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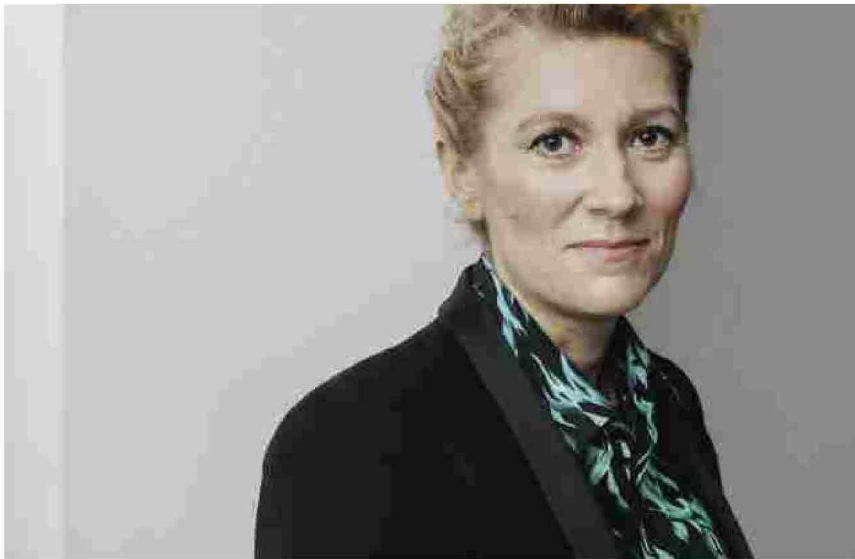
Sustainability and Cooperation to Dictate the Future of Luxury Goods Companies

An Altagamma webinar shed the light on the role of sustainability in aiding brands to maintain an emotional connection with consumers after the pandemic.

By [Sandra Salibian](#) on May 26, 2020



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Marie-Claire Daveu, Kering's chief sustainability officer. Courtesy/Robert Jean-Francois / modds

MILAN — As the world deals with the economic impact of COVID-19, all businesses are questioning what the future might hold and reconsidering their long-term strategies.

There's now little doubt that **sustainability** is set to become a core aspect, rather than an accessory value, across industries in the aftermath of the health crisis, which has significantly accelerated many trends already in place.

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“Sustainability, intended not only from an environmental point of view but also economic and social perspective, will be even more important once we all get out from the lockdown. There’s an ever-increasing attention to reconsider the values of things as people slowed down and looked at things differently during the confinement,” said **Matteo Lunelli**, president of Italian **luxury** goods association **Altgamma**, which hosted a webinar on the topic on Tuesday.

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“We begin a journey I consider essential for this organization,” continued Lunelli, who made **sustainability** one of the strategic pillars of Altgamma’s 2020-22 program. “I believe in this as an entrepreneur and I think sustainability won’t only be an essential element overall but really can help us in the recovery, representing the engine for a future growth.”

To prove his point, the executive highlighted that companies’ collaborators and customers are increasingly asking firms to improve their sustainable practices. Investors are more and more turning their attention to sustainable companies, while the secret to success for the **luxury** goods industries has always been its ability to foreshadow significant changes in culture and behavior.

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According to Lunelli, Italian companies already have the mind-set to further embrace this approach and an advantage in that they can control the complete supply chain in **Italy**. Altgamma estimates that 90 percent of the production of luxury goods is Made in **Italy**, which enables Italian entrepreneurs to fully monitor the manufacturing processes and pivot them in a direction that’s sustainable in terms of both the environment and working conditions.

“Many companies have already implemented sustainable practices but they have never communicated them in an adequate manner, so we want to support them in this, too,” said Lunelli about one of the association’s missions.

“If we look at this crisis alone, our companies together raised 41 million euros to support hospitals and health-care workers, and many firms have converted their production to supply masks and sanitary kits. This further signals how the attention and strong bond to the territory and to the community are part of the Italian culture,” he added.

The executive also stressed how the expectations of society toward companies have shifted from the mere creation of profit to generating beauty, culture and well-being for collaborators, stakeholders and communities. “High-end companies must be leaders in sustainability and set the example. We do excellent products but our customers expect more and more from us at this point,” he added.

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The show really must go on. The international Venice Film Festival will take place as scheduled and as a physical event, running Sept. 2 to 12. On Monday, a spokesperson confirmed the event will run in the Italian city as planned, following media reports on Sunday that Veneto’s governor Luca Zaia was giving the green light to the event. As reported last month, a decision was expected at the end of May. Tap the link in bio for more.
 Report: @luisazargani



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@louisvuitton has snared acclaimed leather goods designer Johnny Coca, WWD has learned. He starts June 2 as women’s fashion leather goods director, a new post working as part of the team lead by Nicolas Ghesquière, Vuitton’s artistic director of women’s collections since 2013. It is

Yet commercial interests might be more persuasive than ethics in encouraging executives to invest in sustainability.

