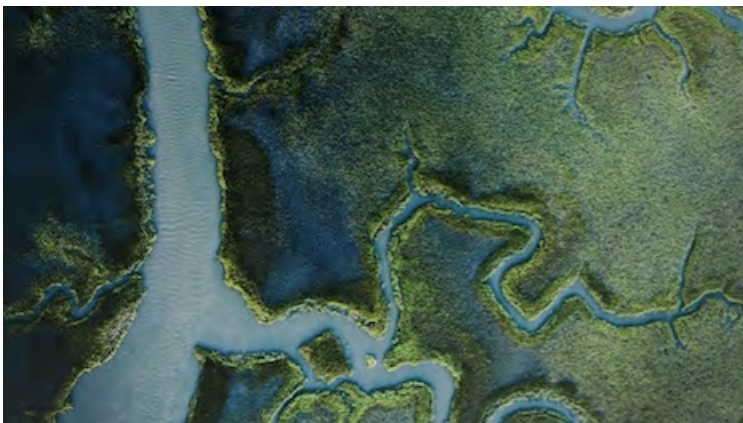


SUSTAINABILITY

Enhanced customer loyalty among sustainability's business benefits: Positive Luxury

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As outlined in the *Understanding Biodiversity: Luxury as a Force for Nature* paper, 84 percent of consumers want companies to take a stand on global environmental targets. Image credit: Positive Luxury

By EMILY IRIS DEGN

Adopting nature-friendly practices has the potential to benefit both businesses and future generations, according to Positive Luxury.

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The organization's [Understanding Biodiversity: Luxury as a Force for Nature](#) paper details the ways in which brands in the category can embrace the growing demand for transparent and sustainable practices and products, driven largely by Gen Z and millennial consumers. In the report, the perks of conscious luxury are outlined, such as enhanced customer loyalty and among other things, a higher quality of materials.

"This report is an update from our previous Biodiversity Report published in 2021," said Elke Schrader, sustainability lead at Positive Luxury, London.

"A great deal has happened in the last two years, [like] COP15 and the approval of the Kunming-Montreal Global Biodiversity Framework that will be the north star on this topic, not only for countries but for the private sector as well," Ms. Schrader said. "Finally, biodiversity has taken its rightful place on the global sustainability agenda."

Positive Luxury conferred with an array of experts for the findings, including Ms. Schrader, co-author of the report, legal experts at Baker McKenzie and those at boutique environmental consultancy Globalbalance. Providing insights using 2023's Kunming-Montreal Global Biodiversity Framework, the paper draws on current sustainability goals and climate research.

