

# The Future of Luxury Retail

## The Circular Economy

with Dr. Helen Crowley

Biologist & environmental consultant



**verizon**<sup>v</sup>  
business

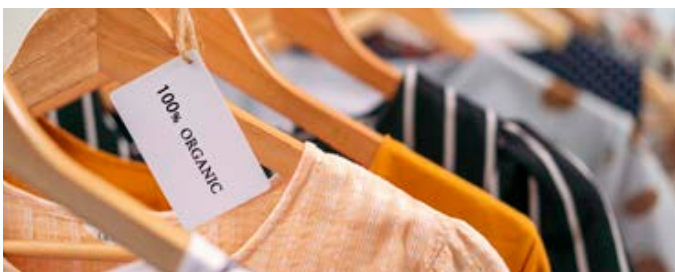
**“What’s accelerated in the last five years is a new awareness of accountability and responsibility. The laws are changing, consumers are demanding, so we have an opportunity to drive sustainability and create better businesses.”**

Today’s consumers are more environmentally conscious than ever. They want any product they buy to have as little negative effect on the world as possible. In fact, many are even willing to pay more to ensure it. So, how can luxury retailers make their operations more sustainable, while meeting customer style and price expectations and driving their business? And what role can technology play? As part of our Future of Retail series, we spoke with Dr. Helen Crowley, a biologist who helps luxury retailers incorporate sustainability into their supply chains and processes.

## A growing appetite for sustainable retail.

Luxury retail within the EU continues to grow year on year. Indeed, the EU is now the second largest luxury<sup>1</sup> market (after the U.S.), accounting for 27% of luxury retail worldwide. Europe is home to many successful luxury retail firms, which dates back to the corporate raiding of Bernard Arnault, who in 1989 set out to build the first house of luxury brands. Many of his rivals, like Gucci, Bulgari and Fendi, quickly followed suit.

In the past, the 10 largest European companies were all banks. However, recent changes have seen four luxury companies<sup>2</sup> included on that list. This change has brought about substantial success for these businesses, and for the economy. But this increase in large-scale commerce has brought about an extra potential impact to the environment.



<sup>1</sup>Statista. (n.d.-b). Luxury Goods - EU-27 | Statista Market forecast. <https://www.statista.com/outlook/cmo/luxury-goods/eu-27>

<sup>2</sup>Europe’s new success stories are built on high luxury, not high tech. (n.d.-b). Financial Times. <https://www.ft.com/content/7342ff23-eec8-4a87-818b-fec4fb35cbc3>

## An overview on regulation.

The EU plans to implement new regulations<sup>3</sup> to help manage potential damage to the environment and instill proper sustainability efforts. These include:

- **Challenging fast fashion**  
To discourage waste, the European Commission has proposed requiring fashion companies to collect an amount of textile waste that is equivalent to a certain percentage of their production. Alternatively, they could pay a fee toward local authorities’ waste collection work.
- **Regulation of misleading eco-labels**  
The Commission is also working on regulations that would restrict brands’ use of sustainable claims to advertise clothing. The Commission estimates that up to half of these claims, or eco-labels, are misleading.
- **Ban destruction of unsold textiles**  
Around 5.8 million tonnes of textiles products are discarded every year in the EU. That’s equivalent to 11kg per person.<sup>4</sup> The EU’s goal is that by 2023 fashion companies will produce more durable pieces that can be reused and more easily recycled.

But with regulations like these on the horizon, what technology exists to help retailers comply with them? And what innovations can empower brands and individuals to be more responsible?

## It’s time to work together.

Regulations are a really important catalyst for change, says Dr. Crowley. Creating limits within builds an impetus to adjust business models, prompting different parts of the industry to work together and be more innovative to create change.

One example of this is a collaboration between Biotech company Spiber and retail brands Kering, EILEEN FISHER Inc., Johnstons of Elgin, and DyStar.<sup>5</sup> Using fermentation technology, these companies are turning biobased and biodegradable textile waste into new materials. Their aim? To create fully circular textile products.

Initiatives like these are what Dr. Crowley says we need to see more of. She encourages using technology in this way to find smarter solutions, allowing luxury retailers to maintain success while causing the least amount of damage to the environment.

<sup>3</sup>Reuters. (2023, October 16). EU wants all textile waste regulations ready by 2028. The Business of Fashion. <https://www.businessoffashion.com/news/sustainability/eu-wants-all-textile-waste-regulations-ready-by-2028/>

<sup>4</sup>Reuters. (2023, October 16). EU wants all textile waste regulations ready by 2028. The Business of Fashion. <https://www.businessoffashion.com/news/sustainability/eu-wants-all-textile-waste-regulations-ready-by-2028/>

## Give people what they want.

The demand for luxury retailers to think more about sustainability isn't only coming from the EU and official regulation. There's also a business case for retailers to improve their sustainability. With a new breed of socially conscious consumers who have a growing interest in the environment, retailers should provide ways for them to shop more sustainably.

Younger shoppers are putting greater demands on the brands they buy from. In one of our previous articles with fashion psychologist Shakaila Forbes-Bell, we explored how 73% of Gen Z shoppers are willing to pay more<sup>6</sup> for sustainable products. And it isn't only a younger market who want brands to be more responsible. Data from a 2020 McKinsey survey shows that more than 60% of respondents<sup>7</sup> (all age groups) said they'd pay more for a product with sustainable packaging.

