

Determinants of Changing Status of Luxury Industry towards Sustainability

Dr. Hemantha Y

#106, "SIMBA", 3rd Main Road, Ramanjaneya Nagar, Bangalore-560061

Corresponding Author: Dr. Hemantha Y

Abstract: *Luxury Industry is in transformation phase and there is argument that luxury companies should incorporate comprehensively strategies in terms of sustainability which affects luxury consumers' perceived experience. It is found through meta-analysis of existing literatures that few luxury retailers have implemented sustainability strategy to the fullest. At the same time, Interview schedule was prepared and sent to experts in diverse field of management to arrive at practical aspects of luxury business with due consideration to luxury consumers. The study explored into the intricacy of sustainability in luxury industry emphasizing on fashion/apparel industry in which they are heading to slow fashion model i.e., quality based fashion products or eco-friendly products*

Keyword(s): *Circular economy, Fast Fashion, Luxury consumers, Slow Fashion, Sustainability.*

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I. Introduction

Recently, Luxury and Sustainability is considered as contrary strategies yet sustainability is a new buzzword across various industries. In the prevailing situations in business, sustainable development is key for many businesses across the globe and luxury is no exception though it is niche segment and signifies the growth in terms of opulent living or extravagant than functionality. This study focuses on fashion industry in specific with Slow Fashion Model which is contrary to Fast Fashion Model. In this line, Slow Fashion Model is more novel approach concerned with creating more sustainable supply chain focusing on local resources (Pookulangara and Shephard (2013). *Slow fashion model* rather stands for attributes like sustainability and quality and an effort to decrease over-consumption and encourage a more conscious approach in purchasing clothes. Slow fashion model goes beyond sustainability where companies also engage in a effective supply chain management and incorporate ethical and socially responsible as opposed to *Fast Fashion model* which indicates quick response to fashion trends as well as production and lead times eventually leading to fast supply to market (Cachon and Swinney, 2011). This model is usually adopted by Fashion retailers namely Zara, Hennes & Mauritz, GAP and it's evident that they have successfully implemented as reflected in the study made by (Choi T M et al, 2014). Sustainability would create revenue generations and value to luxury consumers eventually, competitive advantage is ascertained. Luxury Industry is extremely aware of the fact that risk is involved in reputation of brands (Kapferer and Bastien, 2012) which is reflected in the study made by Rapport Annual Ethicity, 2013 as it specifies that in foreign context, few companies doesn't provide adequate information about manufacturing of their products leading to lack of transparency in their system.

It is found through various literatures that though there is high risk is involved in luxury brands value creation is possible for sustainable development. The study intends to explore the facets of sustainability in luxury industry and latent expectations of luxury customers' on commitment of luxury brands on sustainability. Further, to unfold the understanding of sustainability by Millennial who are future users of Indian Luxury sector?

II. Review of Related Literature

Luxury is very subjective in nature and can be interpreted in various ways by different people though the term luxury originates from Latin word 'Luxus' which means opulent, affluent etc., In business sense, luxury is products or services which are usually purchased by elite class across the globe. Due to changing times, luxury businesses have changed their strategies to strengthen brand performance to existing consumers. This section discusses about the nitty-gritty of luxury and sustainable development taking place in luxury segment emphasizing on Fashion and life style in which they few luxury retailers have implemented sustainable strategies which are reflected in scholarly contributions on luxury and sustainability per se.

LUXURY AND SUSTAINABILITY

Mckinsey agency indicate that Luxury and sustainability is interdependent as luxury industries are embracing sustainability which is becoming a part of company's strategy eventually, brand image can be balanced (Mauer, 2014). Further, study made by Kapferer and Bastien (2012) indicates that luxury is measured in terms of qualitative than quantitative. Further, hedonism takes over functionality as it has to be multi-sensory and experiential to each consumer. In this line, luxury industry is associated with excessive consumerism, guilty pleasure but still apprehensive about sustainability. In fact there is close relationship between sustainable products with luxury as there are excellent craftsmanship, creativity and design made from excellent materials of great quality and durability. Besides, they mention that true luxury means when some part of it is handmade and brand associated with the product should provide the exclusivity to their consumers. Researcher in his opinion notes the fact that Millennial consumers are inclined to luxury purchases as they have low burden in their early career and afford to purchase luxury brands.

