Presenters:

- **Prof. Jean-Philippe Bonardi**, Director of the Enterprise for Society Center (E4S) (Joint between UNIL-HEC, EPFL and IMD)

- **Prof. Felicitas Morhart**, UNIL-HEC & Swiss Center for Luxury Research

- **Prof. Stéphane J.G. Girod**, IMD

- **Margot Stuart**, Co-founder & COO, OriginAll

- **Roohi Khan**, Project Director, OriginAll

TAKE AWAYS OF THE DAY

Jean-Philippe kicked-off the day under the auspices of collaboration and co-creation. Enterprise For Society (E4S) was introduced. Its history, values and mission were outlined as well as the strong partnership upholding this innovative academic structure. Leading us to our unique partnership between E4S, UNIL-HEC and the Swiss Center for Luxury Research, IMD and OriginAll.

INDEX

THE WHY – The Case For Transparency

Stéphane introduced the day by outlining the relevance and business case of transparency in luxury - taking us through the history and the challenges it has faced, including the harm induced by luxury brands themselves. Today, there is no doubt that transparency can have a **positive impact** on the fight against illicit trade, on ESGs, and the environment. It **pushes brands** to improve their internal processes, ultimately providing a more sustainable economy throughout. The pressure and challenges for luxury brands to adapt to the changing times with **hyperactive digital transformation**, stringent **consumer requirements** and **emerging new brands** is at unprecedented levels. The challenge of keeping the **mystique, savoir-faire and aura of luxury** yet reconciling these with a very competing demand and landscape are at the heart of brand strategies.

Session 1: The WHY?

BRANDS

1. By transparency, what do we mean?

2. Why does transparency matter?

3. What are your transparency goals today, what should they be tomorrow? Why?

4. What are the challenges and risks of greater transparency for luxury brands?

INDEX

Session 1: The WHY?

CONSUMERS

1. By transparency, what do we mean?

2. From your perspective, why does transparency matter?

3. What should be the transparency goals of luxury brands? Why?

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INDEX

Session 1: The WHY?

TECH PROVIDERS

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INDEX

KEY FINDINGS:

General – 3 stakeholder groups

Need clarity on the differences between Transparency (the journey) and Sustainability (the impact)

Need clarity on the links between Transparency and Sustainability towards building trust

Transparency is an accelerator of change

INDEX

KEY FINDINGS:

BRANDS

1. Transparency can only be enabled within a company as a **top-down approach**

2. Transparency is "a **commitment**" to provide trusted information

3. There must be a careful balance of providing information at adequate levels and prevent that providing **too much transparency** could hurt a brand's image or reputation

4. Fear that **consumers might buy less** in certain product categories if the focus shifts to **second-hand, repair & rentals** - whilst also raising brand dilution fears.

INDEX

KEY FINDINGS:

CONSUMERS

1. "Transparency is everyone's business"

2. Consumers need both the **mystique** and the **dream paradox** of belonging and social elevation that a luxury brand brings in

3. Conflict between wanting to keep the "mystique" of luxury and requiring more transparency on the internal processes of the brand

4. Importance of **the integrity** and **reliability** of the data shared

INDEX

KEY FINDINGS:

TECH PROVIDERS

1. **Virtual luxury** brings transparency de facto – the link between the physical product and the digital world

2. **Interoperability** is the main challenge of digital transformation within groups

3. Need for a focus on authenticity

4. Transparency will be achieved by a **Push** (from bolder brands) & **Pull** (from consumers) approach

5. Tech providers value both **upstream** and **downstream** transparency

INDEX

THE WHAT – Deployed Initiatives

Roohi invited the participants to share their knowledge on existing and deployed technologies that can enhance transparency. Whether it's brand protection, track and trace or consumer engagement, it was unanimous that the **fragmentation of solutions** made it hard for luxury brands to differentiate them and make technologically and financially viable choices. An interesting take was demonstrated by linking the findings to a **company's value-chain**, demonstrating that there were little **gaps** when it came to what technologies can provide as solution throughout the life cycle of a product. There are a wide range of technologies that can provide new levels of accountability, transparency, leading towards **proof of origin and authenticity** but the challenge remains on a **brand's understanding** of the technological landscape and ability to deploy the solutions that suit their products requirements.

