

MARKETING

Sustainability influencing today's experience-first luxury business

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Luxury travelers are concerned about the impact of tourism on the environment. Image credit: Virtuoso

By SARAH RAMIREZ

With global luxury sales on the rise, sustainability is also shaping the business in more meaningful ways.

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During a webinar presented by Positive Luxury on April 23, an analyst from Euromonitor discussed four trends disrupting the luxury business, including status experiences and sustainability. She also urged luxury brands to be mindful of the environment when it comes to unique experiences, not only high-quality goods.

"Luxury is becoming a financial possibility for many consumers, but is putting pressure on natural habitats," said Fflur Roberts, head of luxury goods research at [Euromonitor](#). "The increase in travel and rapid urbanization and industrialization will threaten environments."

Eco-friendly experiences

Contemporary luxury consumers are drawn to unique experiences rather than tangible "status symbols." Digital media, growing markets and sustainability are also disrupting the luxury industry.

Travel is one of the fastest growing areas for luxury spending, and global outbound travel is expected to rise 25 percent from 2018 to 2023.



Four Seasons George V Paris focuses on sustainable food. Image credit: Four Seasons

However, the growth of tourism can have a negative impact on the environment. Increased tourist traffic can damage natural habitats, and historic sites were not meant to withstand millions of visitors.

Additionally, the number of threatened mammal and bird species from 2008 to 2018 increased by 12 and 39 percent, respectively. More than double the number of reptile species are threatened today than a decade ago.

Many consumers, particularly millennials, now have a tendency to value both experiences and the environment, and must balance these concerns.

Sixty percent of global consumers are concerned about climate change, according to Euromonitor. More than half find that purchasing eco-friendly or environmentally-conscious products makes them feel positive, indicating there is a financial benefit for luxury brands to promote sustainable practices.



Luxury brands need to be aware of millennials' values. Image credit: Resonance

Millennials are the generation most apt to seek out sustainable travel options, according to Virtuoso's 2018 Luxe Report. As these younger travelers gain disposable income and means to spend on upscale experiences, brands should look into incorporating eco-friendly elements and service into their offerings ([see story](#)).

Technology tracing

Digital advancements, such as blockchain, can also help luxury brands in promoting environmental awareness and introducing sustainable practices.

For instance, British jeweler DeBeers is piloting blockchain tools and plans to launch a diamond traceability platform to assign each jewel a unique Global Diamond ID that notes its carat, clarity and color. Through Tracr, DeBeers will be able to track diamonds from the mine to the retailer ([see story](#)).

Tracr will eventually be accessible to the entire diamond industry, which Ms. Roberts described as notorious for having a negative impact on the environment, regarding both people and natural resources.

Luxury goods conglomerate LVMH Mot Hennessy Louis Vuitton is also using blockchain to manage new requirements for its crocodilian leather sourcing.

Although tannery traceability requirements were already in place, LVMH's updated standard has four primary tenets. These include environment protections, safe working conditions on farms, animal welfare across all life stages, species preservation and respect for local communities ([see story](#)).

Since luxury brands and their clientele have more resources, they have an opportunity to make sustainable strides.

"Luxury consumers, unlike a consumer that may not have a lot of disposable income or access to goods, have the luxury to make purchases that are completely sustainable as opposed to harmful, cheaper goods," Euromonitor's Ms. Roberts said.

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