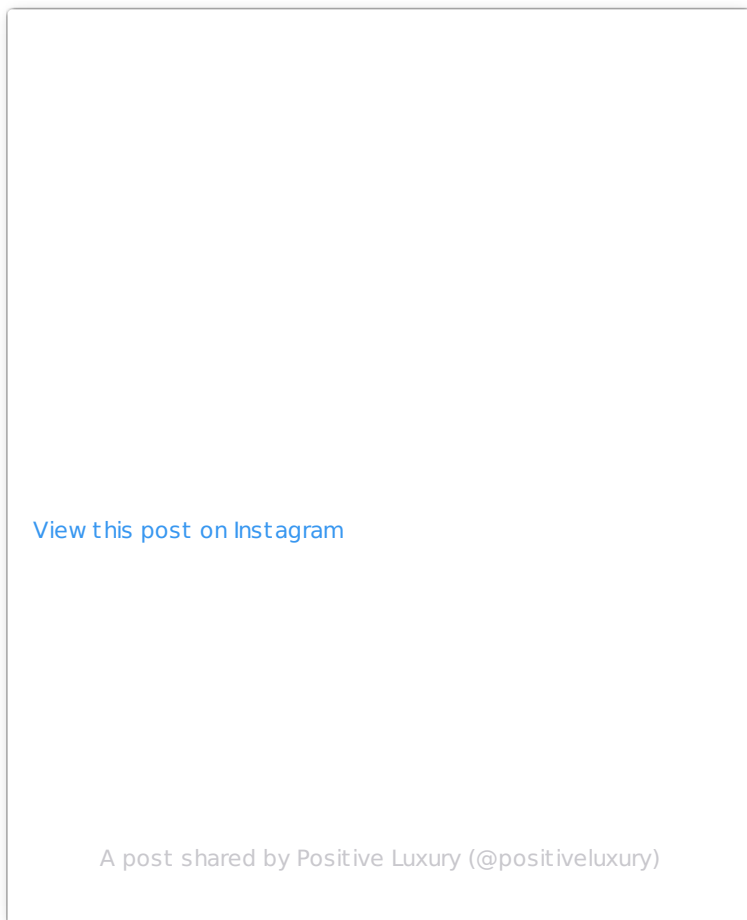
Supply and green demand

The report goes into detail concerning what bettered biodiversity means for luxury businesses, and what a loss of it could entail.

Raw material sourcing is a topic of note, as the findings acknowledge that brands within the sector are heavily

reliant on not only nature-grown products but high-quality ones at that. Luxury fashion and accessories is just one category outlined out of six, showing that companies that fall into this label are reliant on ecosystem services such as surface water, groundwater, natural fibers and other materials; the sector's impact on these services ranges from medium to very high, depending on the topic at hand.

This influence is not only explored as an environmental issue but as a business crisis in the findings.



"The luxury industry is not only dependent on nature but dependent on the quality of what nature provides to them," Ms. Schrader said.

"To ensure top-quality resources, the providing ecosystems need to be healthy," she continued. "A jasmine flower will not smell the same if it comes from an unhealthy ecosystem."

"So, having a disruptive relationship with nature will only lead to the total loss of ecosystems and their resources, and ultimately, disrupt a company's supply chain."

Companies that act in line with sustainability standards will see better sourcing and consumer feedback because these frameworks protect the habitats that provide their products. In other words, when businesses put nature first, they are also putting their possible profits first.

Consumers are demanding this line of thinking be adopted by luxury brands as their environmental awareness increases.

The paper references the UEBT's Biodiversity Barometer: The Biodiversity Reckoning 2022, a customer awareness survey conducted in China, Brazil, Germany, France, the United Kingdom and the United States. According to this research, consumers are more educated than ever before on these issues, with 82 percent of respondents understanding what biodiversity is and 72 percent aware that it is an issue, a record high for the survey.

Additionally, 54 percent of those surveyed stated that it is important to show a product's impact on biodiversity on its packaging, 58 percent believe that listing ingredients on packaging is very important and 84 percent want companies to make a stand on global climate targets.

This is the landscape that luxury brands are operating within.

Consumers, especially those under the age of 40, want what they buy to reflect these beliefs, ushering in the age of value-based luxury ([see story](#)).

As a result, independent verification is increasingly becoming the baseline by which customers are judging businesses' sustainability measures. Seventy-nine percent of those from the same survey report that it gives them more faith in a company.

For this reason, science-based targets are proving to be key in today's market, from aligning practices with the Kunming-Montreal Global Biodiversity Framework included in 23 targets is the conservation of 30 percent of land and sea by 2030 to working with governments in support of legislative standards.



The paper states that half of the global GDP, or an economic value generation of \$58 trillion, is highly or moderately dependent on nature. Image credit: Positive Luxury

Whether luxury businesses are safeguarding the natural spaces on which they rely through collaborative means with representatives or are donating to those in the environmental field, biodiversity is a valuable thing to conserve, a fact that will only become more true in time.

As of today, over half of the market capitalization of 19 stock exchanges is exposed to material nature risks, per the report.

Whisky moves

Ecosystem-reliant categories are valued at nearly \$10 billion per year, according to the Taskforce on Nature Markets and Vivid Economics by McKinsey, as stated in the Positive Luxury report.

However, in 2022, the World Benchmarking Alliance Nature Benchmark's evaluation of 400 companies found that less than 1 percent of them understand how much operations are nature-dependent.

Scottish whiskey maker The Macallan is, seemingly, not one of them ([see story](#)).

The brand was highlighted in one of two luxury case studies in Understanding Biodiversity: Luxury as a Force for Nature. From water efficiency to protecting natural spaces for conservation purposes, the maison's various efforts are shown as an example for other companies to look to when considering the modern transition into conscious luxury.