Kapferer (2015) and Lu et al, (2013) points out the fact that there is significant perceptual changes among millennials' for purchase intent as luxury is in the path of transformation phase in further improving their business by means of recycling. In this line, Millennial are becoming core demographic element that most strongly associate with sustainability, luxury companies are putting in efforts in ethical mining, organic raw materials, and fair trade practices with which luxury brands are promoting their sustainable products as they realized about the fact that without which there is detrimental effect on mother earth. This is why sustainability is taken seriously by Industries such as Fashion/Textile, cosmetics and allied industry as the noxious chemical residues from textile/fashion, cosmetics etc., have detrimental effect altogether. From Consumer front, they are willing to pay premium on environmental friendly products. As per Luxury reports, luxury brands such as GUCCI, BOTTEGA VENETA, PUMA have shown efforts in conserving natural resources for future generations. (abhay gupta,2019) It is shocking to understand from the reports that in luxury arena, brands are heading to the path of *beyond sustainability* as it is evident from the initiative taken by Stella McCartney who is pioneer in sustainable luxury brands as they source sustainable sourced raw materials to improve production process. Besides, few luxury brands in fashion space are Good Earth's brand Nicobar is synonymous with sustainable luxury retail and Anita Dongre's Grassroot is another brand which is focusing on sustainable luxury fashion in order to promote Indian traditional craftsmanship and fair trade practices in which certain profit percentage are shared with artisans who create the products. International brand H&M (Hennes & Mauritz) a sub-brand consciously adapts eco-friendly material Econyl, recycled polyester and cashmere for their products. Going through the literatures, in totality fashion industry has adapted sustainable fashion which is contrary to fast fashion model which is pointed out by McNeill, L., and Moore, R. (2015) that there are three luxury consumers (Fashion consumers) namely self consumers concerned about hedonic behavior, social consumers who have social image and sacrifice consumers who strive to reduce their effect to world. All these groups have conflicting ideas pertaining to fast fashion whereas Jia, P et al (2015) depicts that sustainability has been a major focus of companies have realized the harmful effects of environment. Further, suggests that selecting the right supplier for supplying sustainable fabrics to production house. This study has framed twelve parameters from environmental perspectives for evaluation of suppliers. From consumer front, millennial are sustainability conscious which is specified in the study (Buckley, 2015) that Luxury companies should consider luxury consumers' attitude as their experiences differ with luxury brands.

RATIONALE OF THE STUDY

It is believed that there are arguments across Luxury industries that how serious the companies are practicing comprehensively the sustainable strategy. On this note, the study has been carried out for adding value to academic literatures to fashion, marketing, luxury fraternity and society as a whole.

OBJECTIVES OF THE STUDY

- To identify the various facets of sustainability in Luxury Industry
- To examine the influence of sustainability on millennial luxury consumers

III. Methodology

The Study - After reviewing the connected literatures on Sustainability in Luxury Industry it is observed that in Indian context, empirical evidence on the research work is limited. Hence, the methodology incorporated in this research is qualitative as well as Meta Analysis of scholarly contributions of academic literatures in Foreign and Indian context and market reports related to Luxury and Fashion industry. To achieve objective 1 i.e., facets of sustainability in luxury brands, Interview method was incorporated for and sent to experts for their valuable insights and to achieve objective 2 i.e., examine the influence of sustainability on millennial luxury consumers secondary literatures were carried out to arrive at results.

The Sample: Interview schedule was prepared and send to fifty (50) experts in different parts of locations in Bangalore to arrive at factors

Tools for Data Collection: Interview schedule was prepared and mailed to experts which added value to the study and to arrive at valuable findings. At the same time, meta-analysis of literatures were reviewed and linked to the study.

