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Luxury Brands, Consumer Behaviour, and Sustainability

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For long, the luxury sector faced criticisms, regarding its impact on the environment and society: contribution to the pollution of water and air, waste, endangered animals, social diversity. These are among the challenges that the luxury sector had to face. But over the last 20 years, under the impetus of a younger generation of consumers, collaborators, and brand ambassadors, sustainable luxury is not an oxymoron anymore and is more the rule than the exception. Consumers consider it is a duty for luxury brands to lead the way, to be transparent, and to position themselves as leaders in the field of ethical and sustainable development. Franca Sozzani, editor-in-chief of Vogue Italy declared in 2014 that through its visibility and influence on opinion, luxury fashion has

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the power to affect the way people think and consume. This chapter discusses the motivations of luxury consumers and the engagement of luxury brands to match the expectations of the younger generations.

The Value of Sustainable Luxury for Consumers

When purchasing luxury goods, Generation Z and Y consumers value environmental and animal care as a first sustainability criteria, while seniors put more emphasis on ethical manufacturing. Yet, overall, sustainable credentials have an influence in the purchase of luxury goods for more than half of luxury consumers, and more than 60% of the consumers would prefer a brand that supports sustainability (BCG True Luxury Global Consumer Insight report, 2019). The drivers of these purchases are both eco-conscious and ego-conscious (Cervellon & Shammass, 2013). Consumers expect luxury brands would act in contributing to the planet and society, by “doing good” and avoiding “doing harm.” But also, they purchase sustainable products for their perceived quality, to protect themselves, their health and sometimes pursue their own personal motivations, both psychological and symbolic (Fifita et al., 2020).

Consumers consider that being green, ethical, and responsible is a marker of high-end and quality products (Cervellon, 2013). By nature, the quality of luxury products that are passed down from generation to generation, the manufacturing approach rooted in local craftsmanship, facilitates this understanding of luxury through the prism of sustainable development, at least by comparison to fast-fashion products (Beckham and Voyer, 2014). The quality of luxury items secures a longer product lifecycle and encourages the development of the second-hand market. In many countries today, consumers choose to invest in high-quality luxury items because of the resale value on the second-hand market. Thus, buying luxury goods does not necessarily mean conspicuous consumption. It is also an investment in quality and sustainability. Giving a second or even third life to objects can be one of the motivations of sellers

on the second-hand market (Turunen et al., 2020). Exhibiting sustainable behaviour is also a motivation to purchase second-hand luxury items for true luxury consumers (BCG True Luxury Global Consumer Insight report, 2019). The COVID-19 pandemic emphasizes the value of quality and durability, just like 2008 post-financial crisis was the ground of a value shift from having to being. Pier Luigi Loro Piana, CEO Loro Piana Group, asserted in 2009 that “in times of economic recession, people prefer to spend money on quality, durability and timelessness rather than fast fashion” (Fibre2Fashion.com).

Sometimes, the motivations of luxury consumers lie at an unconscious level. Many factors might prevent the purchase of luxury goods, one of them being a psychological risk, the feeling of guilt that is often felt when purchasing a good judged “superficial” and “of no absolute necessity.” Consumers might use compensatory rules, for instance, purchasing a guilty pleasure, but compensating this purchase by a product that has sustainable credentials. Sustainable luxury goods relieve the guilt related to the superfluity of the purchase. In many luxury product categories, developing sustainable alternatives helps clients purchase in a socially accepted way without renouncing their comfort and their lifestyle. Yet, a luxury brand has to be luxury first; it cannot be built on sustainable credentials only. “Consumers are only willing to buy environmentally-friendly clothing if the intrinsic quality attributes, such as style and colour, are equivalent to those of conventional products” (Achabou & Dekhili, 2013, p. 1901).

Eco-responsible purchasing is also a new way of demonstrating social status. Researchers Griskevicius et al. (2010) demonstrated through a series of experiments that consuming green in public can be a way of showing one’s altruism and gaining status, particularly when green products are more expensive than non-green equivalent ones. For many consumers, consuming green would therefore be a new way to meet their social aspirations; Going Green to be Seen. As an example, many affluent individuals support sustainable initiatives in a conspicuous way; in 2008, a quote in the Independent illustrates this new motivation “We used to spend our money showing people how much money we have got; now we are spending our money on supporting our moral concerns.” Kapferer and Valette-Florence (2019) also investigate the relationship

between status and sustainable demand; sustainability might be considered as an understated signal of wealth and status for several consumer groups.

In summary, the value that customers attach to sustainability, particularly in relation to luxury goods, is a strong driver for luxury brands to commit to CSR programs and invest in sustainable initiatives.

The Value of Sustainability for Luxury Brands

The growing consumer concern, and sometimes activism, regarding sustainability issues puts pressure on luxury corporations to elaborate CSR programs and implement these programs fully. Since 2007 and the publication of several consulting reports on the topic (Bendell & Kleanthous, *Deeper Luxury* report, 2007), luxury groups have gained ground in energy emissions, and the sourcing and craftsmanship of raw materials, especially leather. For example, the Kering group, which brings together houses such as Gucci and Saint Laurent, has set up an ambitious agenda. First, the group launched an environmental income statement that presents the environmental impact of the group's activities throughout the supply chain. The group obtained the 2nd position of the Global 100 2019 ranking of Corporate Knights which ranks the 100 most exemplary companies in terms of sustainable development. Also, it is regularly ranked among the most virtuous companies in the ranking of the Dow Jones Sustainability Index. In addition, the group obtained grade A in the Carbon Disclosure Project ranking, in recognition of its efforts in reducing greenhouse gases. For its part, the LVMH group is also committed to a program that displays ambitious objectives: LIFE2020. Bernard Arnault, LVMH CEO, declared "Rekindling dreams and pleasure does not absolve us of our responsibility, of our duty to think clearly. Indeed, the luxury industry, which is more synonymous with beauty than any other, must aim to be an example. We assume this responsibility."

