



Watches & Jewellery



Baselworld
Tough economic times put pressure on the fair
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Hong Kong tumbles as Chinese travel beyond

But the watch market may have reached its bottom, says *Ralph Atkins*

Watchmakers gather for the Baselworld fair against a gloomy economic backdrop. The luxury timepieces industry is weathering not just sluggish world growth and a Chinese economic slowdown. It also faces particular difficulties in Hong Kong, the industry's most important marketplace, and a strong Swiss franc – which has sharply sent up the cost of producing luxury watches in Switzerland.

With sales dependent on economic optimism, there is nervousness about the rest of 2016. The Paris-based Organisation for Economic Cooperation and Development expects the world economy to grow by just 3 per cent – the same as in 2015, which was the slowest

pace in five years and well below long-run averages. Demand for luxury watches in energy-exporting economies has been hit by the precipitous fall in oil prices.

"It looks like the outlook may even have worsened since the end of 2015," says Julie Saussier, consumer industries analyst at Credit Suisse. "Hong Kong is still faring badly, and in Europe you have had the effects of November's terrorism attacks in Paris."

What matters crucially will be demand from Chinese consumers. The industry has been hit by the crackdown on "gifting" as part of the country's anti-corruption drive. From peak to trough, watch sales in mainland China fell by about 30 per cent, according to industry estimates.

The good news is that the one-off effect of the clampdown has fed through. Year-on-year growth in Swiss exports to mainland China turned positive at the end of last year. Even if China's economy expands at a slower rate, luxury watches still have cachet with the country's consumers. The problem is that Chinese spending patterns are shifting.

The one-off effect of China's clampdown has fed through

Most under pressure are operations in Hong Kong, long a hub for sales across Asia. Hong Kong is feeling the effects of overstocking, which have yet to be worked through (see page 9), as well as a stronger US dollar, to which the Hong Kong dollar is pegged. Swiss watch exports to Hong Kong in January were 33 per cent lower than a year earlier, according to the Federation of the Swiss Watch Industry.

A turnaround in Hong Kong may be some way off. Thomas Chauvet, luxury goods analyst at Citigroup, reports a "profound change" in Chinese perceptions of Hong Kong. "It does not seem to be an attractive tourist and shopping destination any more," he says.

"Chinese people's natural inclination for travel, rising purchasing power and greater ability to travel individually and further out internationally are likely to continue to encourage them to discover other parts of Asia as well as Europe."

Reflecting the shifts in demand, the Geneva-based Salon International de la Haute Horlogerie announced in February that its Hong Kong-based Watches & Wonders exhibition would in future be

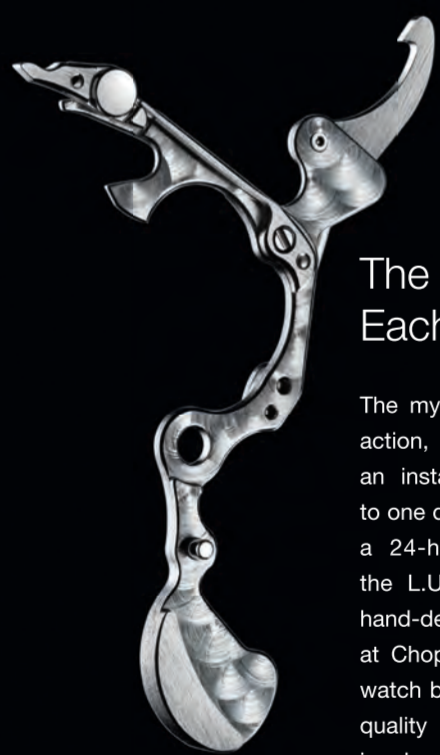
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Hatton Garden The untold story behind the heist

It was the biggest burglary in British history: over one weekend last April, eight men broke into a safety deposit building in London's diamond district and took £14m in gold and

jewels. Now, as the criminals behind the heist start their jail terms, the full story of how Hatton Garden, and its traders like Karl Karter (above), recovered from the chaos of the robbery can be told. **Page 17**



The L.U.C Collection Each part is a masterpiece

The mysteriously shaped date lever springs into action, commanding the date wheel to perform an instant 11.6129-degree jump corresponding to one day. Once its task is accomplished, it takes a 24-hour break. Like every component in the L.U.C Calibre 96.13-L, each date lever is hand-decorated and finished by the artisans at Chopard Manufacture. The **L.U.C Lunar One** watch bears the prestigious "Poinçon de Genève" quality hallmark and houses a movement that is chronometer-certified by the Swiss Official Chronometer Testing Institute (COSC).



