Will Geneva Become the Epicenter of a 'New' Luxury?

Luxury industry brands no longer doubt the necessity of creating sustainable value chains, but wonder how they can transform their own to preserve their reputation – and their future – while indirectly contributing to solving environmental challenges and social issues.

by Christopher H. Cordey

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TODAY, we stand at a crucial moment in our history. A time when humanity is confronted with a new challenge, as its tremendous development collides with the limits of the biosphere. The story is one of double growth – population and consumption – combined with poor governance and inadequate political responses that fail to address these major changes. The result is the degradation of the biosphere and the spread of inequality across the world. While it took Britain 150 years to double its per capita income, India and China are expected to achieve this transformation in a tenth of that time, with a population 100 times larger.

According to the World Business Council for Sustainable Development, we will need to feed 9.5 billion people by 2050. Can we do it? Will we do it? On top of the demographic challenge, we have to consider challenges posed by climate change and food. All three are intertwined. According to an American foresight report featured in *Le Monde*, "global food demand is expected to increase by 35 percent by 2030" – but agricultural outputs do not follow the same trend as overexploited soils are deteriorating. Moreover, extreme meteorological events are becoming more frequent, disrupting the food industry. According to the same report, within the next 20 years, nearly half of the world's population will live in areas with significant water shortages. Wars for water will no longer be a dream.

> *"The convergence of these initiatives can contribute to rethinking Geneva*

The global management of nearly nine billion people requiring health, food, work, housing and security seems to be the most difficult test humanity has ever known. So, ultimately, our collective challenge is to reconcile population increases with consumption, and to find solutions for minimizing the negative consequences generated by such growth. All contributions will not be in vain.

The Sustainable Luxury Forum was founded in 2010, based on the idea of the emergence of a new world and another idea of luxury – more ethical, respectful and inclusive. Another source of inspiration was the absence of an exchange and sharing platform for the luxury industry. Our mission is to assist executives in entering this 'new world,' which is full of opportunities. It is more rapid, more unequal, more complex and more turbulent, with volatility replacing stability. Our goal is to act as a catalyst for change and encourage forward thinking by organizing specific training events to facilitate sharing in an atmosphere of trust and confidentiality.

Our long-term ambition is to unite all sectors of the luxury industry in a single platform – watches, jewelry, beauty, hospitality, travel, fashion, accessories, wines and spirits, cars, aviation and yachting, and even private banking. All of these sectors have the same type of customers: affluent, demanding, informed globetrotters who are familiar with technology, and for whom luxury can be synonymous with responsibility, ethics, respect and inclusion. During the third Sustainable Luxury Forum, to be held in Geneva in June, we will address the theme "The Luxury Dilemma: How to Balance Business Opportunities With Social Change and Impact?" As in the two previous editions, we will bring together 100 leaders from the luxury industry, NGOs and academia. All contributions are welcome.

In 2007, various studies demonstrated that luxury brands were slower to engage with corporate social responsibility (CSR). Few – often part of listed luxury groups – were already active. This lack of engagement was explained by numerous pressures and a lack of strategic foresight, as well as the absence of regulations and CSR skills within these companies. The rise of the concept of transparency through social networks, the emergence of the millennial generation and the publication of virulent activist studies coupled with growing pressure from the public encouraged some leaders to take action.

It is never easy to change, however, when there is no real urgency to do so. Certain industry executives even objected that "it is not an easy task to consider human rights, governance, prostitution, biodiversity, environment or corruption issues, and at the same time create and market high value-added products." Many luxury companies underestimate their power of influence, in comparison with that of miners working under extreme conditions to extract gold, silver or diamonds. This justifies the need for support, which we offer.

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Until recently, CSR was simply an option for luxury brands. In the period since though, it has become an imperative to avoid being – directly or indirectly – associated with various wrongdoings and crimes, including pollution, genocide, civil war, child labor or prostitution in mining zones or tourist destinations. A growing number of progressive brands are committed to CSR, implementing strategic philanthropy programs and sector certification. A minority have also integrated CSR at a strategic level.

If we look into the future based on a five-year time horizon, the following are some key insights, a number of which will be discussed at the forum:

- The development of '100% ethical' luxury brands will increase. They will provide an alternative to a new generation of customers – often Western – for whom the concept of 'another luxury' is more desirable than the one their parents knew.
- Less progressive brands will catch up. The fear of being left behind will lead them to adopt CSR to avoid possible boycotts.
- Brands that have already committed to CSR will increase strategic integration of this concept, provided that financial and human resource benefits follow.
- Mere 'strategic philanthropy' will be progressively abandoned. Brands will be involved in more concrete, targeted projects with stronger societal impact.
- CSR projects will develop in emerging countries, even ahead of brands' entry into these markets.
- Brands might diversify or invest in energy resources projects and companies.
- CSR communication will intensify and certain brands will engage in a 'CSR contest' to highlight their progress.

To conclude, we can suppose that the emergence of a new generation of leaders will grant CSR teams greater financial resources, heightened professionalism and better internal recognition within companies.

Is Geneva the center of a 'new luxury?'

Geneva is the de facto capital of 'soft power' and home to the European headquarters of the United Nations, international organizations, NGOs and a still flourishing banking sector.

Early signs suggest it may also be the center of this new movement towards sustainable luxury. Amongst these are the existence of the Sustainable Finance Geneva association; the Global Mercury Partnership and negotiations on a Mercury convention; the round table on the Conflict-Free Gold Standard held by the World Gold Council, or the meetings of the Responsible Jewelry Council during the Salon International de la Haute Horlogerie. In addition, there is the emergence of the Swiss Better Gold Initiative, supported by SECO in Bern.

The convergence of these initiatives can contribute to rethinking Geneva, indirectly enhance the image of Switzerland, and ultimately shape the Switzerland of tomorrow. If the Sustainable Luxury Forum, among other initiatives, can provide solutions to such fundamental issues, so much the better.