

EMBRACING
MULTICULTURAL
ENGAGEMENT AND
DIVERSITY, EQUITY +
INCLUSION IN
LUXURY RETAIL

In today's interconnected world, customers are increasingly aware of social, cultural, and ethical issues, leading to a significant transformation in their purchasing behavior. Although diversity, equity, and inclusion (DE+I) has been at the [forefront of discussion over the past three years](#), luxury retailers have lacked significant progress in this space, from representation in the workplace to representation in products and marketing. While maintaining the characterization of rare, excellent craftsmanship and a widely renowned brand image is a primary element of the [luxury retail industry](#), retailers must still implement changes throughout every level of their company to also meet socially conscious customers' demands.

However, customers may view minor efforts by luxury retailers to incorporate inclusivity into their operations as merely performative. For changes in diversity and equity to be meaningful, DE+I must be advanced through all levels of luxury companies, from hiring to product modeling. Bringing diverse voices into luxury brands can translate into increased inclusion through all aspects of company operations and unlock a larger customer base that would have otherwise been ignored. Luxury retailers must stay on pace with the growing demand for DE+I to meet shifting customer demands for inclusivity and equity.



THE RISE OF THE SOCIALLY CONSCIOUS CUSTOMER

Brands can no longer ignore DE+I as the population of [socially conscious customers](#), as well as social media users, grows. Straying from embracing diversity, enforcing equitable processes, and creating a culture of inclusivity can have negative consequences for luxury brand reputations and profits – and we've seen this happen before.

Customers, particularly millennials and Gen Z, have taken advantage of social media platforms to label brands as exclusive, which can directly affect a company's reputation and profit. In 2019, [Gucci faced backlash](#) for a sweater that shoppers called out on social media, explaining its resemblance to blackface. The sweater was removed from products available for purchase, and Gucci issued a public apology to recommit themselves to upholding diversity within their company. A week after Gucci came under fire, [Burberry also faced backlash](#) for launching a hoodie with a noose attached to the hood. As customers reacted negatively across social media platforms, the design was removed from its collection and a company apology was issued, in addition to announcing a new DE+I initiatives to revamp the design decision-making process.

A similar instance occurred in 2021 when Balenciaga was accused of cultural appropriation through the release of [sweatpants with sewn-in boxer shorts](#). Balenciaga faced backlash on social media platforms such as TikTok and Twitter, emphasizing concerns over the lack of awareness and implementation of inclusivity within the company. The expanding customer consciousness is hyperaware of products and company practices that don't encourage inclusivity, which can generate a significant volume of negative responses.

As these examples demonstrate, it's important for luxury retailers to take active efforts to incorporate inclusivity into both their internal and external practices. Here's how they can begin to do so.

STARTING DIVERSITY, EQUITY, AND INCLUSION EFFORTS IN THE WORKPLACE

To see the integration of diverse, equitable, and inclusive initiatives throughout every facet of a luxury retailer's operations, we recommend that efforts be focused internally. Hiring and retaining diverse voices through all aspects of the company can translate to increased representation in products and media that will establish a reputation of inclusivity.

Luxury companies often thrive through the preservation of a specific culture that defines the specific brand and its standing with the shopper base. Incorporating inclusivity into trends, silhouettes, and other outward-facing aspects doesn't need to compromise this image or jeopardize the core customer base. Rather, it can expand on it as a method of accelerating social growth. Louis Vuitton has made a move to redefine its company culture through the hiring of [Pharell Williams](#) as the men's creative director. His representation of the luxury brand continues to shift the company culture to focus on future trends and advancements. DE+I implementation represents growth for the company culture, not restriction.

Here are some tangible actions that luxury retailers should take to advance inclusivity within their workplace.

- **Target a variety of populations and characteristics in every stage of employee recruitment.**

Often, minority groups are [unaware of luxury retail career opportunities](#) due to minimal networking efforts taken by brands. Industries also often [rely on the same talent pool](#) each time they seek new candidates, leading to subjective, [exclusive recruiting and hiring practices](#) that limit the incorporation of diverse voices.



- **Remove discriminatory barriers for [equitable professional advancement](#).**
Minority groups often have minimal opportunities for promotions and other advancements as compared to their more represented peers. This can encourage them to seek opportunities elsewhere where they can [continue to grow as professionals](#).
- **Implement methods of [facilitating inclusivity in workplace interactions](#).**
Uncomfortable and discriminatory work cultures, as well as unsafe work environments, must be addressed. Employers should invest in conversations and policies that minimize discrimination against employees. This will develop safety and comfort in the workplace for minority populations, as employees are more likely to stay in a safe space where they are welcomed.

