

APPAREL AND ACCESSORIES

## Why luxury's future is tied to the health of the planet

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*Luxury: First ecology, then economy. Image credit: Pexels*

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To say that luxury has had a challenging few years would be the understatement of the decade.

First, Brexit threw the European trade sector into four years of turmoil, uncertainty and ongoing negotiations that still have no end in sight.

Next came political tensions in Paris led by the Gilets Jaunes, followed by the Hong Kong protests which devastated two important luxury hubs with months of store closures.

And now we face COVID-19: the global pandemic which has closed stores, shuttered businesses, created mass unemployment and has the potential to plunge the economy into recession.

Throughout all of this, environmental groups and academics have been putting more pressure on the luxury business to focus on sustainability in an urgent plea to avert ecological disaster in the next decade.

It would be blindly optimistic to think that the bad news ends here.

Experts agree that if ever there was an opportune moment to overhaul even the most steadfast, tried-and-tested systems to future-proof luxury businesses, this is it.

"Like any big crisis, you have to look at a silver lining," says Mario Ortelli, managing partner of **Ortelli&Co**, strategic and M&A advisory boutique for luxury goods.

"I believe that this crisis is an opportunity for fashion companies to rethink and reorganize internally to refine their strategies to be more effective," he said. "Companies can come out stronger after this storm."

While few can predict when and how the next political, environmental, trade, economic or public health crisis will arrive, the coronavirus crisis has made it impossible to keep ignoring huge problems with the current system.

"COVID-19 is a no-deal Brexit on steroids for the U.K. economy," said Tamara Cincik, founder/CEO of **Fashion Roundtable**, a consultancy that advocates for long-term strategic and sustainable growth for the fashion industry.

"And, of course, as it is a global pandemic, however agile you are in your thinking and your marketing, businesses cannot continue to do what they have before," she said.

That said, there are options.

"The world is moving fast, but there are ways that companies can react to turmoil," Mr. Ortelli said.

But where to start?

Lean into technological innovation

In February, a [Bain & Company](#) report revealed that while it is growing, online made up only 12 percent of luxury sales in 2019.

No longer can businesses rely so heavily on bricks-and-mortar stores, as closures in Paris, Hong Kong and now the majority of the world have shown.

Greater innovation and investment in ecommerce will become crucial for the survival of luxury businesses, as bolstering their online offering can help brands mitigate "real world" crises such as riots, floods, fires, rent inflation and so on.

"If you look at your stores, they're only one platform in your strategy," Mr. Ortelli said.

"The more your shop assistants can deal with a customer even when the shop is closed or using digital tools, it's an advantage," he said.

In the same vein, online showrooms that allow buyers to select and curate their seasonal buys without flying around the world are still an under-utilized, but increasingly necessary technology.

The environmental argument for digital showrooms is impossible to dispute.

In one year, the fashion industry produces 241,000 tons of carbon emissions traveling for fashion weeks, according to the [Zero to Market report](#), released in February by online showroom ORDRE and the Carbon Trust, a climate change consultancy.

However you look at it, fashion does not have a future without sustainability becoming a fundamental consideration for every element of the business.

"Our fate is tied to that of everyone else and the health of our planet," explain Kate Fletcher and Mathilda Tham, educators, scholars and authors of the [The Earth Logic Action Research Plan](#).

"We need to unlearn the idea that there are no limits to fashion activity. There are definite physical limits and when we overshoot these limits, the impacts are felt in myriad other parts of our lives."

Bring home manufacturing for people and the planet

To future-proof manufacturing, businesses must invest locally rather than spreading production across multiple countries, as is common practice. It is needed not only to reduce carbon emissions, but to limit the exploitation of garment workers in poverty-stricken countries.

"Transitioning to a smaller fashion system one made up of networks close to home feels increasingly important, as does a growing sense that for our long-term security, we depend on each other's mutual actions and establishing an authentic culture of care," per Ms. Fletcher and Ms. Tham.

For the perfect example of when off-shoring production can backfire, look to the dwindling global stocks of PPE (personal protective equipment) such as masks and hand sanitizers, two critical items in the battle against the coronavirus.

Governments around the world have been preventing manufacturers from exporting these internationally, leaving countries scrambling to strike trade deals or rely on donations.

"Material scarcity and the need for national manufacturing in each territory is vital for businesses, [considering] the COVID-19 crisis [and] Brexit as well as climate change," Ms. Cincik said. "It is something which has to happen if a brand of any level is to survive."

Unlearning capitalism and distinguishing fact from fiction

While we live in an information-saturated society, part of reimagining fashion for the future means a greater emphasis on facts, not fiction.

As it stands "the system is broken, I know it, you know it, we all know it" Ms. Cincik said. "[Fashion Roundtable exists to] distinguish the noise from the facts, which is vital in a time when we have misinformation and vested interest voices."

Similarly, Ms. Fletcher and Ms. Tham's work is seeking to rectify the broken economic model that favors profit over all else.

"We need to unlearn the priority we give to growth economics in our culture and the assumed place it occupies as the meta-system which dictates all other activity," they said.

"The truth is, this is an inversion of the true hierarchy: ecology is at the top and the economy is a subset of it."

So, what does a luxury fashion industry that thrives despite ongoing global uncertainty look like? Agility, transparency and ethics will certainly play a greater role.

"There are some luxury brands that will not weather this storm," Mr. Ortelli said.

"But if this storm can change the perception of luxury among consumers and the ways they shop, there are opportunities for up-and-coming brands here," he said.

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