L.U.C LUNAR ONE

Chopard

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Baselworld

Your complete guide to the bellwether fair: overviews, interviews and a visual guide to the highlights of this year's Hall of Dreams

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An era of inflation-busting price rises in the watch industry is coming to an end as oversupply and economic crisis weigh on global sales

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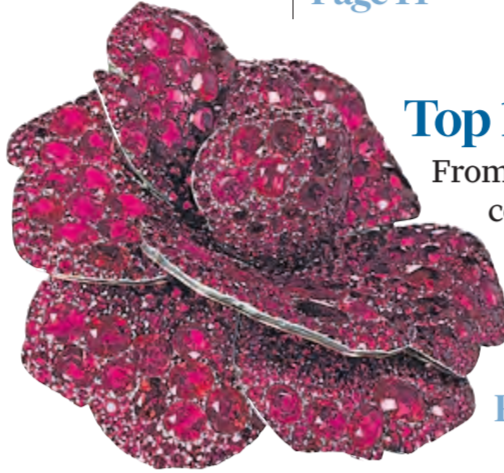
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TAG Heuer
SWISS AVANT-GARDE SINCE 1860

#DontCrackUnderPressure

TAG HEUER CARRERA
CALIBRE HEUER 02-T

Baselworld 'is a family gathering'

Day in the life Kate Youde hears from five of the show's habitués, including a watchmaker, a buyer and a blogger

Rolf Studer

Joint chief executive officer, Swiss watchmaker Oris
Baselworld for us is a family gathering. It's like when you have a big party at your own home: you're a bit nervous how people receive what you offer them and you're looking forward to seeing your friends or the people you have invited.

It's going to be my 11th show. I've seen everything from spontaneous birthday parties to doctor's visits and it's very hard to predict what's going to happen next.

Roanne Orlebar

Fine watch buyer, Harrods
We see about 30 brands over four days. There are business conversations that do happen but we prefer to have those in advance so that the meetings we have are very much looking at the novelty in the product and the excitement the brand has to offer.

You go with some ideas as to what the brands might be launching and some brands meet those expectations, some far exceed them and some, maybe, you were hoping for a little bit more.

Marco Bicego

Jewellery designer
At the beginning of the show, when I have more time for myself, I walk around and see what's going on. I visit the Hall of Elements, where I have a lot of suppliers and look at the



gemstones – some new shapes, new colours – to get inspiration.

We have 100 meetings with our customers and over 50 appointments with all the best editors.

You need to be strong because every night there is some party, some dinner, but it is part of the game.

Liza Urla

Jewellery blogger for Gemologue
I'll be going for two days. For bloggers, Baselworld is exciting but also a little bit boring because of the location.

Basel itself is not a big place, the weather is not particularly great [and] the lighting inside the trade show . . . is not fantastic, so it's difficult for me if I want to create content.

I'm going to be publishing on Snapchat, Instagram, Twitter, Facebook and the website, with content created on the spot and after I have visited the fair.



Dominik Nyffenegger

Director of marketing agency USP Partner
Overall, there will be a team of around 200 people provided by us: 140 hosts and hostesses for Baselworld itself as the official partner and around 50 to 60 people for the brands and jewellery companies. Most of them work as information providers for visitors.

We have hosts and hostesses off-site, which means they are taking care of welcome desk and reception [facilities] at the airport and train stations.

I will go into [the show] to check on our hosts, hostesses and models . . . so they really do a perfect job.



Hong Kong tumbles as Chinese travel beyond

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examining other destinations which could alternate with Hong Kong.

