

# FROM THE EDITOR FUSE by Infusive



## Luxury Deconstructed

December and luxury go hand in hand. With the holidays in full swing, legions of consumers will descend upon high streets, designer boutiques and shopping malls around the globe to find the perfect presents for friends and family. For most retailers, up to twenty percent of their annual sales are made during the holiday season. FUSE seized this timely opportunity to take an indepth look into the world of luxury apparel and accessories and the consumers who help make it a nearly \$400 billion annual industry.

No time in history has brought about so much change in the luxury industry as the past two decades. Starting with the global financial crisis of 2008 and subsequent changing consumer demands, today's luxury manufacturers face an ever-evolving landscape. These changes have forced brands to rethink marketing strategies to maintain their position in a dynamic marketplace. It has also allowed newcomer brands to establish themselves.

One particular trend of note is the affluent consumer's growing preference for subtle

and understated elegance. Giana Eckhardt, a professor of marketing at Royal Holloway, University of London, has extensively studied the emerging trend of inconspicuous consumption around the world. She shared her thoughts with FUSE this month about why today's consumers are demanding discretion when it comes to the items they wear, carry and use.

Beyond consumer preference, the definition of luxury is itself changing, too. With the advent of "accessible luxury," consumer demand for experiences rather than objects, the emergence of millennials as a powerhouse consumer group and the continuing evolution of technology, a transformation surrounding the basic understanding of luxury continues unabated.

Join us this month as we present Luxury Deconstructed.

Lis Wegerer

Editor

#### Infusive and Consumer Alpha<sup>TM</sup>

Infusive believes in Consumer Alpha $^{\text{TM}}$ , an investment philosophy based on human nature. Human nature drives us to find happiness. We, as consumers, repeatedly purchase products that provide small bursts of pleasure and satisfaction.

Infusive seeks above-average returns on investment over a horizon of 20 or more years. Infusive finds the potential for such long-term returns in companies whose products make consumers happy again and again. When these companies perform well, they owe their performance directly to the consumer. That is Consumer Alpha<sup>TM</sup>.

FUSE magazine shares stories of companies, products, and economic trends that illustrate Consumer Alpha<sup>™</sup>. The concept comes alive through real-life examples, and FUSE demonstrates where and how our foundational idea occurs in a vibrant marketplace.

#### Contact Us

**EDITORIAL:** 

Tell us what you think, share your comments and send us your story ideas contact@infusive.com

INVESTORS: Learn more about Infusive Asset Management: ir@infusiveassetmanagement.com









## News

We are busy finalizing our UCITS product offering that will be launched in the coming weeks and wish our readers a happy holiday.

### About Us



Infusive Asset Management is our investment manager focused exclusively on publicly traded securities within the consumer sector. We harness our Consumer Alpha $^{\text{\tiny TM}}$  research and investment framework to locate the most rewarding investments in the space.

The companies we research sell products that provide happiness to consumers. These businesses have deep competitive moats in terms of brand equity, scale, and superior logistics and distribution. They tend to be characterised by stable revenue streams reflecting consumers' repeat purchase of their products, and they are typically highly cash generative.

We invest globally. Our dedicated team of industry analysts and data scientists employ a variety of "big data" and macroeconomic analysis techniques to detect the Consumer Alpha<sup>TM</sup> patterns and products of tomorrow.

#### The Opportunity

In the coming years billions of consumers will venture beyond basic needs for the first time, while higher income-bracket individuals will experience more economic freedom of choice than they ever thought possible. In this context companies that satisfy emerging and more sophisticated consumer demands will be ideally positioned to prosper. Infusive Asset Management is dedicated to investment themes that harness these multigenerational trends.

To learn more about Infusive Asset Management, please register in our Investor Room by visiting www.infusiveassetmanagement.com/investor-room.

For enquiries, please contact investor relations at ir@infusiveassetmanagement.com.

Infusive Asset Management is a trading name of Ruby Capital Partners LLP. Authorised and Regulated by the Financial Conduct Authority. For professional investors only.

# Consumer Alpha<sup>TM</sup> Facts of the Month

#### WORD OF THE MONTH:

# Masstige |ma-steej| noun

Goods that are perceived to have prestige or high style, but are affordable for a wide range of consumers.

