

EVENTS/CAUSES

94pc of consumers say luxury should be involved with philanthropic causes: Bain

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Trevi Fountain in Rome

By JEN KING

VERSAILLES, France In the wake of the financial crisis of 2008 more brands have begun investing in charitable causes, hoping to counteract the "luxury shame" associated with that period, according to a Bain partner at The New York Times International Luxury Conference.

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The "Can You Quantify Goodness?" session April 5 concentrated on how luxury has embraced philanthropy and how consumers have responded to these programs. While it is hard to quantify the practice of doing good for the community or a particular cause, the consumer awareness generated by charitable acts can work to a brand's favor.

"Lets start with why all these sustainability and philanthropic initiatives have become so important recently," said Claudia D'Arpizio, partner at **Bain & Company's** luxury goods vertical.

"For sure, there are external and interior elements to that, four forces at least," she said. "One is global transparency.

"That's something that is happening now, and it was completely different even 10 years ago. And this is driving consumer awareness to the extent that everyone is talking about global purpose, the broader purpose and [consumers] are expecting good behavior from companies."

Is luxury a giving tree?

Over the last decade brands have increasingly introduced philanthropic measures within the structures of their business. Causes vary from environmental conservation to increasing women's role in film, but the luxury industry is not yet fully proactive.

Despite embracing causes across the board, the industry has done so sporadically without putting much thought into what a charity says for the greater meaning of the brand and its narrative.

There are three types of charitable causes that luxury brands often rally behind. Ms. D'Arpizio describes these as being based on matters of the planet, humanity and heart.

"Consumers were really questioning the value of luxury products in 2008-2009," Ms. D'Arpizio said. "And [consumers] were really rethinking the ethical aspects of spending money, especially on products that are not necessity and are meant, really, to address desires, and not needs."

As a result, Bain found that in 2014 luxury brands contributed \$750 million euros, or \$853 million, to charities. These

efforts included being green, sponsoring the arts and museums and through the works of group-owned foundations such as Fondation Louis Vuitton.

Oftentimes, given the importance of country of origin for many luxury houses, brands seek to give back to their immediate communities. The financial crisis caused a number of brands to take this approach, as luxury looked to improve the lives of others. To achieve this, brand-backed charities have worked to conserve landmarks and historical buildings.

For instance, in November 2015, Italian fashion house Fendi completed the restoration of the Trevi Fountain in Rome ahead of schedule.

Fendi announced in 2013 that the restoration of the famous fountain would be under its patronage and estimated that the water would flow once more by the end of 2015. Fendi is not alone in its restoration project, as many luxury houses, including fellow Roman brands Bulgari and Tod's, have given back to their local communities as an example of CSR, and in some cases a thank you for endless inspiration ([see story](#)).

Now that the economy has more or less stabilized for much of the world, the focus of luxury brand charities has switched to efforts of the heart through support of art. Patronage of the arts allows brands to give back to the creative industry in a broader sense through the enlargement of creativity.

A common thread between luxury brands and philanthropy is the shyness they share in communicating efforts to the public. Although many brands have proactive roles in charitable causes, the conglomerate groups often speak the loudest.

For a conglomerate it is much easier to present a consistent front and play into the larger picture through its many brand stories, than it is for a single house to support a charity for fears of being viewed as inauthentic or wrongly aligned.

For instance, French luxury conglomerate Kering Group commemorating International Women's Day on March 8 through its "We Are Women" campaign and by lending support to the United Nations.

The campaign support is part of Kering's three-year partnership with the UN Women French National Committee, in which the conglomerate provides financial support and actively participates in the organization of its global efforts. Throughout the year Kering vocally promotes women's issues with the help of its stable of brands, and it is this ongoing dedication to these causes that reads as authentic among consumers ([see story](#)).

As a result

Consumers are not the only benefactors of a brand's efforts of charity.

Bain found that 83 percent of brand employees care about their workplace's philanthropy involvement, especially in term of sustainability. Employees expect the company they work for to do good, which can in turn be a driver of loyalty, engagement and overall happiness at the brand.

Likewise, financial investors are keen on ethical companies as they are more likely to be seen as trustworthy and reliable by consumers. Also, after a crisis, ethical brands are eight times more likely to recover share prices.

Ms. D'Arpizio also shared that the brands themselves also benefit from involvements with charities. Of the \$853 million spent on philanthropy by luxury, the brands saw a return of more than 1 billion euro, or \$1.13 billion, in free media. Free media resulted in 3-5 percent more articles on brand charity initiatives, as they are more consumer facing, resulting in increased brand awareness and a big return for the brand.

As for consumers, 94 percent of respondents to Bain's survey felt luxury houses should be involved in philanthropy and 63 percent expect it. This is proving more vital for the millennial generation as they are more likely to support environmental causes.

Overall, philanthropic issues are deemed more relevant when the consumer feels involved and engaged. Brand philanthropy should set out to be excellent in execution, strive for realness and authenticity, pick the right fight for their brand and communicate the cause via social media to spur consumer interaction.

"There are many things that are more relevant than fashion in [consumers'] lives," Ms. D'Arpizio said.

"It's their future, their present, their passions and interests and [charitable initiatives] is one way to be more relevant in their lives, besides what you do on the products," she said.

"It's not substituting, but it's about adding value to their conversation and becoming relevant for their complementation."

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