IV. Results And Discussions

Revisiting the objective 1 in this study the results reveal the fact that luxury and sustainability were considered as two conflicting theory as many luxury industries is not comprehensively practicing sustainability as they know the significance of sustainable strategies though.

Interview schedule was prepared to probe into the various aspects of Sustainability and Luxury. Due to busy schedule of experts in diverse field of management only 50 people were interviewed people in different regions of Bangalore city as presented in Table 1 in which relevant aspects were recorded and irrelevant aspects were omitted in the results. During the process of interview and meta-analysis of literatures there was a gap found in implementation of sustainability by luxury brands. To know the various reasons for this gap in the study researcher has arrived at opinions given by people considering the perception of luxury customers about sustainability. This study tried to relate the existing literatures by meta-analysis of collecting realistic information about Luxury and Sustainability with interview schedule. It is found that there are various aspects which were noted about the sustainability in luxury industry as enlisted below

1. Major misconception about sustainable luxury

Experts expressed their opinion that still many luxury consumers are not in favor of implementation of sustainable strategy as they believe that Luxury brands will lose its cachet. Finally, Out of 50 people, 26 people said that there is misconception about sustainable strategy among luxury brands as well as consumers. But for the future, there should be changes taking place as already few luxury fashion retailers have implemented sustainable strategies.

2. Three aspects of sustainable practices

- Luxury Consumers
- Social values
- Consistency

Out of 50 people, 25 had an opinion that *Luxury Consumers* and *Social Values* play a vital role in successful implementation of sustainable strategies. This feature is reflected in the study made by Mauer (2014) which indicates that 59-percent of the luxury consumers would purchase sustainable luxury brand from their favourite brand over a non-sustainable brand. Further in this study, 58-percent of respondents also claimed that non-sustainable nature of a luxury product would not stop them from purchasing the product if they liked it, confirming so that in the eyes of luxury consumers' sustainability is still secondary next to the product attractiveness (Mauer, 2014) and this naturally poses difficulties for luxury giants in business. Luxury brand Gucci has made visible development to protect and embrace sustainability. (Kapferer, 2010)

Consistency

Out of 50 experts, 35 of them have agreed that there is uniformity among luxury brands but they are not completing favouring to the fact that if they incorporate the sustainability the entire business models can take different shape and leads to different directions.

3. Brand Switching

Out of 50 people, 11 people have opinion that they switch over to other if they feel that the image is tarnished by any of the sustainable elements. Suppose, luxury brands doesn't deliver the expectations of luxury consumers after implementing sustainable strategies, it can lead to uncertainty and likely losing consumer confidence as recycling aspect will be a part of luxury brands.

4. Strong relationship between luxury consumers and Luxury brands:

Out of 50 people only 24 of them mentioned that few of luxury brands have developed strong relationship between luxury consumers presently without sustainability but in future, perhaps luxury brands can change their business pattern which can be conducive to environment friendly further, it can strengthen the bond between luxury consumers and brands.

5. Exclusivity: 35 people have their opinion that their image can get distorted if they go for recycling the materials especially in fashion industry. However, H&M have incorporated recycling in their production process in which rarity is maintained.

6. Future prospect of sustainable luxury: As luxury industry is able to move in sustainability path, it seems difficult to respond if they want to be truly sustainable as customers appreciated the luxury brands with high end hand made products and recyclable etc., Finally, there is great potential for luxury brands in future as time changes, millennial too will change.