THE WHAT – Deployed Initiatives

BRANDS

1. Which transparency initiatives is your brand undertaking?

2. What are the competences that you have put in place already?

3. What would you like to do next and why?

INDEX

THE WHAT – Deployed Initiatives

CONSUMERS

1. Which transparency initiatives by luxury brands have captured your attention?

2. Which consumer pain points do they solve? With what effect?

3. What further concrete initiatives do you expect from luxury brands in terms of

   transparency and traceability?

INDEX

THE WHAT – Deployed Initiatives

TECH PROVIDERS

1. What transparency solutions do you currently offer?

2. Which brand and consumer pain points do they solve? With what effect?

3. What are the changes deemed necessary towards evolving the deployed technological

   solutions in this domain?

4. Where is technology going next? With what impact?

INDEX

KEY FINDINGS:

General – 3 stakeholder groups

Technology is a means to reach greater transparency

INDEX

KEY FINDINGS:

BRANDS

1. Digital transformation within long established luxury companies takes time.

2. **Interoperability** with existing platforms is key including raw material traceability, visibility on manufacturing & artisans, ESG reporting and cross -industry consortiums.

3. Consumer loyalty programs have their limits, **in-shop in person experiences** are preferred.

4. Traditional values including **brand heritage** still rank high on a luxury brand's priority list.

INDEX

KEY FINDINGS:

CONSUMERS

1. Technology is an obvious tool, whether it's a QR code or some other mobile scanning tool

2. Require transparency across all fronts to enhance **trust and traceability**: including transparency on supply chain details, sub contractual operations, packaging and sharing of client data.

INDEX

KEY FINDINGS:

TECH PROVIDERS

1. It needs to be **a top-down approach** when it comes to deciding on the adoption of technologies within luxury companies

2. There is a lot of confusion caused by the **fragmented technology solution** landscape

3. Holistic engagement solutions need to be defined including a fully implemented **Track & Trace** system

4. Key **pain point** identified – a lack of an executive sponsor representing the brand to discuss agile brand strategies for a quick turnaround.

5. **Consumer – centric adoption** of technologies will help brands improve consumer engagement, prevent grey market, improve secondary market product control and brand dilution

6. Future tech impact will enhance consumer trust, create **additional revenue streams**, support luxury brands to securely work across new channels including the **Metaverse & NFTs** and positively impact **consumer loyalty**.

INDEX

THE HOW: Enhancing Luxury Stakeholder Value

Felicitas navigated the audience through the dilemmas of the human mind. How can we reconcile the **conflicting notions of luxury, self-enhancement and dominance** with those of **sustainability, self-transcendence and prosociality**? The key seems to be by reaching out to adjacent capacities, on one side, openness to change, through innovation and technology, and on the other, conservation, through security, authenticity, and know-how. This demonstrated well the **use of technologies in bridging the divide**. Awareness and education are key in understanding the capabilities of today's and the potential of tomorrow's technologies. Understanding the landscape will help shape the **strategic choices of brands** in their strategies towards enabling more transparency and facilitating their deployment towards **empowering consumers.**

Session 3: The HOW?

BRANDS

CONSUMERS

TECH PROVIDERS

1. Which components should the index include to add value?

2. How should the elements be measured? In what kind of format?

3. Are there reasons why any stakeholder would abstain from this initiative?

INDEX

KEY FINDINGS:

General – 3 stakeholder groups

Visual data presentation: infographics, dashboards, graphs, etc.

Option to deep dive into the data for more in-depth learning => providing substance, context setting and creating a standardization formula

Tailor-made filtering option: menu vs score/ranking.

Score format to be defined as an easily readable and industry specific number

INDEX

KEY FINDINGS:

BRANDS

Identified 3 criteria of transparency:

1. Raw materials:

    • Origin

    • Transformation

    • Transportation

    • Selling network

2. Carbon footprint

3. Human rights respect

4. Role of the Index as a validator of the transparency and traceability efforts undertaken by brands through recognition and credibility on the platform.

KEY FINDINGS:

CONSUMERS

Require transparency on a minimum of 6 criteria with clear weightage of initiatives. Due diligence to define methodology (i.e., NPS or **Net Transparency Score**) of the 6 indicators to ensure a level playing field for smaller luxury brands.:

1. True authenticity: genuine vs fake (verifiable craftsmanship – value, materials & artisan expertise)

2. Traceability: the product's journey

3. Traceability: origin of raw materials and/or components

4. Sustainability (ESG) vs what is advertised

5. Employee satisfaction

6. Supplier satisfaction

INDEX

KEY FINDINGS:

TECH PROVIDERS

1. Information on up-coming tenders from the private sectors

2. Match-making

3. Provide information on their solutions

INDEX

THE INDEX

Margot walked the participants through the E4S OriginAll Transparency Index project. Highlighting the **phased approach** and the **role of researchers**. Ultimately, making the case for a collaborative approach from all stakeholders to shape the Index into a tool providing added value for all. Also highlighting the need for **active participation** from all to drive this academic-led initiative to become **self-financed** and **sustainable**.

