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Sustainable Consumption in the Luxury Industry: Towards a New Paradigm in China's High-End Demand

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Additional information is available at the end of the chapter

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Abstract

In the present competitive global environment, many drivers should motivate the growing attention paid to sustainable consumption in the luxury industry. From the demand side, in Western mature markets wealthy consumers show a growing awareness of environmental and social issues and, therefore, seek new forms of luxury which show respect for both natural resources and human beings, yet standing by traditional factors such as quality, rarity, creativity, originality and craftsmanship of goods. On the firm's side, sustainable consumption offers luxury firms a particularly suitable platform to enrich the value-set of products as brands identity and brand image. Starting from a review of the literature on the concept of sustainable consumption, the paper provides an analysis of the main drivers that are leading to the emergence of "sustainable luxury". The aim of the paper is to investigate the opportunity for the development of this new competitive paradigm within the Chinese luxury market, by analyzing the distinct feature of Chinese high-end demand. The paper also taking into account the growing role played by the Chinese central government in creating the conditions for sustainable consumption or "circular economy".

Keywords: sustainable consumption, sustainable luxury, purchasing behaviour's drivers, Chinese luxury demand

1. Introduction: Emerging sustainable consumption within the framework of sustainable development

The concept of sustainable consumption, emerged from the Rio Earth Summit in 1992, has become one of the most important goals of the United Nations within the framework of sus-

tainable development. Although sustainability has both social and economic dimensions, the increasing focus on sustainable consumption is due to the fact that humans of the world consume goods and services on a regular basis which contributes towards environmental change deprivation of resources, both renewable and non-renewable, and causes waste and pollution (Mathews, 2012; Hörndahl and Dervisevic, 2015). This concept is connected with the notion of reshaping consumerism and it is not concerned with consuming less but about consuming differently and in a more efficiently way (Beaton and Perera, 2012).

According with Mathews (2012) the measures to promote sustainable consumption are few in comparison to sustainable production initiatives, and have generally been poorly implemented. Akenji (2014) argues that consumers are not getting clear information about how they should differentiate sustainable from non-sustainable products. However, with the recently adopted 10-Year Framework of Programmes at the Rio+20 Summit, governments will be looking to hasten their search for policies that boost sustainable consumption.

There are different values that can affect consumer's behaviour (Stern, 2011; Holbrook, 1999): cultural, attitudinal, contextual and personal values as well as a habit or a routine; these are all values that may affect the decision of a consumer's purchase (Maniatis, 2015). The context of sustainable consumption is both sociological and personal given that the consumer needs to consider enhancements in self-lifestyle and of lifestyles of others in the community (Spaargaren, 2003). A research conducted in China by Xu et al. (2012) shows that sustainable labels are significant enablers for consumers willing to pay more for sustainable products. Consumers trust sustainable brands because they think of sustainable features in the product (Thøgersen et al., 2012) and, in many cases, they are ready to pay a premium price for a product marked with credible sustainable labelling provided they understand clearly the economic and ecological benefits of the product and are able to trace these benefits to tangible evidence (Owusu and Anifori, 2013; Xia and Zeng, 2006; Xu et al., 2012). An increasing number of consumers tend to trust their own consciousness about health and the environment, and the certifications and labelling of the product constituents in making decisions for purchasing (Kai et al., 2013). Therefore, consumers tend to mix their sustainable knowledge and attitudes with sustainable brand awareness while choosing a 'green' product (Matthes et al., 2013; Zhao et al., 2014).

The concept of sustainable consumption may be applied in many different industries; in the luxury industry, in particular, is becoming an important phenomena that affect both strategic choices and business models of luxury firms, together with brand management practices (Mathews, 2012). In particular, the luxury industry is experiencing a new paradigm based on of sustainable luxury; this concept is intended to impact strongly on the competitive strategies and the purchasing decisions of consumers in both mature economies and emerging ones, like China.