Revisiting to objective 2 to examine the influence of sustainability on millennial luxury consumers- The study made by Achabou and Dekhili (2013) established that luxury buyers did not value positively the idea of buying a Hermès product made of recycled cotton. Actually the regular luxury buyer is against purchasing recycled cotton in a luxury product. Recycling means no more rareness, it loses its cachet. In this example, cotton becomes impure as it is drawn from uncontrolled resources. However, there is no issue to employ recycled material for the packaging themselves. Similarly, in the study Godey et al, 2013 indicates that in Asia especially for the millennial who have perceived luxury with close associations with cachet which is in contrast to recycling associated with disposal (Ha-Brookshire and Hodges, 2009). This contradiction may be related to luxury attributes such as rarity, finest quality and status connected to luxury products that may not be reflected through the use of recycled materials. Even Janssen et al. (2014) put forth the notion that socially responsible luxury may be regarded as contradictory owing to luxury's association to self-interest as compared to concern for others associated with social responsibility. Thus, sustainable luxury goods that contain recycled materials may be viewed as paradoxical to millennial due to not only the prestige of luxury being tainted by set of disposable recycled materials. But also the intrinsic nature of luxury as being connect to self-interest is in opposition to the association of altruism related to social responsibility. Yet luxury brand Hermes recycle previous season's materials may be perceived positively by socially responsible millennials that value pro social marketing (Achabou and Dekhili, 2013; Hyllegard et al., 2014). Hence, millennial perceive a conflict when luxury brands incorporate sustainable practices such as the use of recycled materials.

The Findings from the study made by Virginia Rolling and Amrut Sadachar (2018) indicates that millennial have shown positive and favourable attitude based solely on impressions of luxury possessed by Luxury-only and Sustainable-luxury brand descriptions. Moreover, they are influenced by beyond sustainability and feel that luxury brands can incorporate green practices in their brand promotions which will enhance purchase intent. Eventually, recycled materials will be perceived favorably by millennial. So, luxury brands can put forth their recycling efforts by providing consumers previously owned products.

V. Conclusion

The study reveals the fact that Luxury and Sustainability are two elements which is conflicting in nature i.e., perceived contradiction between luxury consumers and sustainability. In prevailing business pattern, sustainability is been practiced in very few luxury companies and there is a great potential for them to incorporate sustainability strategy as it is competitive advantage. Moreover, luxury companies have crossed the infant stage of sustainability. From the findings of the study, there is mixed responses of luxury going sustainability path.

In Environmental sense, luxury companies can think about the recycling mechanism in which waster materials can be converted into functional form i.e, Product eventually, companies can grow further in the path of sustainability.

VI. Implications And Limitations

The findings reveals the fact that through interview schedule that in business sense, luxury brands desiring to practice sustainable practices can make their foray but they should be cautious to maintain their stature though recycling process is been utilized in the production. In fact luxury brands can produce environment friendly products (Savageau, 2011). In this study, Slow Fashion model adapted by luxury retailers are successful in providing eco-friendly products and they are quality based. Luxury companies should offer to millennial a customized product that exemplifies their fashion sensibility.

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Table 1: Interview Schedule on Sustainability and Luxury (Sent to 50 People)

Sl No.	Description	Response
1	What is the major misconception about sustainable luxury?	Luxury will lose its cachet if it implements sustainable strategies comprehensively. But, due to environmental issues, the reality is that sustainable luxury is still in nascent stage and it takes own course of time.
2	In your opinion, what are the top 3 aspects that luxury brands should focus in promoting their sustainable practice	Luxury companies look for 3 things which are at most vital a) Consumers b) Social Value c) Consistency
3	Why do you think people switch over to other luxury brands during purchasing	The reason behind this is that customers' are not still confident to buy luxury brands (clothes) which incorporates sustainability. Further, luxury consumers are skeptical to purchase luxury brands when sustainable element comes into picture
4	Sustainable fashion is about creating a strong and nurturing relationship between consumer and brands	Until consumers responds positively about sustainability in terms of purchase it automatically builds a strong relationship between consumer and luxury brands
5	Do you see sustainable fashion breaking through its niche into mainstream	Not exactly. If this happens, luxury brands loses its cachet as the meaning of luxury itself fade out
6	How do you envisage the future of luxury industry in terms of sustainability	There is no doubt that there is great potential in implementing sustainability as comprehensive strategy for luxury industries

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