

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 – 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 9.3 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 soil 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.

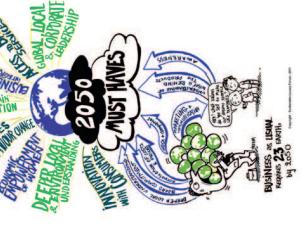
In 2007, various studies demonstrated that luxury brands were slower to engage with corporate social responsibility (CSR). Few – often part of listed luxury groups – were already active. This lack of engagement was explained by numerous pressures and a lack of strategic foresight, as well as the absence 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 virtuous activist studies coupled with growing pressure from the public encouraged some leaders to take action.

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 unusual, 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 – 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, globe trotters 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.

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It is never easy to change, however, when there is no real urgency to do so. Certain industry executives even object 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 highly added-value 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.



- 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 Gold Standard held by the World Gold Council; or the meetings of the Responsible Jewelry Council during the Salon International de Haute Horlogerie. In addition, there is the energetic 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. ■

- 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.
- More 'strategic philanthropy' will be progressive. Abandoned brands will be involved in more concrete, targeted projects with stronger societal impact.