In the present chapter, the approach to sustainability in the luxury industry is not analysed as a mere brand marketing tool, simply connected with sustainability, but it is considered as an integral element of the company's value proposition and a driver of competitive advantage. According to the perspective adopted in this chapter, the concerns of ethical nature extend to the entire value chain and to all the stakeholders, integrating in a strategic vision of long-term budgetary and social success. This perspective, in a phase of growing affirmation, reflects on the need for luxury-sector companies to redirect their strategic approach towards

transforming their social responsibility and sustainability into an 'endogenous factor' and a competitive opportunity to benefit both the individual companies and the overall sector.

2. The new paradigm of 'sustainable luxury'

The luxury industry is going to embrace sustainability into the competitive strategy of firms. It is a slow but steady evolution. In the 1980s and 1990s, there were the anti-fur campaigns; many brands and luxury retailers have since eliminated the use of fur in their products or taken measures to ensure animal welfare conditions in their fur supply chains. Then, beginning in the late 1990s, numerous sweatshop scandals pressured to implement factory-compliance monitoring programs. In the past several years, the luxury industry has faced intensifying criticism about its environmental footprint. Currently it is establishing the concept of 'sustainable luxury', a term coined to refer to the commitment of luxury companies responsible for their production to both the society and the environment.

In the last years, many drivers should motivate luxury companies to engage in more sustainable practices in response to a variety of social, environmental and economic pressures (Pavione et al., 2016; Colombo and Gazzola, 2015a; Pavione and Pezzetti, 2015). On one hand, the evolution of the global demand: from the unreachable dream connected to the possession of a particular product, the concept of luxury tends to free itself from the economic value of a product and from the individual's spending capacity to be connected instead to a more intrinsically ethical/social idea of value, to a lifestyle connected to emotional and experiential values. High-end consumers, both in mature markets and emerging economies, show a growing interest for new forms of luxury that show respect for natural resources and human beings, yet standing by traditional factors such as quality, rarity, creativity, originality, craftsmanship and savoir-faire. In this framework, sustainable luxury comes to life and the luxury industry is undergoing a process of self-analysis and redefinition of competitive strategies in the light of social responsibility and sustainable dimension (Guercini and Ranfagni, 2012). Revisiting products, services, communication strategies and managerial processes in the direction of sustainable development and developing new socially responsible business models are rapidly becoming the key dimensions to create long-lasting financial and non-financial value, along with strong relationships with wealthy customers. On the other hand, the increasing focus on sustainability by the luxury companies is linked to the need to preserve over time the natural resources and rare raw materials indispensable to ensure the survival of the luxury industry.

In the present scenario, in which wealthy consumers are becoming more concerned with environmental and social issues, luxury companies are increasingly asked to demonstrate their sustainability efforts and to base both brand identity and brand reputation on a set of values through which they should be known and publicly judged by both clients and the market; in this perspective, sustainable development strategies offer a particularly suitable platform to enrich the value-set of high-end products and luxury brands. From a mere marketing choice, sustainable luxury need to be incorporated in the core strategy of luxury firms and become part of the firm's core business (Pavione and Pezzetti, 2014, 2015; Colombo and Gazzola, 2015b): recent empirical evidences show how the higher performing

companies are able both to integrate sustainable development strategies in the processes of firm's governance and reconsider their business models, with the objective of capturing the opportunity for growth that a sustainable approach provides (Hoffmann and Coste-Maniere, 2012).

A particularly revealing aspect to emphasize concern over the different characteristics is the relationship that may assume between luxury and sustainability. On one hand, the prestige connotation of a luxury product may be reinforced, increasing the exclusivity of the brand and its perceived value; sustainability in this case is seen as an additional attribute to the pre-existing offer of a luxury product, in some way 'instrumental' to its reinforcement. Many famous brands, such as Gucci and Hermès, moved in this direction. On the other hand, sustainability may be conceived of as an original source of luxury. In more recent times, in the realm of business experience, niche luxury products seem to revolve around the promotion of sustainable aspects of the production line (such as, for example, a particular valuable raw material), around which a luxury brand is built. In this type of experience, the sustainable resource for luxury does not increase the perceived value of a pre-existing product, but generates an exclusive property. This latter aspect appears particularly revealing and may lead to defining new business models from the existing natural resources and from their connection with the territorial realities (Banathy, 1996) and with local actors; this is the case for well-known Italian high-end brands like Brunello Cucinelli, Ermenegildo Zegna and, more recently, Prada. In this case, defining innovative inter-organizational solutions for creating proposals for sustainable offers may represent a driver to create and develop new luxury brands created under the sign of sustainability, from an ecological and social perspective.

