represents 10 percent of luxury export sales, and for some goods categories the figure jumps to more than 60 percent ([see story](#)).

But diversifying products is not solely for global audiences.

For a heavily diverse nation such as the United States, brands need to be aware of the specific needs of customers in their own markets as well.

Singer and frequent luxury brand collaborator Rihanna's Fenty Beauty line, a license of LVMH-owned Kendo, is a great example. Rihanna's mission for Fenty Beauty was to create beauty products for hard-to-match skin tones "so that women everywhere would be included," after she found it difficult to find products for her complexion.



Rihanna worked with LVMH-owned Kendo on Fenty Beauty. Image credit: Fenty Beauty

In a statement shared to the Fenty Beauty Instagram account, Rihanna explained her cosmetic concept, saying, "I

wanted [Fenty Beauty] to be something that girls love, for it to be respected by professionals and I wanted something that felt like me - reflective of makeup I love and I generally want to wear" ([see story](#)).

"In addition to the fact that diverse companies perform better, some businesses have a stronger imperative than others to have a diverse workforce," said Omer Molad, cofounder/CEO of [Vervoe](#), New York. "One such imperative is having a diverse customer base.

"If you cannot empathise with your customers, and truly understand their mindset and preferences, you won't be able to design products they love," he said. "A luxury business caters to people who, despite their financial means, could be from any gender, ethnic or racial background, culture, age or geography."

Safer work environment

One of the more troubling conversations happening currently surrounds what has been called the #MeToo movement.

Sparked by the revelations about film producer Harvey Weinstein's alleged decades of abusing women he worked with, women from across industries are coming forward with their own stories of abuse and harassment from superiors and peers.

The luxury business is no different, and a number of allegations have surfaced in recent months.

Fairmont Hotels & Resorts' The Plaza is currently facing a lawsuit from current and former employees who say they were victims of sexual harassment and assault by fellow employees, including managers.

The plaintiffs, who seek monetary damages from Fairmont, its parent AccorHotels and the hotel's owner, the Sahara Group, claim that female employees have been subjected to "rape culture," as they have been the targets of unwanted groping, kissing and sexual remarks. The suit alleges that management knew about the harassment and neglected to take actions to protect its staff from the verbal and physical abuse ([see story](#)).

Similarly, Cond Nast International-owned publications such as editions of *Vogue* and *GQ* preempted the inevitable by ending their relationship with controversial photographer Terry Richardson.



Titles at Cond Nast Worldwide News boutique in London. Image credit: Cond Nast

Per The Telegraph, Cond Nast chief operating officer James Woolhouse sent an internal email to its country presidents Oct. 23 explaining that photography taken by Mr. Richardson would no longer run in the media conglomerate's magazines. Mr. Richardson has long been accused of being predatory, with offenses ranging from pressuring models to pose nude to sexual assault and harassment. But the allegations have done little to hamper his career, until now ([see story](#)).

Since then, a number of luxury-focused brands, including Cond Nast, have come out with statements about how they plan to combat sexual abuse and harassment in the workplace.

Conglomerate Kering's annual White Ribbon effort tackling violence against women is turning its attention to Generations Y and Z with an influencer-led initiative.

With one in three females the victim of violence, the group's #ICouldHaveBeen movement is asking both men and women to imagine themselves as "her," joining in solidarity with survivors. Now in its sixth year, Kering's White Ribbon aims to bring further attention to the larger movement of the same name aimed at reducing violence against women by promoting gender equality and rethinking masculinity ([see story](#)).

This relates to diversity in one important way: a more diverse workplace is more likely to be sensitive to problems such as sexual harassment.

A company that only has men in positions of power, no matter how well-meaning they may be, is hindered by the fact that those men are less likely to notice or understand the specific problems that women face in the workplace.

The same goes for racial minorities, who are often subject to barriers and harassment based on skin color or nationality.



DKNY is one of the brands facing backlash over Harvey Weinstein allegations. Image credit: DKNY

For example, Italian fashion label Versace was sued by a former employee who claimed his store engaged in racial profiling.

