

APPAREL AND ACCESSORIES

## Sustainability, profitability intrinsically linked: Positive Luxury

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Image credit: Gucci

By SARAH RAMIREZ

Practicing sustainability will soon be seen as the bare minimum for luxury brands, but embracing environmentally-minded policies can build long-term value.

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The COVID-19 pandemic accelerated innovation within the luxury industry, making sustainability even more of a cornerstone for brands. According to the [2021 Predictions Report](#) from Positive Luxury, younger consumers are playing a major role in pushing brands to be more proactively sustainable.

"Within the last 12 months the sustainability conversation changed," said Diana Verde Nieto, cofounder of [Positive Luxury](#), London. "Sustainability is no longer a differentiation point for a business; it is a license to operate."

### New priorities

Pushes for businesses to be more sustainable are coming both externally and internally.

As millennials become a larger part of the workforce, they are more vocally challenging business norms and demanding more corporate accountability. Since the start of the pandemic and widespread anti-racism protests in the summer of 2020, more companies have updated their policies towards inclusion, harassment and environmental issues.

The way business was conducted changed nearly overnight as the result of lockdowns, with more employees across the corporate ladder working remotely and work travel coming to a halt.

While luxury brands took a financial hit from COVID-19, primarily with stores shutdown in the spring, research also shows that employee productivity improved and ecommerce sales have grown exponentially.

Consumers have used the slower pace of life as an opportunity to be more thoughtful with their purchases as many cut down on their shopping frequency. The interest in "buying less, buying better" is another boost for luxury brands and their bottom lines.

According to Positive Luxury, more executives are realizing that profitability and sustainability have a symbiotic

relationship.

"Clearly, trying to reduce the hotel's waste, water and CO2 footprints serves a double purpose the less waste you have, the more efficient your operation and the more profitable you are," says Leigh Barrett, sustainability manager at The Marabella Club, in the report. "This extra profitability can in turn be used to help finance your organization's long-term sustainability strategy, such as investing in local biodiversity conservation initiatives that will help ensure the integrity of the ecosystems that are the lifeblood of your unique destination.

"Sustainable operations are fast becoming a fundamental guest expectation, like WiFi and excellent service, and clients are increasingly demanding greater transparency," she says.

This underscores the notion that sustainability is a both good financial and ethical decision.

"Historically, investments in sustainability have been regarded through a narrow return-on-investment lens," Ms. Nieto said. "Today there is growing evidence that by focusing instead on people and the planet, businesses can generate greater long-term value.

"As a result, global investors, pension funds, and financial institutions are demanding that the companies they invest in incorporate, track and report Environmental, Social and Governance (ESG) performance," she said.

"Understanding the impact of the business from an ESG perspective and reporting on it will give all stakeholders a greater sense of understanding where the business is at and therefore accountability in order to make the changes that are needed to keep relevant as we are moving towards 2030."

#### Sustainability centerpieces

Luxury brands, particularly in fashion, are centering sustainability in their business in more concrete ways this year.

French luxury conglomerate LVMH Mot Hennessy Louis Vuitton is hoping to inspire brands and policymakers with its new Life 360 sustainability strategy, which addresses the environmental approach from manufacturing through in-store experiences.

During the opening ceremony of LVMH's first Climate Week, executives shared the framework of Life 360 as the group moves to intensify its environmental policy. The push comes amid a difficult year that has seen the suffering of millions due to the COVID-19 pandemic, in addition to several natural disasters worsened by climate change ([see story](#)).

Italian fashion label Gucci is setting itself apart from the biggest luxury brands by consistently placing sustainability at the forefront of its marketing efforts.

Gucci, with the backing of parent company Kering, has ramped up its environmental focus through a series of new collaborations and campaigns. The label has also made moves to improve packaging, clean up its supply chain and even began participating in the circular economy with a partnership with resale platform The RealReal ([see story](#)).

"Sustainability needs to be activated throughout the business and in every job from marketing to HR, from retail to supply chain and the agenda needs to be owned by the CEO and the board," Positive Luxury's Ms. Nieto said.