An approach oriented to sustainability may further have a meaningful impact on the developmental processes of a new product and on defining the relationship between concept and competitive positioning. In the textile industry, for example, the development of production techniques and innovative products today represent the main fulcrum of the competitive advantage. An important part of the research and development in the field of new materials, finishing and the manufacturing processes is guided by a growing drive towards sustainability, which becomes an essential strategic element. In the same way, the innovation incorporated in the creative process assumes a fundamental role. Those seeking new design systems represent the point of departure for sustainable change management, often oriented to seek a blend between art and luxury and to the requirement to respond to the demand for ethical products and behaviour by the consumers (Pavione and Pezzetti, 2015). For example, in recent years, the realm of innovative design developed 'slow design', which emphasizes the centrality of the creative process rather than the product (Fuad-Luke, 2002).

3. Sustainability in the fashion luxury: emerging trends

Fashion, above all for the high-end segment, has historically developed business models over time that have given little space to sustainability and only recently luxury fashion firms have taken up the challenge of sustainability, mainly imposed by a profoundly changed context. If, on the surface, the concepts of fashion and of sustainability may appear antithetical, in reality,

at least until the era of mass consumption, fashion was sustainable by definition, based on the artisanal processing of naturel resources. The business models of the fashion-clothing system still show a certain delay in showing themselves overall sensitive to the paradigm of sustainability, regarding other luxury sectors that have been most affected. The reasons refer to the fact that the world of fashion was traditionally based on a model of interaction with both customers and the market based nearly exclusively on image, evocation and communication, rather than on the production processes and development of sustainable assets.

An important evolution of the concept of sustainability in fashion began from the third millennium as a consequence of new trends emerging from the demand side. The need for a sustainable approach in the fashion market appears consistent with the changed characteristics of the high-end customer, increasingly interested in receiving the stamp of social approval in a globalized society and thus to express a request for differentiated products that, along with the traditional intrinsic values of fashion, also show attention to the quality of life. To the 'beautiful and well-made' product, the modern consumer tends to add a social and hedonist dimension, represented by the capacity of the product to provide wellness, to show a social value, made of links with the territory, intrinsic knowledge and propriety of the stakeholder community relations. The recent economic crisis has further increased the share of wealthy consumers who put more attention to the value dimension of the luxury fashion system.

In recent years, sustainability has been an element of brand differentiation and a source of long-term competitive advantage (Ricchetti and Frisa, 2011). The growing demand for sustainable fashion pushes companies to review their business models, developing strategic partnerships and new relationship modes with all of the actors involved, in a sort of 'green agreement' based on cooperation and sharing objectives. Specifically, the new business models emerging in luxury fashion are based on some critical success factors that compensate, in financial performance, for investments in sustainability, savings in terms of resources used (water and energy in particular), less waste of materials, reduction of cost of non-sustainability (deriving, for example from legal impositions), technological innovations that translate into the ability to introduce new products, adoption of new collaborative practices among the actors of the supply chain, and greater attention to the relationships with both the local communities and the customers. In testimony to the importance of the social dimension in companies' strategic vision, systems for measuring the performance of luxury companies tend to be increasingly based not only on the economic results, but also on the social and environmental consequences of firms' strategic choices.

Within this framework, in constant evolution, it is interesting to investigate whether and to what extent the sustainable consumption of luxury products represents a driver to purchasing decisions and consumer by the demand from China, destined to become in the medium term, the main market for the Western global luxury brands.

4. Distinct features and driving forces of China's luxury market

In the past decade, the fashion industry in China has undergone tremendous change and is continuing to expand. In the first decade of this millennium, the fashion market in China

tripled and it is expected to increase threefold again in the second decennium (Boston Consulting Group, 2014). In 2014, China was still among the top nations in terms of total sales of luxury goods with 15 billion euro and it accounted for the fifth largest luxury goods market after the U.S (64.9 billion euro), Japan (18 billion euro), Italy (16.1 billion euro) and France (15.3 billion euro) (Bain & Company, 2014a, b). After a market slowdown experienced in 2014, with a decreased 2% year-on-year to 15 billion euro, in 2015, the Chinese demand for luxury goods was boosted by the improving economic conditions and the rising disposable incomes resulted in growing demand for luxury goods (Hurun Research Institute, 2015; KPMG, 2007). The growth of the Chinese demand for luxury products is also driven on one hand by the growing luxury companies' engagement in marketing campaigns conceived for the Chinese market and on the other hand by increasing investments in emerging e-commerce.