Luxury groups are also leading many initiatives that disrupt manufacturing processes. Luxury groups have invested in the development of plant-based or even vegan raw materials such as citrus fiber, made from

orange peels. This fiber has a touch similar to silk. This textile was used for first time by Ferragamo for a capsule collection in April 2017. Also, Stella McCartney, a pioneer of ethical luxury, has joined forces with the LVMH group to develop a fake fur made from corn derivatives. This vegan faux fur named Koba appeared on the market in October 2019. Stella McCartney is also a forerunner in the use of faux leather made from plant derivatives. Since 2015, Stella McCartney is transparent on its environmental impact, from the production of raw materials to the storage of finished products.

Reducing waste has become one of the mottos in many luxury sectors, such as perfumery. Thierry Mugler perfumes were the first to offer their customers the filling of bottles in perfumery. Since then, many major brands have offered this service which allows the consumer to avoid throwing away the packaging. Beyond these services that minimize waste, many services are integrated since the purchase of the product in the luxury sector. When consumers choose a luxury product, they invest in quality that lasts. Some luxury products are passed on from generation to generation, as evidenced by the motto of a famous Swiss watchmaker “You never actually own a Patek Philippe. You merely look after it for the next generation.” The large luxury brands therefore ensure the maintenance and repair of their products. Hermes sends its craftsmen around the world to repair its iconic bags. This is also the case for aspirational brands such as Patagonia, which proposes in-store clothing repair. Although Patagonia is not considered a luxury company it is definitely at the forefront of ethical consumers most relevant brands and has been a forerunner in many sustainable actions which have translated into marketing advantages and examples for other brands to follow. Other proposals include the rejuvenation of products, such as Berluti and its special tanning service or the retailer Galeries Lafayette that offers the customization of old sports shoes.

The recycling of textile scraps, leather and unsold products, has led to a practice that has developed in the luxury industry called up-cycling. Its related process, recycling usually involves a waste treatment process that allows some of the materials to be reused for the production of new products, a traditional example would be the manufacture of glass objects from glass extracted from used bottles. Up-cycling, on the other hand,

involves re-using products rather than throwing them away and creating higher-quality objects with them, to follow the example given above; such as making a lamp from used bottles, sometimes creating pieces of art like Hermès Petit H. Petit H is a “recreation laboratory” which creates products made of leftover materials such as the exceptional leather used in Hermès iconic bags. Petit H is a tribute to Hermès’ disruptive creativity; some of their productions are exhibited as artworks. Sustainability concerns push luxury brands beyond their traditional boundaries, to become more innovative and entrepreneurial than they ever were (Bendell & Thomas, 2013).

Why is it, then, that consumers still underestimate the commitment of luxury brands to sustainable development? Probably because luxury brands are very discreet on their initiatives; including on their Web sites, they tone down their communication to their altruistic and authentic motives, for fear of being perceived as following a green-washing approach (Wong & Dhanesh, 2017). Luxury, in any case and by its very nature, is understated many of its aspects, whether it be for its branding prominence on products or its social media engagement. It is therefore not altogether surprising that the sustainability initiatives follow this pattern. Nonetheless, messages on sustainability enrich the identity of luxury brands and add value to CSR principles (Freire & Loussaïef, 2018). In addition, these CSR initiatives, particularly the philanthropic ones, have a significant impact on brand evaluation and consumer intention to purchase luxury brands (Amatulli et al., 2018; Cheah et al., 2016). Consumers are ready to pay a premium for brands of higher quality, based on sustainable development. They understand that local, organic, or fair-trade products require production in smaller quantities, with a slow manufacturing process, justifying higher costs. According to the Global Corporate Sustainability report (Nielsen, 2015), 2/3 of consumers are willing to pay a premium to consume brands that are committed to the protection of the environment and society. Among Millennials, 3/4 of them would be willing to pay more for a product that respects these values. In the beauty and fashion sector for instance, consumers are ready to pay higher prices for brands that are eco-responsible and integrate raw materials from organic farming (Cervellon

& Carey, 2011), meaning that they exclude the use of synthetic chemicals and organisms genetically modified by transgenesis. Consumers are also relying more on their own experience and other sources of information than on consumers' reviews when sustainable credentials are put forward (Cervellon & Carey, 2014).

In contrast, not engaging in CSR might lead to negative consequences on brand attitude and credibility, particularly among consumers with high eco-consciousness or ethical values. Cervellon (2012), for instance, investigated the impact of negative publicity regarding Victoria's (dirty) Secrets on brand attitude. Brands might harm their reputation for years to come due to their lack of commitment and respect for the environment. Consumption of unsustainable luxury brands might lead to shame and trigger negative word-of-mouth, particularly in collective countries (Amatulli et al., 2020).

Conclusion

Over the last decade, social responsibility and sustainability have become elements of differentiation and a source of competitive advantage in the luxury sector. Under the impetus of consumers, who are increasingly concerned by sustainability issues, luxury brands have initiated approaches orientated to excellence in sustainability through innovative CSR practices along the value chain, linked to the 3R's, recycling, reuse, and reduction. The new economic, social, and sanitary context provoked by the COVID-19 pandemic will accelerate the development of new business models in the luxury sector, that will take into account the expectations of the next generations of consumers where Green is the new Gold.

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