As a reminder of its core goal, the Index ultimately aims to measure how effectively luxury brands use technological means to increase transparency and traceability in ways that **create stakeholder value** and **enhance consumer perception** of the brands.

THE INDEX

Thanks to the invaluable contributions of all stakeholders throughout the day, we have been able to define more precisely the goal and outputs the Index should achieve in its 1st iteration:

| A directory of technology solutions enabling more transparency | Providing useful insight on the specifics of each solution as well as showcasing real use cases. |

| A mapping of the existing initiatives deployed by brands | Providing a first level of transparency on what is currently happening in each company as well as the possibility of showcasing use cases and the concrete impact achieved. |

| A mapping of the existing transparency enabling initiatives serving the luxury industries | Completing the pool of information to bring a holistic approach to the notion of transparency within the luxury industries. |

These three elements will allow the platform to become a meta portal of information on all things transparency related for the luxury industries and a catalyst for best practices.

INDEX

THE INDEX

As such, the Index will present itself, in its first iteration, **as a website** allowing authorized stakeholders to navigate through the luxury brand profiles as well as discover the different technology solutions available to provide more transparency to the luxury industries. In addition, users will be able to **browse** through the **different transparency initiatives** offered by institutions and other organizations to brands.

Luxury brands will benefit from the wealth of information dedicated to transparency provided by their peers and other organizations but moreover will have **tailored access** (via filters) to all technology solutions made available to their industry. The aim is to bridge the gap of the undeniable fragmented landscape of initiatives and technology solutions that are crowding this space and at the same time creating awareness on the different options available.

Select stakeholders will be invited to contribute to the list of criteria that best describe transparency. Luxury brands will get to **self-assess** their company's positioning for each as well as technology suppliers to position their solution(s) in regard to each criterion. Thus, **moving away from a ranking system** but allowing a search by filters for the navigator. Ultimately, providing insights to all stakeholder groups, whether a luxury brand, a contributor, a technology supplier or a consumer.

INDEX

THE INDEX

The Index, with its co-founders, will also serve as **trusted partners** in advising and linking brands to the technology providers, directly benefiting from their **technology agnostic neutral approach** and **deep expertise** of the matters at hand.

Technology suppliers will have the **opportunity to showcase their solutions** and bring forward their benefits for the luxury industries. They will also gain unparallel insight on the digital transformation happening within the luxury world.

Contributors will be able to **share their initiatives**, gaining **direct exposure** from an ever-growing group of luxury brands.

The public will be able to access the platform to **gain better insights** on the shift towards transparency that luxury brands are taking.

The above are only the expected outputs for this first edition to be launched in **February 2023**.

NEXT STEPS

We look forward to onboarding our researchers in the coming months. Following the insights our participants shared, our group of professors will guide them in:

- Publishing a set of **short articles** defining and differentiating the notions of transparency and sustainability.

- Processing the collected information and criteria to extract **actionable KPIs** and other valuable analytical data.

- Making way for **best practices** when it comes securely bridging a physical object and the digital world.

- Creating compelling visuals: **dashboards, infographics**, etc., to present their findings in a comprehensive and "digestible" way.

- Defining **the business case** for the Index to be a **self-financed sustainable project**.

INDEX

NEXT STEPS

Together we will also be brainstorming on the next functionalities the Index could offer, such as:

- **Blockchain layers** that allow Contributors and Consumers to become validators of some of the content shared.

- A "**match-making**" platform for brands to find their best suited solutions.

We thank you again for the amazing learning experience you have given us and we hope the above confirms our intention to continue to move forward in the spirit of a true partnership. We truly wish to continue this **multi-stakeholder creative approach** as our commitment to produce a useful tool for all is at the heart of our ambitions.

Last but not least, we look forward to keeping you informed of our developments at the upcoming Roundtable foreseen in November 2022. See you all there!

THANK YOU !

E4S ORIGINALL LUXURY TRANSPARENCY INDEX TEAM