Another way in which brands are reaching the modern generation of consumers is through storytelling. The most memorable brands do more than just sell products – they tell a story that captivates their audience, makes them feel like part of something bigger and keeps them coming back. This is increasingly important for brands when it comes to asserting their sustainability credentials.

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**As Dr. Crowley says:  
“We’re dealing with complex issues here about saving the world, changing the world, changing business models, making different choices. It’s all a bit overwhelming for us and for consumers. How do you tell a smart, compelling, exciting story about a product or a brand and what it does and what it doesn’t do?”**

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Retail futurist Howard Saunders shared a similar sentiment. He says: “It’s the story behind each piece, but also the potential capabilities that create an exciting hope for that customer.”

## Strengthen every link in the chain.

Operating an effective supply chain is critical for any retailer. However, with changing weather conditions and the global rising of temperatures, the industry expects to see an increase in supply chain disruption. In a recent survey by Accenture, around half of global CEOs named extreme weather events<sup>8</sup> as one of the top causes of supply chain disruptions.

Dr. Crowley believes that advanced weather analytical technology could help luxury retailers by enabling them to predict changes in temperature.

**She says it’s about  
“traceability in supply chains;  
understanding the flow of  
where products come from,  
where materials go, and the  
impact of those materials.  
This is the key to building  
a flexible supply chain that  
can withstand consistent  
environmental shocks.”**

Earlier in our Future of Luxury Retail series, we spoke with retail analyst Natalie Berg about ultra-connected experiences, and some of the best uses of digital technology. One example she gave was sensor-based technology that enables employers to track, analyse and optimise products from their initial creation to the shop floor. With this kind of supply chain visibility, retailers can improve processes at every stage, helping them to track and meet sustainability goals.



<sup>6</sup>Wightman-Stone, D. (2024, January 17). Kering and Johnston of Elgin join forces with Spiber for circularity project. FashionUnited. <https://fashionunited.uk/news/business/kering-and-johnston-of-elgin-join-forces-with-spiber-for-circularity-project>

<sup>7</sup>Insight, F. (n.d.). The State of Consumer Spending: Gen Z Shoppers demand sustainable retail. <https://www.firstinsight.com/white-papers-posts/gen-z-shoppers-demand-sustainability>

<sup>7</sup>Feber, D., Granskog, A., Lingqvist, O., & Nordigården, D. (2020, October 21). Sustainability in packaging: Inside the minds of US consumers. McKinsey & Company. <https://www.mckinsey.com/industries/packaging-and-paper/our-insights/sustainability-in-packaging-inside-the-minds-of-us-consumers>

<sup>8</sup>Hull, E., Hughes, M. CEO Climate Leadership & Sustainability Study | Accenture (n.d.). [https://www.accenture.com/us-en/insights/sustainability/ungc?c=acn\\_glb\\_unitednations%28mediarelations\\_12469464&n=mr1\\_1021](https://www.accenture.com/us-en/insights/sustainability/ungc?c=acn_glb_unitednations%28mediarelations_12469464&n=mr1_1021)

## The future needs to be more circular.

Another key phrase used when discussing sustainability in luxury retail is “the circular economy.” But what is it? And why is it relevant?

The EU definition of the circular economy is “a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible.” Essentially, it’s a way of helping to extend the lifecycle of products.

Dr. Crowley offers a way to think more practically about the circular economy. She says retailers need to move away from their current model of “take, make, use, waste.” Instead, they need to think more in terms of “borrow, design, use, recycle, upcycle, down cycle, then borrow...”

But first, retailers need to focus on designing products that can sustain regeneration to eliminate waste and enable circularity. As Dr. Crowley says: “Design so you can recycle, dismantle, and bring back, and then use that waste to create new fabrics and new products.”

At its core, the ethos is both positive and promising.

### Waste less. Reuse more.

This approach is an effective means for the luxury retail industry to improve sustainability. For it to work, however, everyone must be involved, at all parts of the process – from the designer to the manufacturer to the customer.

## The future of sustainability.

It’s important to understand that sustainability will look slightly different for every brand. But at its heart, luxury retailers need to ensure the production, packaging, transportation and sale of products are both ethical and sustainable.

From designers selecting sustainable materials to processing these materials in a sustainable way; creating and shipping sustainable products to retailers who sell them in a responsible way; and ultimately, the consumer choosing to reuse and recycle them – this is more than possible. As companies become more aware – and consumers grow more conscious – there’s never been a better opportunity to see real change in the coming years.

Learn more about how Verizon can help you explore and adopt the technology that’s reinventing retail at [verizon.com/gb/retail](https://www.verizon.com/gb/retail)

**“Luxury, over the last decade or so, has really taken a lead on testing out a lot of these different ways of creating more sustainable supply chains, about understanding impact, testing out where they can make a difference. Consumers choose luxury products because they are assured of their provenance just as much as the way it looks. This relationship will continue to develop as luxury brands continue to innovate.”**

–Dr. Helen Crowley