A term first popularized by Michael Silverstein and Neil Fiske in their Harvard Business Review article "Luxury for the Masses" and subsequent book Trading Up, masstige denotes a new type of brand — one that bridges the gap between luxury and non-luxury brands and brings normally unattainable prestige to the masses. Names like Coach, Godiva, BMW, Starbucks and Victoria's Secret are often referred to as masstige brands.

While these brands and others like them do not reach the sphere of true luxury brands like Hermès or Rolls-Royce, neither are masstige brands relegated to the same level (or shelf space) as their middle-market brand counterparts such as Hersheys or Ford. Masstige products exist somewhere above commonplace yet below true luxury. What masstige products offer, and what makes them so successful, is high quality and style coupled with an accessible price tag.

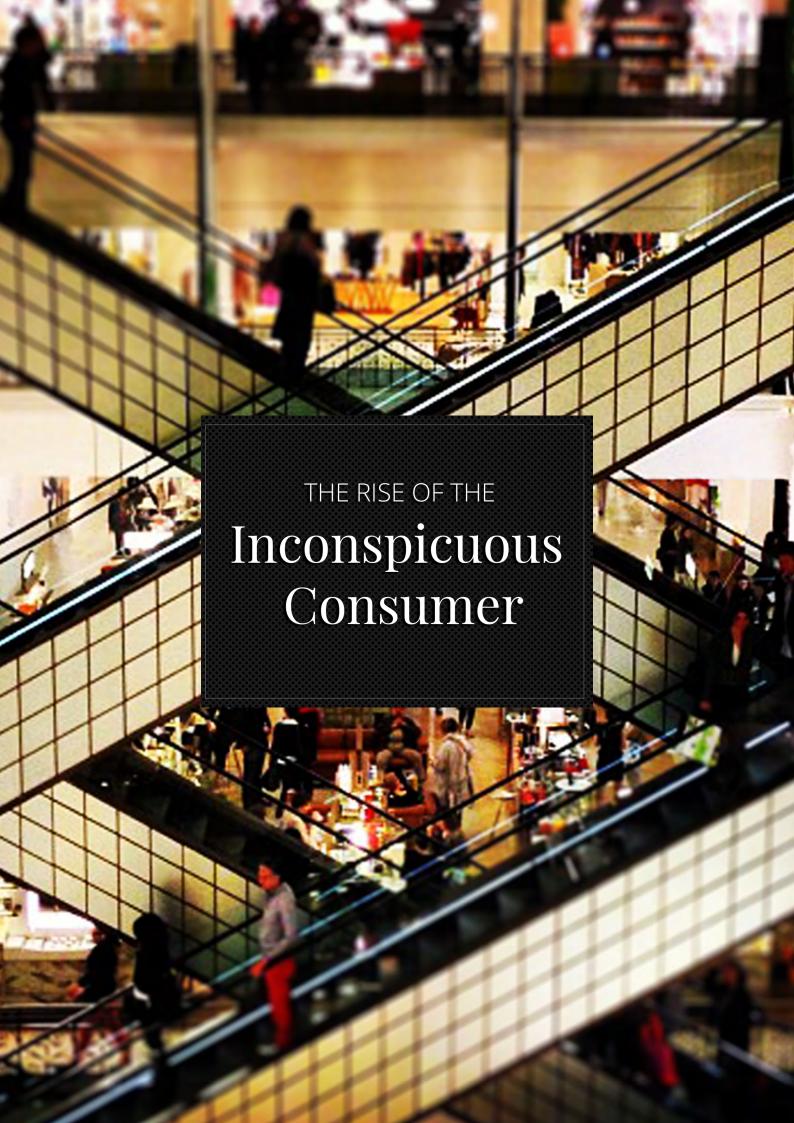
#### TREND OF THE MONTH:

In the 1990s, the luxury market began to undergo a sea change. Exclusive brands, once the sole province of aristocracy and the super-wealthy, began offering certain products at more accessible price points. This move was designed to attract "gateway customers" — the growing middle class of affluent consumers with disposable income and a willingness to spend disproportionately to acquire brands they viewed as prestigious.

By the 2000s, the phrase "accessible luxury" entered the fashion lexicon and brought with it a growing legion of aspirational consumers who dreamt of a luxe lifestyle yet didn't have the disposable income to acquire high-priced originals. Designers like Kate Spade, Tory Burch, Burberry and Michael Kors all lent their names to mass-produced handbags and accessories that landed in the hands and on the arms of aspirational consumers across most socioeconomic levels and in nearly every corner of the globe.