With a population of about 1.4 billion and a rapid economic growth, China offers the world potentially the largest consumer market for the fashion industry, both in the luxury and in the masstige segments. The economic growth, the demographic trends and the expected rise of the Chinese upper middle-class will further stimulate and expand the potential of China's fashion market. Luxury, which represents high-end merchandise life, set off a massive consumption boom in today's China. In addressing the growth rate of China's luxury market, Goldman Sachs predicted that China will soon become the world's fastest growing luxury market. In fact, China is not only an exceptionally promising new market, but also the current situation of the last untapped market. Because now that the European and American market is relatively saturated, Asians, in general, are keen on luxury goods, the Chinese luxury market naturally becomes a top priority for international brands to compete (Goldman Sachs, 2010).

Chinese luxury goods industry is increasing with immense business opportunities, as market capacity is enormous. According to Roberts, the further growth of luxury market in China is expected to be under-pinned by improving purchasing powers, an increasing number of upper middle-class Chinese and trading up from the mass of consumers (Roberts, 2015). In particular, the demand for luxury goods is strongly sustained by both the growing number of wealthy individuals (in 2013 China accounted for 1.09 million millionaires) and the magnitude of China's middle-class growth: according to Barton, Chen, Jin, the number of 'upper middle-class' Chinese will increase tremendously in the next years and by 2022, 54% of China's urban consumers will be regarded as part of it; in particular, the growth of the middle-class is predicted to be faster in smaller cities with huge economic potential and, consequently, an increasing huge demand for luxury goods will arise from smaller centres located in northern and western China powered by urban consumerism (Barton, Chen, Jin, 2013; Gouxin et al., 2012).

In this framework, China is becoming a great power of luxury consumption and in competition is rapidly growing as luxury brands becoming increasingly popular among Chinese consumers (Xiao Lu, 2008; Wang et al., 2000; Zhang and Sharon, 2003). But it should be noted that Chinese luxury market has only just begun. Consumer attitudes are still in the relatively early stages and the understanding of luxury is not mature enough, even though in most recent years Chinese luxury consumers are becoming more sophisticated. Traditionally, Chinese luxury consumers have been divided into two main categories (Seringhaus, 2002). One category is represented by wealthy consumers who prefer to avoid the crowds and

pursue personalized service; they frequently visit luxury retail stores, buy the latest and most popular products, generally, and will not consider the problem of the price. The second category is represented by office workers, the most typical ones hired by the foreign companies, who will spend a whole month wages to buy a commodity. Chinese people like to follow the brand and pay particular attention to status as they have been taking the 'face' very seriously. Once they have wealth, they began to pursue to display successfully their external performance, the luxury brand's philosophy gives them enough purchasing power, to reflect their success and wealth, and those close to the glittering trademark products are often the most popular in China.

This picture can be considered still valid in spite of different factors that, in the short and medium term, will transform the characteristics of the Chinese demand for luxury products. A first evolutionary factor in the Chinese luxury market is related to the dimension of the youth demand: unlike the Western countries, Chinese luxury consumers are very young, mostly under 40 years of age or less. Young people between 25 and 30 years old in China are rapidly developing luxury consumer groups, and the speed is much faster than the developed Western countries; increasing demand is also driven by the so called 'post-90s generation', that has high brand awareness and, in most cases, is today willing to splurge on luxury goods. The growing importance of this market segment explains the effort made by global luxury brands on making their brand image 'younger' and more fashionable to capture the next generations of trendy customers (Bain & Company, 2015). Another changing factor is related to the demand's composition. Traditionally, Chinese luxury consumers are mostly male: in 2000, women accounted for only 25% of the total consumption of the population but at present, due to the economic independence of women in society, the proportion of female consumers in the luxury market is rapidly growing. In 2014, the sales of woman's wear saw momentum, with an annual growth rate of 11%, while men's wear experienced a decrease in sale of 10%, followed by men's watches (13%); the growing female demand for luxury goods represents an opportunity for global luxury brands with a strong focus on women as target. Professional women who are independent financially are changing the Chinese luxury goods industry's customer bases, which were male-dominated in the past. Fashionable and wealthy urban women who are willing to treat themselves are very obsessed with luxury glamor. The growing demand for luxury products by Chinese women is a factor intended to drive the demand for sustainable luxury, given the attention traditionally paid on sustainability by this segment of demand.