To continue the success of hiring a more diverse workforce, brands must make a conscious effort to retain underrepresented groups to see tangible DE+I results downstream. The shifting customer base is paying much more attention to the ethics of a [company's internal operation decisions](#), and ensuring an inclusive workplace can help brands keep up with this rising demand.



ENSURING UNDERREPRESENTED VOICES ARE HEARD AND INVOLVED IN DECISION-MAKING

To sustain DE+I implementations in luxury brands, not only should diverse voices be invited to the workplace, but they must also possess a platform to share their ideas and be involved in decision-making. This can come to fruition through underrepresented identities holding leadership positions in luxury companies, ensuring that representation permeates each aspect of the brand. As diverse voices are listened to, they can represent greater portions of the potential customer base through product design and marketing. Customers expect inclusivity in [all stages of company operations](#), from the boardroom to the products for sale. Many retailers hire DE+I directors or leadership teams but fail to integrate the DE+I principles through all levels of the company. Fully incorporating diversity into a brand can demonstrate a commitment to customer values.

There's still, however, a common lack of diverse representation in company leadership. As of 2020, Burberry's executive board of 11 people included one Black board member, and general leadership positions were [75% occupied by white employees](#). Underrepresented groups are less frequently given the opportunity to advance to leadership positions in luxury companies. Women, while most often

evenly represented in the general employee base, are faced with significantly [more barriers to advance](#) into higher positions.

Limiting diversity in company leadership results in fewer platforms for all voices to be heard in decision-making. It isn't enough to hire underrepresented groups for the general staff. To generate full inclusivity in all company practices, diverse voices must also be listened to and amplified within the operations of luxury brands.

Ultimately, diverse perspectives will improve the creativity and productivity of retailers. Their presence and input can also help companies avoid missteps that the public will notice, such as the instances of controversial product design with Gucci, [Dolce and Gabbana](#), and other brands that have been questioned by shoppers. Marketing will likely also shift towards greater inclusivity, with DE+I efforts translating to increased diversity in product modeling, PR, advertisements, and customer communication. It's crucial to hear diverse voices in luxury brands to fully see the results of boosting inclusivity.

- **CASE STUDY:** For a [luxury retail client](#), we assisted in the development of a corporate DE+I communications plan. This process helps to streamline communications within the brand and ensure that no employee groups are excluded from the communications process. Developing an updated communication model is an effective way to grow corporate DE+I efforts and keep all key stakeholder groups involved in corporate decisions.

RETAINING LOYAL CUSTOMERS AND CAPTURING NEW MARKETS

Luxury retailers that adapt to the growing expectations of non-discriminatory hiring and internal operation practices are better set up to stay in touch with the shifting customer base. As the purchasing power of millennials and Gen Z grows, demands for ethical brand practices are rising significantly. In fact, [73% of customers](#) ages 18-34 said they're at least somewhat likely to purchase a product when it's advertised as or known to be a [diverse, inclusive brand](#). Companies that enforce inclusivity at all levels of operation are [more likely to be perceived](#) by customers as being "moral." This label assists in drawing in the more ethically minded customers and can establish brand loyalty.

On the other hand, by not practicing inclusivity, luxury brands are alienating a wide portion of their potential customer base, limiting opportunities for profit and brand expansion. As compared to white customers, a [greater number of customers from minority ethnic groups](#) tend to invest in luxury goods, but often these customers are turned away by exclusive practices upheld by certain companies. Expanding company culture to incorporate more diversity can open billions of dollars of disposable income that may not have been as accessible in the past, leading to greater brand profits and long-term success.

ENACTING MEANINGFUL CHANGE IN LUXURY RETAIL

Both brand reputation and profit can benefit from practicing [DE+I in and outside of the workplace](#). Implementation of inclusivity is a long-term investment that can accelerate company growth, and not keeping up with the growing demand for equitable business choices can have severe consequences. On the other hand, meeting customer expectations doesn't necessitate hindering the exclusive nature of luxury goods that drives product demand. Higher price points and an unparalleled shopping experience can continue to maintain brand status, but marketing and representation, both within and outside of the company, must be inclusive to align with the equity-minded customer.

To learn more about how to implement inclusivity into your workplace and company image, connect with one of our [retail](#) or [DE+I experts](#) today.

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