“Beyond the bleeding-heart approach, if something has value, then it is preserved in the future, otherwise it won’t last. Only when sustainability becomes a business opportunity, it really tips the balance and causes a real shift in the mind-set,” said **Antonio Achille**, senior partner and global head of luxury at McKinsey & Company, which did a study for Altgamma of how much sustainability influences the choices of customers and buyers.

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According to the research, 80 percent of Gen Z customers and Millennials are actively interested in sustainability, and social searches on the topic increased fivefold last year compared to 2018. Yet 73 percent of the world’s clothing material eventually ended up in landfills or incinerated, while less than one percent of the textiles used to produce clothing is recycled into new garments, which proves there are still limitations in manufacturing processes.

The study surveyed more than 60 international buyers and department stores, including Printemps, Saks Fifth Avenue, Rinascente, The Kadewe Group and Isetan Mitsukoshi, to further prove the commercial impact of sustainability.

In the research, the term refers to the combination of soft elements such as marketing, brand reputation and philanthropy, and hardcore assets, including processes and traceability, fabrics and labor conditions. Buyers across countries agreed that hardcore elements are the overriding ones in their and consumers’ choices, suggesting it’s not enough for a brand to invest in media and marketing but to work on the fundamentals of its supply chain. These assets are specifically key for 81 percent of U.S. buyers and 75 percent of the ones hailing from the EMEA region.

This would imply a stronger commitment from companies going forward, as investments required to meet sustainable standards in processes and traceability are significantly higher compared to the ones needed for the soft assets, accounting for between 8 to 12 percent and from 1 to 2 percent of a company’s revenues, respectively.

“Not investing on sustainability can really turn into losses of business opportunities, it’s not just about ethics,” continued Achille, mentioning examples of clashes over single products and advertising campaigns that have caused damage to companies in the recent past. According to the study, 26 percent of the buyers surveyed have already delisted at least one brand due to sustainable concerns, including social justice issues and animal welfare concerns. Department stores are also expected to increase the percentage of sustainable brands in their portfolio to 40 percent in five years, almost doubling the current average share of 23 percent.

In addition, sustainability is also seen as a strategic way to create value in retail spaces via dedicated corners and temporary windows, helping stores to stand out and increase their competitiveness.

Considering the investments involved, one of the main variables is customers’ willingness to pay more for sustainable products. According to the study, 70 percent of consumers are open to the idea if the same quality is guaranteed.

“In luxury, the challenge is linked to the quality of products, there are no compromises on that,” confirmed **Marie Claire Daveu**, chief sustainability officer and head of international institutional affairs of **Kering Group**. Yet Daveu emphasized how sustainability is no longer an option but essential to firms’ survival and underscored how the health crisis conceals an opportunity to create awareness on the topic and finally push companies to act rather than just talk about it.

“After and during a crisis, people expect more and more not only from governments but also from companies. They expect them to be leaders and take their part of responsibility,” she said. “Sometimes I’m told sustainability is a cost but not at all — it’s an investment and after four to five years, it helps to reduce costs. Now a company’s cfo has to think in a broader way, it’s time to think in a smart way.”

understood Coca’s prime focus will be on high-end bags and show pieces. The hire further reinforces the upscaling drive spearheaded by Vuitton chairman and chief executive officer Michael Burke — and adds to a steady addition of top creative and management talent at the fast-growing brand, considered the largest in the luxury sector by revenues. Report: Miles Socha □ : @shutterstocknow



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What will Hamptons partying look like for summer 2020? Jayma Cardoso the founder of the Surf Lodge, the Montauk hotel, restaurant and music venue that has captured the hearts (and summer weekend late nights) of New York’s most prolific partiers, has found herself mulling what summer 2020 might look like for her business in the face of COVID-19, unsure of digitizing her signature summer concerts but eager to keep things going. Kicking off Memorial Day weekend, the Surf Lodge is partnering with Governors Ball and Bumble to launch a live digital Sunday sunset concert series, “The Sun Still Sets,” in place of the usual dusk outdoor concert series the Montauk hot spot has become known for. This Sunday’s show will feature Snoop Dogg, Rufus Du Sol, Sofi Tukker and Bob Moses. The musical acts that will be participating throughout the summer are a mix of some of those booked to play this year’s Governors Ball, some Surf Lodge favorites and some new faces. Tap the link in bio for more.