Traditionally, Chinese consumers who buy luxury goods were not going to research the history behind the brand and enquire connotation but new trends are today emerging in the largest cities like Beijing and Shanghai. According to a recent research conducted by Bain & Company, young Chinese consumers of luxury goods are rapidly changing their attitude towards purchasing of luxury goods and paying growing attention to the true value of the purchased goods: exclusive designs, high level of quality, historical heritage of brands and the value of 'made in', brand reputation play an increasing importance in guiding the purchasing choices of Chinese wealthy consumers. In particular, the rising young upper middle-class is becoming more sophisticated and knowledgeable about luxury and increasingly looks for low-key, unique products instead of those with visible logos; as a result, luxury niche brands

have an increasing popularity among Chinese consumers, as individuality is becoming key for many consumers whose purchasing decisions will more and more driven by emotions and self-expression. In particular, in the fashion luxury niche brands are rapidly becoming the most sought after (Roberts, 2015) as they are able to create a stronger sense of identity. As a result, brand loyalty (traditionally very low among Chinese consumers) is expected to improve, as younger consumers are becoming more loyal than older generations, but the Chinese consumer will remain far less faithful to brands than Western consumers. When markets become more mature, there will be greater differentiation between brands, and consumer individualism will naturally select brands, which they identify with (Atsmon, Dixit, Wu, 2011). At the same time, even though the luxury market is still dominated by foreign brands, Chinese consumers also show an increasing interest in selected home-grown luxury brands that are able to emphasize local craftsmanship and Chinese culture and that are rapidly gaining international attention and recognition: this is the case of Shag Xia and, more recently, Shiatzy Chen and Ne Tiger.

These new trends affect not only customer behaviour and purchasing choices, but also the distribution of luxury products, both in largest and smaller cities. Despite the increasing popularity of e-commerce in China non-grocery specialists, in particular department stores, continued to dominate the distribution of luxury goods (Roberts, 2015; Fung Business Intelligence Centre, 2015). Although there were an increasing number of consumers who were keen on online purchases of products such as non-luxury clothing and footwear, beauty and personal care, and even some luxury accessories, when purchasing luxury goods (such as clothing, leather goods, watches) online they still had concerns about authenticity. Chinese consumers are more interested in the largest city's department stores (**Table 1**) and shopping malls (**Table 2**) that give them the opportunity to walk around and pick different global luxury brands.

Department store	City	Place of origin	Selected high-end/luxury brand					
SKP Beijing (Formerly known as Shin Kong Plaza)* 新光天地	Beijing	Taiwan	            FURLA					
Reel Department Store 芮欧百货	Shanghai, Shenzhen	China	        					
Renhe Spring Department Store 仁和春天百货	Chengdu	China	         					
Charter Department Store 卓展百货	Shenyang, Changchun, Beijing, Harbin	China	            					

Table 1. Selected high-end/luxury department stores in China, as of May 2015.