This effort to bring luxury (or luxury-like products) to the masses became known as the "democratization of luxury." Twenty years on, the dividing line that separates luxury from the mainstream is more blurred than ever before.





Louis Vuitton's monogrammed canvas. Burberry's iconic tartan. Mercedes' three-point star. All instantly recognizable icons perceived by consumers around the world as symbols of status and achievement. The acquisition of these luxury items have long been used to signal a consumer's economic and societal position.

For decades, these icons encouraged brand loyalty and consumption by their sheer exclusivity. After all, not just anyone could afford to purchase them. The acquisition of a coveted status symbol – be it a handbag, automobile or accessory - automatically differentiated and elevated the consumer above the masses. This kept the luxury market growing for nearly a century.

But over the past several years, some things occurred that ushered in an unexpected sea change for luxury brands. It all began simply enough with the desire for luxury brands to capture a larger market share. These brands began spreading luxury to the middle classes, through lower priced "gateway" products (items like sunglasses, scarves, wallets and entry-level handbags) that still boldly advertised the brand's logo.

Virtually overnight, every stay-at-home mom in the American suburbs or teenager in Tokyo had a Louis Vuitton "Speedy" bag on her arm. The proliferation of Dior sunglasses perched on the heads of 20-something girls in shopping malls around the world could not be missed. By the start of the 21st century, luxury was no longer only for the elite - it had reached the masses.

#### SPEED READ

- The global economic downturn of 2008-2009 and subsequent trend towards austerity dramatically influenced consumers' approach to luxury goods.
- Consumers prefer experiences to possessions, and those brands that can readily adapt to this new demand will fare well in the future.
- Social media has allowed niche brands to compete head-to-head with established luxury brands.



Then the 2008 global financial crisis hit. As if luxury's elitist reputation wasn't already losing its luster, financial circumstances quickly made it tacky and undesirable for consumers to flaunt their wealth as they had done in the 80s and 90s. In the austere years that followed, the appeal of conspicuous consumption dwindled. Consumers, faced with a growing backlash against vagrant displays of wealth, suddenly found themselves eschewing recognizable logos and even tearing labels off their clothes. It wasn't that they no longer cared about luxury; they simply no longer wanted the visibility that came with it.

Giana Eckhardt, Professor of Marketing at Royal Holloway, University of London, first noticed this trend toward inconspicuous consumption in the United States and Europe. However, she realized the trend's global scope while she was on a 2012 sabbatical in China.

Observing that her Chinese colleagues unexpectedly preferred discretion when it came to their own upscale clothing and accessories, Professor Eckhardt and two colleagues set about to find out why. They summarized their findings in **The Rise of Inconspicuous Consumption**, which appeared in the *Journal of Marketing Management* in 2015.

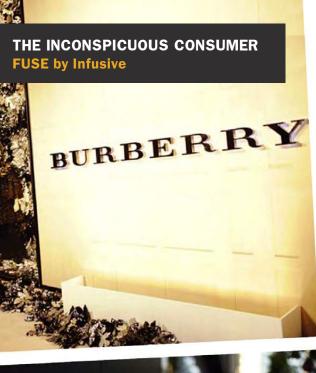
Professor Eckhardt recently shared her thoughts with FUSE about why today's global consumers gravitate towards inconspicuousness and what luxury brands should consider as they move forward into a new era of consumer consumption.

## FUSE: Let's start with the U.S. What caused the trend toward inconspicuous consumption there?

In the U.S., consumers are living in the age of access, not ownership. Services like Rent the Runway and Bag, Borrow or Steal allow the consumer to borrow luxury items for a short period of time. Ownership isn't required. Along with this convenience comes an understanding that just because you see a person with a label doesn't mean they necessarily own it or even have the requisite means to afford it.

This concept, coupled with the fact that there are so many counterfeit products on the market today, has really changed the signaling offered by traditional luxury brands. Logos no longer signal wealth or prestige the way they once did. As a result, more sophisticated consumers – the ones who previously embraced luxury brands with recognizable logos precisely because of their association with wealth and status – are rejecting this sort of overt branding.











When you are aspirational, you need the signaling that luxury brands offer. However, after you achieve a certain socioeconomic level, that need for signaling lessens. This is even truer when the signal becomes diluted.