Report: @leighen — #wwdwey
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Confronted with the reality of the Italian luxury goods industry, which is mainly made up of medium-sized firms, and their access to scaled-back budgets compared to those of a powerhouse such as Kering, Daveu reiterated that implementing sustainable practices is challenging at any level, as it is first and foremost about a change of mind-set.

“What’s important is to start the journey and embed this element from the beginning, which is easier and cheaper compared to implementing sustainable practices afterwards. Then it’s true that everyone has their own journey. That’s why bigger companies have to share their discoveries and organizations like Altagamma have to support their members,” said Daveu.

She also stressed the connection sustainability has with innovation and creativity. As one of Kering’s goals is to reduce its environmental footprint by 40 percent by 2025, Daveu said that only disruptive innovation linked to raw materials and new processes can help in reaching such a target. “You have to find innovation all over the world and it’s key to work with universities and students,” she said of the group’s commitment in working with international start-ups.

A cross-pollination between brands and among different industries will further help the cause, according to Daveu, who made a call for unity that has been echoed on a larger scale by American economist Jeffrey Sachs, former director of The Earth Institute at Columbia University and director of the United Nations’ sustainable development solutions network.

“We’re living in a dangerous and extraordinary time in history and nothing is going to be the same in our lives... In the U.S. this crisis is not bringing us together, but pulling us apart. For any European company, my first suggestion is to support a strong Europe and initiatives that keep the EU unified,” said Sachs, underscoring that “global cooperation is another aspect of sustainability.”

He also invited companies to be united in aligning their strategies to the sustainable development goals, the 17 goals of the U.N.’s 2030 Agenda revolving around “healthy economy, inclusive economy — where everybody should be able to benefit from it — and environmental economy.”

“The 2030 Agenda is the only way forward,” reiterated Enrico Giovannini, ambassador of ASviS, the Italian alliance for the sustainable development.

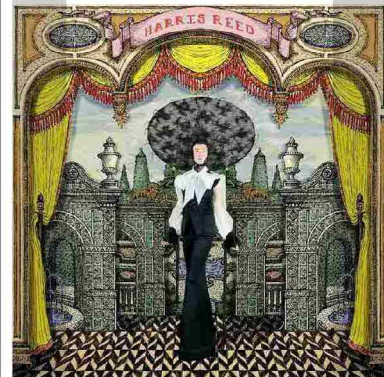
“It’s due and timely to reconsider how companies should rethink their strategies in a moment of violent shock like the one we’re living. It’s time to think the unthinkable, and not just have a defensive approach,” he said. Giovannini focused on marking the differences between the current crisis and the Great Recession in 2008, as he considered that many entrepreneurs won’t react the same way bouncing back but will try to figure out how to bounce forward instead.

“Many players realized that the system they built was fragile. Globalization and capitalism in the last 40 years was based on efficiency rather than resilience during disruptive moments,” he said, adding that companies will now need to invest to adapt to consumers’ increased sensibility to economic, social and environmental issues and that those banking on sustainability will be awarded by the market.

“This industry has changed skin many times in its history,” said Achille, retracing the evolution of luxury goods trends in the last four decades. He recalled how the Eighties were about craftsmanship, the Nineties focused on marketing and storytelling, in the Aughts retail added to these through fast-fashion and luxury inclusiveness while in the 2010s digitalization was the asset on which companies have invested significantly.

“This decade can really be all about sustainability as a luxury prerequisite. If a group doesn’t invest in sustainability it risks to lose the emotional connection with consumers – which is everything in the luxury industry – and therefore lose market share,” he concluded.

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Harris Reed debuted a graduation collection in lockdown that spread a message of inclusivity. Reed started by thinking beyond the traditional fashion model — and delving further into the message of gender-fluidity and freedom of expression in this season of lockdown, with all graduation showcases having been cancelled in the U.K. Reed drew inspiration from colorful characters throughout history with a flair for rule breaking, from the rock band New York Dolls, to the British dancer Lindsey Kemp, and Henry Paget, the 5th Marquess of Anglesey, who was known for divorcing his wife and turning the family chapel into a theater to perform plays by Oscar Wilde in gender-bending costumes. The result is a joyful concoction of larger-than-life silhouettes, abstract patterns, historical references — and plenty of flares: A tulle skirt with a giant, hot pink overlay is worn over a tailored suit; a crinoline is placed over dramatic floral high-waisted trousers and pussy-bow shirts one could imagine Harry Styles wearing; while a flared suit features graphic patterns and jazzy metallic patterns. Tap the link in bio for more.
Report: @natalieheodosi

Italy Luxury Sustainability