Enterprise	Selected shopping mall	Location	Selected high-end/luxury brand				
Beijing Yintai Property Co., Ltd. 北京银泰置业有限公司	Yintai Centre 银泰中心	Beijing, Hefei	 HERMÈS PARIS	CÉLINE  GIORGIO ARMANI	 VALENTINO D&G	LANVIN BOTTEGA VENETA	GUCCI  Lane Crawford
Hang Lung Properties 恒隆地产有限公司	Plaza 66, Forum 66, Center 66, Olympia 66 恒隆广场	Shanghai, Shenyang, Wuxi, Tianjin, Dalian, Kunming, Wuhan	 HERMÈS PARIS	BOTTEGA VENETA CÉLINE LANVIN	 Dior	PRADA  BALENCIAGA	 LV
The Wharf (Holdings) Limited 九龙仓集团有限公司	Chengdu International Finance Square 成都国际金融中心	Chengdu	MOSCHINO 	GUCCI  GIORGIO ARMANI	 LOEWE BALENCIAGA	 VALENTINO	Salvatore Ferragamo BOTTEGA VENETA
Swire Properties Limited 太古地产	Taikoo Hui 太古汇	Guangzhou	 	 CERRUTI 1881	 LANVIN	BOTTEGA VENETA Dior	PRADA GUCCI 
China Resources Land Limited 华润置地有限公司	The MixC 万象城	Shenyang, Hangzhou, Shenzhen, Chengdu, Nanning, Zhengzhou, Chongqing, Wuxi, Hefei, Qingdao, Shanghai, Taizhou, Ganzhou, Xi'an, Wenzhou, Nantong, Taiyuan, Jinan, Xiamen, Liuzhou, Shijiazhuang, Fuzhou, Ningbo	 MOSCHINO	CERRUTI 1881  VALENTINO	LANVIN  Dior	 LOEWE GUCCI	 Cartier

Source: Fung Business Intelligence Centre (2015).

Table 2. Selected high-end/luxury shopping malls in China, as of May 2015.

The increased focus on 'exclusivity' affects not only the product design but also store footprint; this implies the need for luxury companies to better control their brand image and oversee expansion by opening more directly-operated stores, buying back franchises from local partners and taking stakes in other China retail partners (Fung Business Intelligence Centre, 2015).

In addition to this growing consumer demand, the Chinese government is strongly promoting consumption to boost economic growth as an alternative to the current drivers of internal investment and export demand, the minimum wage has risen, public holidays have been created or extended, China's one-child policy stopped and retail markets have been deregulated. Therefore, there is a need to reshape consumerism for this rising 'upper middle-class' to prevent the depletion of resources and its polluting consequences. In particular, the Chinese government has ambitious goals for promoting sustainable consumerism in China and the government's policies for energy-use and carbon emission reductions may aid in the effort towards sustainable consumption. A historical review of environmental policy in China shows how changes in the political arena led to the acceleration of environmental protection in the country. In particular, the 12th Five-Year Plan (2011–2015) is considered by the current government to be the greenest strategy document in the country's history that reflects the

government's goal to promote and support sustainable consumption or 'circular economy'. Three trillion yuan (£284 billion) has been pledged to be spent over the 5 years on environmental protection alone, which is double the amount spent during the previous period. It is not just the size of the funding, but the position in the Plan of both climate change and the environment, which shows the prominence of these issues for the government – and how it wants to be seen on the global political stage. China, although starting relatively recently, has steadily developed its environmental policy and it is now a priority for the central government. In particular, the plans for the 'Circular Economy' are most relevant for this study, and clearly show that the government is seeking to promote sustainable consumption through focused policies. The 'Circular Economy approach', as described by Article 2 of the Circular Economy Law of the People's Republic of China is "a generic term for the reducing, reusing and recycling activities conducted in the process of production, circulation and consumption". It was advocated as a national strategy in 2006, and promoted at the individual firm level, chained industries, regional level, and households (Zhu, 2008). The Circular Economy strategy adopted by the central government reflect the emerging 'three R's' business models adopted in recent years by several luxury players based on the principles of recycling, reuse and reduction. The areas of intervention to ensure sustainability in the fashion system exist on all the phases of the value chain (Ricchetti and Frisa, 2011):

- provision of raw materials (low ecological impact, deriving from recycling, renewable sources or fair trade initiatives);
- production (reducing energy consumption, reusing water resources in the manufacturing processes, adopting technologies inspired by ecological principles, recycling discards and excess production, etc);
- logistics (rationalizing transportation flow, improving vehicles and reducing packaging);
- promotion (eco-compatible preparation, forms of communication and encouraging reduced environmental impact);
- end of life (reuse, recycling and degree of biodegradability).