This isn't to say that affluent consumers are walking away from luxury brands altogether, because they are not. These discerning consumers still want the quality that comes with a luxury item, but they want it quietly and discreetly so they opt for a style that isn't quite so in-your-face. Perhaps they choose a less recognizable Epi leather Louis Vuitton bag or a Burberry trench coat with just a hint of plaid on the lining. In these consumers' minds, the people that matter – their peer group or others of similar socioeconomic status – will still recognize the brand, but it becomes more of a shared secret that the general masses won't necessarily comprehend.

# FUSE: Now let's discuss China. Tell us a little bit about the consumer consumption trends you noticed there.

Well, first it is important to understand that China is one of the most conspicuous consumption cultures in the world. The entire Asian region has always been drawn to very bold displays of luxury, and Asia is also the main market for luxury goods today.

Consumers there love logos and have always preferred them to be bigger than Western consumers ever demanded. Just consider the Ralph Lauren polo pony. What started out as a small, discreet chest image eventually took over nearly the entire front of the polo shirt for a time. Same with the Louis Vuitton "Monogram Canvas" bag which saw some fairly loud versions come onto the scene. Likewise, both Volvo and Mercedes place larger symbols on the cars they sell in some Asian markets.

So when I went to Shanghai in 2012, of course I expected to see a lot of luxury branding everywhere. What I wasn't prepared for was the gradual shift I noticed among my colleagues. They were really starting to downplay the whole logo thing. Instead, they were opting for more discreet handbags and clothes. Seeing this play out, coupled with the trends I'd already noticed in Western cultures, I really started wondering whether there was something more there to study. That is what led to my formal research on the subject.



## FUSE: What do you think caused the shift in Chinese consumption?

Well, definitely the global economic downturn between 2009-2012 influenced consumer demand. It was no longer socially acceptable to flaunt wealth, and that is exactly what heavily branded items do. So you saw consumers shying away from those products.

China, though, had something more at play. The country has always been infamous for its rampant corruption. Historically, around 50% of the average government employee's total income came from his or her employment, and the other 50% came from corrupt sources. So you'd see government employees who, on paper, could never afford a designer watch or handbag, yet many owned them. It was pretty obvious what was going on. People just turned a blind eye to it for a long time.

But for the last two years, Chinese president Xi Jinping has made it his mission to crack down on corruption, rendering inexplicable displays of luxury and wealth in the public sector more difficult. As a result, sales of luxury goods in China have plunged. A side effect is that it has also created a culture where bragging about the things you own is no longer socially acceptable.

# FUSE: Do you see this trend towards inconspicuous consumption as cyclical or long-term?

Honestly, I think this consumer movement away from overt branding is a permanent shift. I think of it as a natural evolution of how a brand is used. Today's consumers don't want to show off or be seen as gauche, and this is a mindset that, I believe, is here to stay. The economic climate has certainly played a part, but even as the economy rebounds and spending increases, the idea of "in-your-face" consumption just doesn't have the attraction it once did.

Our research shows that today's sophisticated consumers really respond more to a brand that speaks to experience, artistry or utility rather than as an aspirational signal. A perfect example is a comparison of the two Chinese luxury brands Shanghai Tang (part of Swiss luxury goods group Richemont) and Shang Xia (owned by Hermès).

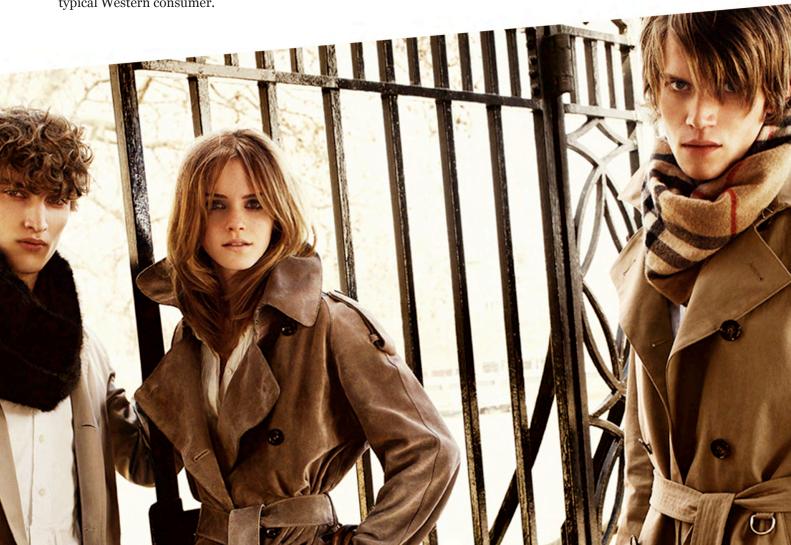
Shanghai Tang primarily targets Westerners and their ideas of what Chinese luxury should look like. The designs feature a lot of brightly colored Chinese symbols and patterns. Chinese consumers don't really gravitate toward the brand, as they see it as too loud and not exclusive enough. Yet Westerners embrace it, because they perceive the brand as sending aspirational signals to others.

