

SUSTAINABILITY

Sustainability overrides brand name: Positive Luxury

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Consumers are not interested in big brand names; they want brands to value sustainability. Image credit: Positive Luxury

By NORA HOWE

Over the last several years, environmental and social responsibility have skyrocketed to the top of business priorities, and luxury consumers are now beginning to choose sustainability over heritage.

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According to a new white paper from **Positive Luxury**, 85 percent of growth in the global luxury industry is driven by millennials and Gen Z consumers, 75 percent of whom value sustainability over brand names. While brand-building has historically been at the core of the luxury industry as sustainability simply served as a way to appear progressive, environmental prioritization is now critical to brands' bottom lines.

Sustainability shines

For luxury to succeed financially, sustainability must sit at the center of its culture, operations, products, services and communications.

According to Positive Luxury, 58-63 percent of companies between 2015 and 2020 saw a positive financial impact from investing in environmental social and corporate governance (ESG).

In its 2021 Predictions Report released last year, Positive Luxury suggested that sustainability and profitability are intrinsically linked ([see story](#)), as younger consumers gain purchasing power and make a larger dent in the market.

Change does not occur overnight, however.



Environmental responsibility goes far beyond clean products. Image credit: Positive Luxury

The topic of environmental and social responsibility should be incorporated into conversation with decision-makers, government leaders and other executives, who can enact policies and strategies that will work from the inside outward.

To build trust with consumers, businesses must also listen to the evolving demands of stakeholders and investors, and communicate sincere sustainable efforts, as opposed to the performative tactic of greenwashing.

Even the most challenging aspects of transparency reporting ESG performance with honest and clear evidence will benefit businesses in the long run. Consumers would rather brands be honest about less-than-ideal performance than try to hide it.

According to Edelman Trust Survey, 55 percent of global consumers simply do not trust brands. Issues like greenwashing and climate hypocrisy perpetuate this sentiment between consumers and corporations.

As climate change is a global issue, businesses would also best position themselves by getting ahead of any legislation that would inevitably impact business. By developing infrastructure for sustainable practices now, brands can avoid being blindsided in the future.

Positive Luxury also suggests that companies take a leadership position in this issue and harness the opportunity sustainability provides for luxury brands, retailers and suppliers.



Stella McCartney has been a fierce leader in the sustainability movement, but the fashion industry still has a ways to go. Image credit: Stella McCartney

By nature, sustainability drives innovation because it requires both businesses and consumers to reconsider business models and values it is not about new, cleaner products, but a shift in human behavior.

Transparency is the golden ticket

The luxury industry still has a long way to go in regard to environmental responsibility, but many brands have made their commitments clear.

French luxury conglomerate LVMH Mot Hennessy Louis Vuitton and French cosmetics group L'Oral are among the organizations that have collaborated on an industry-wide environmental impact assessment for cosmetics products.

The two groups were joined by Henkel, Natura & Co and Unilever on the endeavor, and invite other cosmetics companies to join their efforts. The new assessment, which includes a scoring system, aims to meet growing

consumer demand for greater transparency about sustainability ([see story](#)).

French spirits group Rmy Cointreau's Champagne Telmont shared the progress the brand has made in its sustainability efforts over the past 12 months. The brand's report shared specific initiatives and goals that have been fulfilled, spanning from renewable energy to packaging.

Regarding biodiversity, Champagne Telmont reached 50 percent of its objectives and planted at least 1000 hornbeams in 2022. For transparency, the brand reached 80 percent of its objectives and individually numbered bottles, had a new label design displaying information related to the composition and winemaking process and more ([see story](#)).

Other brands like online retailer Farfetch ([see story](#)) and Italian fashion house Gucci ([see story](#)) have also taken major strides toward making sustainability a core element of their businesses.

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