In the world of luxury fashion, in particular, these dimensions have assumed increased importance and the various combinations of the three R's translate into differentiation of market strategies and business models, in which the element of sustainability is configured as a critical success factor. These emerging trends open today new opportunities for boosting sustainable consumption of luxury products among wealthy consumers.

5. Conclusion: towards a sustainable luxury Chinese demand?

Consumption is an important engine of economic growth. Advocating sustainable consumption can guide consumers to buy environmentally friendly products, also in the luxury markets. Sustainable consumption is an important aspect of sustainable development and has attracted growing attention among both Chinese governments and managerial literature.

With a rapidly growing upper middle-class (Wang, 2010) and pressure from the central government for increasing domestic consumption, consumerism in China is currently heading along an unsustainable path with severe environmental consequences that are likely to affect not only China but also the rest of the world.

However, in recent years, two main drivers have been pushing in the direction of creating the framework for both sustainable development and sustainable consumption in China, that will affect in the medium term the Chinese demand for luxury products: from one hand the strategic commitment of many international giants that dominate the global luxury industry towards sustainability and sustainable strategies as integral elements of the value proposition and drivers of competitive advantages; on the other hand, the Chinese central government pressures for boosting green development by creating the conditions for sustainable consumption or 'circular economy'.

As far as the first trend, Western leading luxury brands (in particular in the fashion industry) are increasingly committed to integrating sustainability into both business strategies and business models, starting with the sustainable management of the entire supply chain. Brand enhancement strategies are also increasingly focused on the conquest of a strong brand reputation and brand loyalty based on the sustainable dimension of the concept of luxury that they propose to high-end customers. In this framework, not only big luxury international groups like the French Kering but also emerging niche brands already have started to influence and 'educate' the western consumers and they today play an important role in creating the condition for influencing the purchasing attitude and behaviour of Chinese demand towards new form of sustainable luxury with regard to both the high-end and the mass segment.

The second driver of evolution towards sustainable consumption in the luxury Chinese market considers the key role of the government. As stress before, Chinese consumers need to be educated on sustainable consumption in order to change their consumption behaviour from unsustainable to sustainable practices. Thus an information-rich learning environment, promoted and supported by the government, both at the central and local level, could motivate and enable sustainable consumption in the medium-term. China has been pushing for sustainable consumption in recent years, as the country has faced a series of 'urban diseases' after three decades of huge and rapid economic growth. These urban ills include traffic jams, limited ability to handle sewage and garbage, and polluted air, water and soil (Xinhua, 2016). In this framework, the Chinese central government understands the need to find a new greener path for supporting economic and social development and established several policies that encourage sustainable consumption behaviours (Qu et al., 2015). In particular China's central government is continually improving its energy and environmental policies and is extremely motivated both to try consumption-shaping policies that can be implemented locally and to search internationally for best practices: the 12th Five-Year Plan has ambitious targets for resource and environmental protection and it represents the greenest strategy document in the country's history. Again, recently ten Chinese ministries, including the National Development and Reform Commission (NDRC) and the Ministry of Finance, jointly issued guidelines on green consumption, with the aim to ensure that the country adopts a 'green and healthy' consumption mode by 2020. However greater efforts should be made to more

influence people's behaviour towards sustainable consumption, as recommended by the Sustainable Consumption Roundtable (SCR) (2006).

In this framework, the luxury industry can today represent for China a 'joint laboratory' to innovate firms' strategic approaches and to boost sustainable consumption of luxury products in consideration to the impact that scarce resource depletion and environmental pollution have on both the survival of the luxury industry and the society. The dimension of the challenges implies a reinforced cooperation between all actors involved. On one side, luxury companies can act as a driving force to create the conditions for enabling a virtuous process towards sustainable luxury consumption demand among wealthy Chinese, due to the importance that Western luxury brands play in the purchasing attitude of consumers. On the other side the dimension of the challenges imply a strong government involvement to change society's attitudes towards consumption. To stimulate the desire of consumers for sustainable products will require innovative partnerships between all actors involved, both private and public.

These emerging trends open interesting research opportunities under the profile of the analysis of both strategic behaviour and the emerging in the Chinese luxury market, today barely investigated by managerial literature.

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