Shang Xia, on the other hand, built its brand on the skill and craftsmanship of its artisans and the extremely high quality of its products. The items are quite understated yet each radiates a luxurious quality. It is hugely popular with Chinese consumers precisely because of that. There is no overt signaling going on, which makes it less appealing to those who don't recognize the brand. In this case, that would be the typical Western consumer.

## FUSE: How are luxury brands responding to this movement towards inconspicuousness?

Some brands are already onboard with the idea and have taken steps to meet changing consumer demand. Burberry, for example, is ahead of the game. They saw this trend happening and have already revamped their marketing strategies to address it. One example is how they are taking their distinctive plaid and really muting the colors and pattern. They are also making the pattern placement much more discreet wherever possible.

Another great example is the Dubai-based, luxury hotel and resort chain Jumeirah. This is a brand that has historically trended toward the opulent and overstated. However, in recent years Jumeirah has really modified their approach to focus more on the experience rather than the bricks-and-mortar. They realized their customers didn't want to show off anymore, so they've made the experience more about the unique opportunities offered by each of their properties.



For example, guests in Frankfurt can enjoy tea service with honey personally collected from the hotel's rooftop hive. This is really where and how consumers want to differentiate themselves in the future. They want to fulfill an emotional need. They want a unique experience they can talk about later, which is vastly more appealing and socially acceptable than describing the gilding in the hotel lobby.

On the other end of the spectrum there are brands that were completely caught off guard by this growing demand for inconspicuousness. For those brands that have built their entire identities on calling attention to their products, this is a harder change to implement. Companies like Swarovski, for example, are finding it difficult to restructure and respond to this shift.

## FUSE: How has social media impacted the inconspicuous trend?

Great question. I think what social media has really done is allowed niche brands to become a new sort of status for media-savvy, like-minded consumers. Smaller brands that don't necessarily have the marketing presence to go head-to-head with well-known brands can achieve exposure and reach large groups of people with similar interests effectively via social media. Without platforms like Facebook, Twitter or Instagram, these brands would not have the same impact.

When followers and fans start liking and sharing images of these niche products, the brands become suddenly quite popular with those in the know. The people embracing these relatively unknown brands send subtle signals to each other, signals that are lost on the general public. This creates an aura of exclusivity where the discretion itself provides the cachet. By simply recognizing the discreet brand, a consumer gains access to the private circle.



Giana M. Eckhardt is Professor of Marketing at Royal Holloway, University of London. She was formerly on the faculty at Suffolk University, Boston and the Australian Graduate School of Management, Sydney and was recently visiting faculty at CEIBS in Shanghai. She received her B.S. in Marketing from the University of Connecticut and her Ph.D. in Marketing from the University of Minnesota. Giana has published widely in the field of consumer culture theory; in particular on issues related to consumer behavior in Asia, branding, globalization and consumer ethics. Giana has received research grants from the Australian Research Council and the Marketing Science Institute, and has worked closely with companies such as McKinsey in Asia and Dunkin' Brands in China. She has presented her work at top institutions and conferences around the world, including at the United Nations CSR Global Forum. She teaches global marketing and brand management to MBA and executive MBA students.







#### Sitting in the lap of luxury.

The phrase conjures up images of a life of comfortable excess, privilege and affluence, a world away from the masses. The very idea of opulence as a rarified concept is what helped drive the long-term success of traditional luxury companies like Hermès and Rolls-Royce.

But does the word luxury still symbolize what it once did? Do conventional brands historically associated with it still have the cachet they enjoyed in past generations? Does the definition of luxury change depending on who you ask? Today, when everyone from the housekeeper to the teenager next door is wearing the latest Gucci accessory or carrying a Dior handbag (genuine or not), it is difficult to categorize luxury in the traditional sense.

# Is luxury still luxury if it's accessible to all?

This raises an interesting question - is luxury still luxury if it's accessible to all?

