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## Sustainability practices in the luxury industry: How can one be sustainable in an over-consumptive environment?

### *Sustainability in the automotive world: The case of Tesla*

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#### Abstract

The luxury industry is sought due to the over consumptive world we live in. The fact that something is rare in demand makes the goods attractive, but what about the aspect of sustainability? What about wellness, environmental impacts, and human rights? One might say that luxury is exempt to follow any tenable rules. However, this chapter will demonstrate why it is worth for the luxury industry to follow a sustainable path and how this aspect can contribute to the ultimate luxury good. The purpose of this chapter is to explore and understand the complexity of sustainability in a luxury environment and what problems it may cause. It is obvious that luxury and sustainability are not always aligned, but this chapter will show different aspects and common grounds.

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#### 1. Introduction

We hear the word sustainability every day, this word is used so frequently, it is hard to draw borders. But what does it really mean? And can everything or anything be really sustainable? By definition sustainability is the ability for something to remain prosper, to endure throughout time and stay persistent. But sustainability is not only about longevity it is also about quality. In the luxury industry, sustainability is all about preserving the art and “savoir faire” and respecting the environment, which goes along with the definition of luxury in some way

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which is rare. Luxurious brands caught up to it and realized that sustainability will be beneficial to them but their consumers as well and after all pleasing the consumer is all what it is about. Sustainability in the luxury industry is intrinsic. Or is it really?

The automotive industry faces the same problems: Customers demand so-called green solutions, and that where the big mistake of greenwashing starts. Brands polish their images with the term ‘sustainability’ every now and then, to make customers believe that they are working ecological and ethical correct. Especially scandals like the diesel-affaire from Volkswagen and Audi, lead to irritated customers who do not dare to trust the brands anymore in terms of their sustainable portfolio. For this problem, the article shall show the best practice case of Tesla and show how the automotive industry can implement a sustainable image.

## **2. The revising of the luxury industry towards sustainability**

Not long ago, luxury and sustainability were considered as two opposing concepts. The purchase of luxury products was too often seen as the main cause of the widening gap between the rich and the poor; as something irrational and superfluous and hence, as largely unsustainable (Kapferer, 2010). After all, why investing €5000 in a Chanel ‘Boy Bag’ if one could have a ‘relatively good imitation’ of the famous bag for as little as €30? Is it really worth the money? And why living in an excessively big and conspicuous castle when even an 80m<sup>2</sup> apartment/house could already largely fulfill one’s needs? These were among some of the most frequent asked questions often resonating in the minds of a large number of sustainability supporters, who did not hesitate to seize even the smallest opportunity to criticize the luxury producers and consumers for their, at first sight, excessively unethical behavior; and the situation is not different even today. (Kapferer, 2010).

What used to be often ignored, however, is that the preservation of the humans physical and biological resources has always been at the heart of all true luxury brands (Kapferer, 2010). It had to be so, for failing to acknowledge the scarcity of these resources would mean not only their eventual disappearance but also the end of the businesses in question and of, in some cases, even over century-long traditions (Kapferer, 2010). Indeed, through their limited production, strict control of demand and supply, high prices, decision not to delocalize or subcontract the production, limited use of machinery and preservation of craftsmanship, as well as the production of high quality products (predestined to last a lifetime), unlike mass market brands, many true luxury brands have, to some extent, been supporting rather than undermining sustainability. However, as rightly observed by Mauer (2014), as far as the preservation of precious resources is concerned, if luxury was not exploiting their use, there would be no need of preserving them either.

But in recent years, luxury and fashion brands had a sort of awakening and realized that something had to be done and, more importantly, something could be done. Luxury brands along with consumers can no longer ignore sustainability. With the rise of fast fashion over the last decade people had to wonder how it was possible for fashion businesses to produce several seasons a year. The documentary “The true cost of fashion” answered some of those questions and touched a sensitive cord. This documentary rose concern on environmental impacts of the fashion industry and human rights of its workers. On top of it, the rise of social media gave a voice to celebrities and allowed them to speak and give a good amount of coverage to topics close to their hearts. Such as Emma Watson with the HeForShe movement, Leonardo DiCaprio creating companies and documentaries tackling climate change issues. Whether, they are setting a movement or just giving a voice to it, we can no longer ignore the need for sustainability.

## **3. Luxury and Sustainability: The end of hide and seek**

It is no longer only the pressure from media and NGO’s shareholders on the luxury companies, to adhere to the sustainability, that increases nowadays (Kapferer, 2010), but also the number of ethical consumers (Mauer, 2014). Regardless of the type of luxury industry in question, today, more than ever before, respect for sustainable development has a significant role to play in consumers’ purchasing behavior (Lochard, 2011). Due to the urgent

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