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Chalhoub outlines Gulf luxury market future perspectives

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In its recent *White paper 2015: Luxury in the Gulf: a sustainable future?* report **Chalhoub Group**, one of the leading luxury retailer in the Middle East, looks to answer such questions in its latest research into the minds of global luxury consumers. Sixty-five per cent of luxury consumers surveyed claimed that sustainability is not overtly a part of their decision-making agenda when it comes to luxury purchases.

Instead, 83% of respondents said that they expect the luxury companies they buy from to proactively engage in sustainable practices. The clear indication here is that luxury consumers expect and assume that the products are sustainable; they do not believe they should undergo independent research in order to verify the sustainability of the items they buy. Indeed, they want the companies from which they buy to proactively engage in sustainable practice.

There is high demand for premium brands in the Gulf and their well-crafted products, made with high quality materials that are designed to last and be passed on with pride to future generations. Longevity is a rarity in this modern consumer world where many items are built not to last but to be thrown away and replaced, so brands that put longevity at their core are a bulwark for sustainability in terms of resource efficiency and landfill. But are such purchases made with sustainability in mind and do consumers demand sustainable practice from the brands to which they devote such loyalty? How deep does sustainability run along the supply chain?



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Chalhoub Group research also surveyed a number of leading figures in luxury industry. The results demonstrate that the group's view on sustainability strongly resonates with that of consumers. Sustainable business practice is being lauded for the benefits it brings to the bottom line of a business. However, in the Middle East this understanding of social responsibility from businesses appeals also to the deep-rooted values of community solidarity and family business in the region. There is an expectation of sustainable business practice across the spectrum.

In its research Chalhoub Group also identifies emerging trends among consumers – a growing number of shoppers who care about the “relationship” with a product. They are looking for an understanding of its history and of what it stands for, in addition to the tangible benefits of the actual product. This provides the opportunity for brands to communicate the sustainable narrative within their marketing.

However, when one considers the wider picture in the Gulf and the entire supply chain – as this White Paper helps reveal – the sustainability challenges facing the region are considerable. The Gulf's less conspicuous sustainability story lies in large scale youth unemployment (three in 10 young Saudis are out of work), a huge ecological footprint and an economy still based on black gold (oil and gas represent 84% of government receipts). One of the contributions of this paper is the revelation it makes by looking beyond buying habits and addressing such challenges head on.

The paper examines a range of sustainable technologies and policies being rolled out across the region, which have been developed in an increasing effort to address some of these challenges. Construction of Masdar City in Abu Dhabi, a new Smart City designed to ensure resource efficiency and minimal environmental impact, is hailed as an example for urban planning. This low-carbon zero-waste city is expected to be one of the largest in the world, with a second (Desert Rose) under construction in Dubai.

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The global population is rapidly urbanising; by 2050 80% of us will reside in cities, so these Middle Eastern projects will demonstrate how cities can provide for their growing populations with fewer resources. Furthermore, Chalhoub Group operates three retail academies which provide business-orientated training (in areas including visual merchandising, stock control and customer service) to current staff but also offers other initiatives to the education of employees' children – a positive step towards making a dent in one of the world's highest youth unemployment levels.

If there is a region best suited to commit to long-term sustainable practice it will be the Gulf. Government, business and consumers are all moving in the same direction in terms of priorities and investment, along with the desire to move away from an oil-centric economy. The region's inherent respect for the social fabric of the community will further serve to drive engagement in sustainable practice, particularly as luxury consumers are increasingly pressuring brands to proactively engage in sustainable practice.