No matter how contemporary luxury is defined, no one can argue that it remains a lucrative sector of the consumer goods market. In 2014, the luxury market,

defined as apparel, cosmetics, watches and jewelry, exceeded \$337 billion in annual sales, according to Euromonitor. That represented more than a 3% year-on-year real value gain over the previous year.

This growth was driven primarily by strong sales in emerging markets, and came despite profit warnings and disappointing results from many leading high-end brands, instability in the Eurozone and challenging

#### SPEED READ

- "Accessible luxury" has brought traditional luxury brands to the masses via entry-level offerings designed to attract gateway consumers.
- Consumers spent nearly \$1 trillion on luxury experiences in 2014.
- The majority of affluent and hyper-affluent millennial consumers turn to online research prior to making a luxury purchase.

conditions in markets such as Hong Kong and Russia. Euromonitor notes that designer apparel led global sales with a market share of 40%, but predicts that luxury accessories, jewelry and timepieces will show the most dynamic growth in the future.

Euromonitor also notes that significant market polarization occurred between 2009-2014, with many luxury brands attempting to reach a broader range of consumers through "affordable luxury" offerings – entry-level products designed to be purchased by aspirational, middle-class consumers. This trend is just one way the definition of luxury is changing and creating an industry in flux.

#### Luxury – A Definition

Perhaps to better understand what luxury is today, it is appropriate to begin by defining what it is not. According to Erica Corbellini, a Bocconi University professor who teaches about luxury in her course "The Management of Fashion and Luxury Companies," true luxury doesn't possess any of the following characteristics:

- Luxury is not just an object it is the whole experience, including the service surrounding the sale, as well as the actual item that is acquired.
- Luxury is not readily available it takes advantage of our evolutionary desire to obtain objects in limited supply, particularly when they are signifiers of wealth and status.

  Luxury requires waiting. As an example, the Hermès Birkin bag which retails from \$10,000 to upwards of \$200,000 can take up to two years to obtain.
- Luxury is not simply expensive although most luxury items are costly, they must also provide desire and pleasure and offer an appropriate value proposition for the price that is charged.
- Luxury is not fast it needs time. It will never be mass-produced or quickly delivered to the market. Neither will it be fast in how it is bought, consumed or interpreted.

Professor Corbellini believes that the idea of traditional luxury began to change in the beginning of the 1990s, when exclusive luxury brands began a democratization process wherein they began to offer more accessible price points. Following that was the growth of "aspirational luxury" where luxury brands started extending into new product categories. Luxury companies also began an internationalization process where they entered new markets for the first time, rather than selling exclusively in the United States, Europe and Japan. All of these moves helped usher in a new sort of luxury for everyone.

The millennial approach and attitude toward luxury is vastly different than the generations that preceded them.

She notes that the financial crisis of 2009 really reshaped attitudes and opinions about luxury, followed quickly by the introduction of millennials as adult consumers. She believes the millennial approach and attitude toward luxury is vastly different than the generations that preceded them. These changes, and others, have brought about a new understanding of modern luxury.

#### **Accessible Luxury**

When luxury came to the masses, it brought with it the risk of brand degradation. Where once the sole province of the elite, luxury today is affordable to the middle-class. This idea has surely raised more than a few eyebrows of the old aristocracy who may likely be asking themselves, "What good is it to own a Louis Vuitton handbag if everyone has one?"

But it is precisely the refusal to adhere to that outdated way of thinking that has helped established luxury brands meet the evolving demands of consumers and attract a whole new set of "gateway consumers" along the way. When Louis Vuitton began marketing its small monogrammed leather goods at relatively modest price points, a new wave of consumers – young, aspirational and brand-conscious – flocked to their stores.

This strategy may have worked too well. The brand became so popular, its entry-level Speedy bag became known as the "three-second bag" in South Korea precisely because of its ubiquitous appearance. The goal, of course, was to establish brand loyalty and convert these consumers to the more expensive products as their incomes increased. The risk was that the brand would lose its cachet.

This trend toward luxury for the masses has allowed brands like Tory Burch, Kate Spade and Michael Kors to establish themselves in the luxury arena. An aspirational consumer can acquire a Michael Kors handbag complete with the familiar MK logo charm dangling from the handle or a pair of Tory Burch flats with the signature double-T logo glittering on the toe for less than \$300 each. This represents a very low barrier to entry as compared to more traditional luxury brands such as Chanel or Hermès.

While these are hardly the items considered traditional luxury, for the new class of aspirational luxury consumers the brand recognition is enough. And just like their exclusive counterparts, these companies hope to guide their aspirational customers to purchase items from their higher-priced lines down the road.



