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Middle East: Towards more sustainable luxury products?

Consumer mindsets are evolving in the Middle East on sustainable development and corporate social responsibility. According to a White Paper recently published by the Chalhoub Group, sustainability issues are growing in importance within the region's public policies, corporate strategies and the expectations of residents. Furthermore, a new type of consumer, somewhat distancing itself from the materialistic world, would be emerging.



In its latest white paper called “*Luxury in the Gulf: A Sustainable Future?*”, the Chalhoub Group, one of the leading distributor of luxury products in the Middle East, highlights the rise of sustainability issues in the Gulf countries.

Speaking about sustainable development may seem paradoxical in a region that built much of its prosperity on the exploitation of huge stocks of fossil fuels and where shoppers have once again taken the top spot in terms of **highest international spenders!** However, the notion is gaining ground in Gulf

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countries as local governments try to address the challenges of the future.

In order to decrease their dependence on non-renewable resources, most of the region's states have launched plans to promote economic diversification and innovation. They are also increasingly adopting standards aiming at reducing the environmental footprint, in particular in the building sector. Another important effort is education, with the aim of reducing youth unemployment in societies that have experienced high population growth rates.

Evolving mindsets

Consumer research conducted by the [Chalhoub Group](#) on corporate social responsibility in the United Arab Emirates shows that residents are concerned about their community and environment. Actually, **64% of respondents claim to engage in environmentally friendly activities**, ranging from recycling to saving electricity and water.

However, the expectations towards corporate sustainability are much higher than towards personal sustainability. Indeed, 83% of respondents expect the shops they buy from to engage in environmentally friendly activities and 68% feel brands do not care enough about the environment and the community. However, while 73% expect stores to recycle products, 64% are not interested in the environmental impact of their purchased products.

“Overall, consumers expect corporate sustainability engagement in the areas of employee, community and environment,” explains the [Chalhoub Group](#).

Commercial and corporate initiatives

Business initiatives addressing these new concerns are emerging. [FutureFashion.me](#), for instance, is a marketplace for sustainable clothes and accessories.



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Regional home and décor retail chain The One is another example. The company is strongly committed to corporate social responsibility and has been recognised in this area with many awards, notably winning 4 years in a row the 'Most Admired Responsible Retailer of the Year – Retail Middle East Award'. As part of its 'Do Good' initiative, The One is promoting ethical sourcing.

A new consumer type

Luxury in the region is still largely characterised by abundant consumption. Emirati teens are spending six times more on average than global teens, according to research by AMRB and TRU. Within the luxury sector, the Chalhoub Group research shows that the affluent GCC consumer spends on average US\$ 2,400 per month on beauty, fashion and gifts.

However, according to the Chalhoub Group, "*a new archetype is starting to emerge with a greater sense of pragmatism in their relations with luxury brands.*"

Still very much in its infancy, this new consumer is somewhat distancing itself from the materialistic world and is beginning to appreciate luxury for the experiences and the enjoyment it can bring. These persons typically have a passion they like to share and bond is their key driver. In the relationship they seek in-store, knowledge of the brand's history and heritage as well as deep understanding of how the product is made are paramount. The sales staff needs to become story-tellers, helping them immerse themselves in the very essence of

the brand. In terms of products, they will be attracted to bespoke and 'made to measure' items.

Ancient traditions have shaped the region's societies for centuries (solidarity, frugality, sustainable architectural traditions, generosity towards the community, hospitality, gifting, family), are supporting the drive and the mindset for sustainability. "*Luxury in the Gulf shows a promising future as it echoes these deeply rooted traditions and culture,*" concludes the Chalhoub Group.

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