The civil case, filed in the Superior Court of the State of California by Christopher Sampino, alleged that a manager asked the salesperson to use the alphanumeric code for black clothing to alert coworkers when a black customer entered the store. At the time, Versace denied each of Mr. Sampino's claims in a response, asking for the case to be dismissed ([see story](#)).

With a more diverse workforce, these problems are not guaranteed to be eliminated, but can certainly be alleviated by authority figures from a wide variety of backgrounds.

Working towards diversity

There are many ways to succeed at creating a diverse brand, just as there are many ways to fail.

For the luxury world, which is so focused on exclusivity and prestige, it is easy to shut out those that are different, whether by only hiring from a select group of people or insulating from a larger, more diverse global society.

For luxury brands to thrive, they need to embrace diversity and create working environments that empower employees from various backgrounds, cultures, genders and ethnicities.

For those that do, they will find that not only is working towards diversity an admirable goal on its own. It has immediate, tangible and positive effects on a brand's reputation and ability to succeed. Younger affluent generations Y and Z are taking note, as well.

"Brands can create a much more diverse work environment by searching for individuals who share an adoption for these growing lifestyle approaches and who most importantly have the skills to make a contribution in addressing this diversity from a product design and marketing approach," Fosina Marketing Group's Mr. Fosina said.

"A diverse work environment is only truly sincere and productive when the employee population coming from different ethnic and lifestyle segments are playing an integral role in supporting and driving the business," he said. "An environment where they are being heard for the contribution that they want to and can deliver to helping the company achieve its goal.

"It takes a strong HR department, and an intense focus on identifying the right talent across a background of employees and skillsets to achieve the ultimate goal, which is growth, expansion and even great affinity by consumers from all backgrounds and lifestyles.

"This is not a superficial and/or ornamental effort, as consumers and employees can see the difference clearly."

Best-practice tips for creating a diverse workforce:

- Katie Abouzahr, principal and global women fellow, Boston Consulting Group
 - "Sponsorship: putting in place a scalable program with named sponsors is key to advancing diverse talent. Sponsorship means bringing someone to that next meeting, putting them forward for a stretch assignment, nominating them for a mobility placement, advocating for their promotion."
 - "Involving the majority in diversity efforts: this is crucial to really changing the culture. For example, regarding gender diversity efforts, this might mean bringing men to conferences, naming men as sponsors and highlighting male leaders as flexible working role models. In our research we found that women in companies where men are involved in championing gender diversity are three times more likely to report progress versus those where men are not involved."
- Jim Fosina, CEO, Fosina Marketing Group
 - "Create a diverse work environment to build a stronger company. No one in the organization should feel as if you have adjusted your requirements for your employees because you are more interested in achieving a quota required to be viewed as a 'diverse' work environment. Always maintain your standards of quality and excellence in all that you do."
 - "Seek diversity not only because it is the right thing to do and because your organization wants to do all they can be a company that learns a tremendous amount from a variety of different perspectives and lifestyles in order to grow and engage with a broader universe of potential customers from all lifestyles. Consumers, in general, will respect your company more and seek to engage with you more because you have given diversity much more than lip service. You have demonstrated to all consumers that you understand the power of doing things right for your employees and your product offering."
- Melody Lee, global director of BOOK by Cadillac, General Motors Co.
 - "Gucci continues to be a great example of how diversity isn't just a target, or marketing gimmick. It's fully embraced what could just be a tagline 'voice of self-expression' and made serious commitments to bring it to life as a rallying cry. From talent acquisition and cultivation efforts, to its partnership with Parks and its well celebrated casting of models of color in its shows and marketing visuals, Gucci has been unafraid to tackle greater inclusion, in spite of a reputation for not doing so only a few years before. It's my belief that a focus on inclusion meant to bring about greater diversity only works if it is brought to life in every aspect of the business not just HR, not just marketing, not just CSR."