#### **Experience Is The New Black**

Perhaps spurred on by the years of austerity following the financial crash of 2008 or by the changing desires of millennials or a combination of both, today's luxury consumption is more about experiences than products. A recent study by Boston Consulting Group revealed that consumers spent nearly \$1 trillion in luxury experiences in 2014, compared to less than \$400 billion on luxury products. Consumers at all levels are moving from a "stuff" to an "experience" mentality. It seems the late George Carlin had it right when he said, "Trying to be happy by accumulating possessions is like trying to satisfy hunger by taping sandwiches all over your body."

Diving with hammerhead sharks, embarking on exotic holidays or enjoying ultra-deluxe gourmet meals, each considered experiential luxury, all share a commonality – they shift a consumer's luxury experience from ownership to participation. These luxury experiences can also be customized to the consumer's precise interests and needs, meaning the discerning consumer gets exactly what he or she wants, every time.

It seems the late
George Carlin had it right
when he said, "Trying to
be happy by accumulating
possessions is like trying
to satisfy hunger by
taping sandwiches all
over your body."

Yet these luxury experiences are not limited to special occasions nor do they need be ultra-expensive. While a 10-course meal in a Michelin-starred restaurant or white-glove safari in Tanzania may be out of reach of the masses, other experiential luxury opportunities are not. These days almost anyone can do things once considered unobtainable. Elective cosmetic procedures can be completed over a lunch hour. The hoi polloi can exercise alongside celebrities at places like SoulCycle or Barry's Boot Camp.

The key to turning these activities into experiential luxury is creating an atmosphere where demand outstrips supply and the cost is above-average for the experience itself. While the super affluent consumer may not care about getting sweaty next to Katie Holmes, the aspirational consumer does.



Likewise, the shift towards experiential luxury has also infiltrated high-end hotel chains. Where once sophisticated hospitality relied on Italian marble and Egyptian cotton to enhance the experience, these hotels are now shifting their focus toward curating unique opportunities for their guests. Today's discerning consumer no longer considers the purchase of a Rolex or pair of Louboutins to be brag-worthy. Instead, they want to talk about the sunrise they viewed across an Arctic snowfield on their dogsled trip to the North Pole.



#### **Mobile Luxury**

More than two billion consumers worldwide will have smartphones by 2016 and more than one-half of all mobile phone users globally will have smartphones by 2018, according to global research firm eMarketer. This figure represents more than one-third of global consumers. As consumers embrace technology to streamline more and more daily functions, shopping for luxury products is no exception.

With so many potential shoppers enjoying technology at their fingertips, luxury brands would be remiss to ignore this powerful group of tech-savvy consumers. Erik Pavelka, CEO of Martini Media, recently predicted, "Luxury brands are going to expand their digital presence very considerably, including video and multimedia production, where they can really leave a lasting impression on consumers."

"Luxury brands are going to expand their digital presence very considerably, including video and multimedia production, where they can really leave a lasting impression on consumers."

This move towards a digital presence is something new for most luxury brands who have historically shied away from selling their wares – or even promoting them – on any channel other than traditional bricks-and-mortar or print media. However, now that today's savvy, affluent consumer can easily access data related to high-ticket purchases, it is essential for luxury brands to maintain an interactive and meaningful presence on the web.

Especially in the case of the affluent millennial. A recent survey completed by Ipsos MediaCT reveals that the majority of affluent (household income of at least \$75,000 per year) and hyper-affluent (at least \$250,000 in annual household income) millennials first turn to online resources to conduct research prior to purchasing a luxury item. This flies in the face of traditional marketing approaches long-adhered to by luxury marketers relative to the relationship between digital media and luxury goods.

Recognizing that nearly 70% of survey respondents identified as "very comfortable" making a luxury purchase online, many luxury brands must strengthen their online presence to capture these consumers. While some luxury brands have dabbled in having a simple online presence in the past, few have made the move to offer their goods for sale online.

While a few luxury brands have experimented with online sales partnerships through channels such as Net-A-Porter, many have not. Yet with changing demographics and the introduction of technology as a daily necessity, even the most reluctant brands are moving in that direction. Hermés just launched its own Hermèsistable website, offering a limited selection of accessories, and Chanel joined the ranks by announcing plans to launch their own e-commerce site by the end of 2016.

The world of luxury continues its evolution.



# From Our Desk to Yours

#### TO WATCH

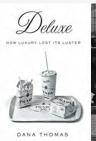


#### The Bling Dynasty: Luxury Shopping in China

In this edition of her six-part docuseries, director and producer Lauren Greenfield explores the ways China's newest billionaires and millionaires are assimilating into a life of wealth and privilege. With many of China's most wealthy citizens self-made and of humble origins, the world of designer clothes, yachts and all things luxury does not come naturally.

This presents a lucrative opportunity for entrepreneurs to enter the Chinese market and teach these newly affluent consumers how to effectively navigate an opulent lifestyle and effectively embrace the luxury side of the Consumer Alpha<sup>TM</sup> philosophy.

#### TO READ





#### **Deluxe: How Luxury Lost Its Lustre by Dana Thomas**

"Luxury wasn't simply a product. It denoted a history of tradition, superior quality, and often a pampered buying experience."

In her uncompromising look behind the glossy façade of today's luxury industry, award-winning fashion journalist Dana Thomas takes the reader on an enthralling narrative of some of the most famous names in fashion to expose the reality behind, in her opinion, the devolution of today's luxury brands.

Beyond revelations of sweatshop labor churning out some of the world's most recognizeable products and the prolific infiltration of counterfeit goods, Thomas offers an entertaining historical account of how luxury developed over the millennia – from Caesar's silk togas to the Japanese monk obsessed with Comme des Garçons. Her ultimate query is whether luxury is still luxury if everyone has it.

#### TO DO



#### Attend Fashion Week in New York, London, Paris or Rome

Be among the first to preview the top designers' Fall/Winter 2016 collections with a trip to Fashion Week in the fashion capital of your choice. Observe first-hand the creativity that launches a thousand imitations. Designer fashion holds its place in the Consumer Alpha<sup>TM</sup> universe precisely because it inspires consumers to embrace an aspirational lifestyle.

While only a select few can afford the price tags of the costliest designs, within weeks of these catwalk extravaganzas aspirational consumers around the world will be able to purchase copycat designs that are, to them, nearly as good as the real thing.

# Spun Candy...Sweet Luxury

Infusive discovered London-based Spun Candy in 2013 at a pop-up stand in the Virgin Atlantic Club House at Heathrow. Spun is a quintessential Consumer Alpha™ company, offering consumers a sweet, simple treat that brings instant pleasure. Spun offers a retail shop in London's Covent Garden and a large production facility in trendy East London where guests can take a masterclass and create their own bespoke candy creations. It is also sold at John Lewis, Selfridges and Hamleys, the oldest and one of the best known toy shops in the world. Infusive's partnership with Spun helped the brand expand internationally, and now you can find Spun in some of the world's most popular destinations, including Abu Dhabi and Dubai.

Infusive's direct investments arm invests in small, promising, cash-flow-positive consumer companies whose products and services are exclusively associated with Consumer Alpha™. Spun is one of these companies, and they will soon open their capital to others to fund future expansion plans. Infusive is always on the lookout for investment opportunities in other Consumer Alpha™ companies. To learn more about investing in Spun or tell us your story, please get in touch at contact@infusive.com.



# What's new this festive season

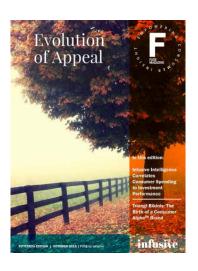
- Sweeten up your corporate Christmas Party by inviting the team to enjoy candy making classes, including welcome drinks, music and more! Discounts for large groups.
- Throughout December, Spun will be posting the exact times their Christmas candy batches are being made, so you can see the live shows for yourself in store for free!
- Looking for sweet gifts this Xmas? Buy them in stores now or order them online: http://www.spun-candy.com/productcategory/christmas-collection/
- Come down to Santa's Candy Workshop on December 20th in Spitalfields, where you can learn how to make candy canes, candy tree decorations and festive lollipops.

Contact Spun today: enquiries@spun-candy.com www.spun-candy.com

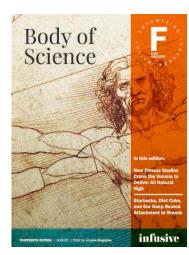
London I Dubai I Oman I Abu Dhabi

# Download Recent Issues of FUSE





























#### LONDON

15-16 Seymour Mews London W1H 6BG, UK

#### **NEW YORK**

132 Mulberry St Suite 501 New York, NY 10013, USA