Weaker sales in Hong Kong have been offset by improvements elsewhere. While US watch sales disappointed last year on the back of the stronger dollar – and probably the rise of smartwatches – Japan and South Korea have benefited from Chinese tourist flows.

"There is a 'bottoming out' in global luxury watches but a lot of the business is wholesale, which tends to lag behind the pick-up in the cycle," says Scilla Huang Sun, a sector specialist at GAM Investment Management in Zürich.

In Switzerland, the effects of the tougher conditions have been exacerbated by the strength of the Swiss currency since January 15, 2015, when the country's central bank gave up trying to cap its value against the euro.

Swatch complains that the appreciation of the franc has caused "significant shifts in sales in the markets, as well as a marked distortion of the international product pricing structure". Swatch's sales fell 3 per cent last year to SFr8.45bn (£6.1bn) at current exchange rates. Despite headwinds, Swatch said it had actually increased the number of employees in Switzerland.

Meanwhile, Richemont, whose brands include Cartier and Montblanc, has warned its 9,000 employees in Switzerland that it is looking to cut up to 350 watchmaking jobs locally over the next 12 months.

The positive interpretation of job cuts at Richemont is that they show a greater nimbleness. "They are being more proactive and flexible with costs, and it doesn't mean that prospects for the industry have changed," says Ms Saussier at Credit Suisse.

Baselworld buyers hunt out value for money

The rapid dip in the global economy is taming the watch industry's high spirits and putting pressure on prices, says *Simon de Burton*

It is variously being called a correction, a downturn, a consolidation and even a bubble. But the true effect of the recent softening in luxury watch sales in key markets will fully emerge this week as news filters back from Baselworld, the most important show of its type in the international calendar.

Baselworld's organisers do not give any hint of being ruffled by market conditions. "All the biggest and most prestigious brands will be attending Baselworld 2016 and will present the new creations and innovations that will become the trends that will prevail for the following 12 months," says Baselworld's managing director, Sylvie Ritter. Ms Ritter says there will, however, be "comparatively fewer" jewellery brands from Asia after declines in their home markets.

One trend Baselworld will certainly be seeing is the hunt for value for money. "In my opinion, value for money represents the future of the watch business," says Philippe-E. Peverelli, managing director of Tudor, the more affordable sister brand of Rolex, which celebrates its 70th anniversary this year.

"We all felt rich for a few years while watches were selling well everywhere, but now we are back in the real world and every brand is going to have to look in the mirror and recognise its own true value."

He is bearish on Hong Kong: "I don't believe sales in Hong Kong will ever be as strong as they were before the downturn, but we can now benefit from the fact that the Chinese travel the world and can buy anywhere."

Rob Diver, TAG Heuer's UK brand manager, says: "I wouldn't be surprised to see retailers going for volume sales at competitive price points. And I think we'll benefit from the fact that, more than ever, end customers are going to be looking for the safety that comes with buying a watch from a major brand."

Affordability and conservatism will also be the keywords on the Raymond Weil stand at this year's Baselworld, where its chief executive Elie Bernheim will be working especially hard to push watches in the £500-£2,500 price bracket. "I think



A visitor at Baselworld 2015
Baselworld/Didier Oberson

'We all felt rich for a few years but now we are back in the real world'

the key to success at Baselworld, and in the year ahead, is going to be to make watches more accessible. More than ever before, people are looking for good products at sensible prices and that is the area on which we have focused," says Mr Bernheim, whose company sells about 200,000 units annually through 3,500 outlets worldwide.

"We haven't found it necessary to move heavily into [cheaper] quartz movements to do this, but we have negotiated with our longstanding suppliers in order to be able to continue making mechanical pieces of our usual quality to offer at aggressive prices," he adds.

On the buying side, Neil Duckworth, who has been in the business for more than 30 years as a retailer and now as a distributor of luxury watches, believes many of his colleagues will shy away from the more expensive products of lesser-known brands. "If I were a retailer, I wouldn't attend Baselworld with the idea of adding any more high-priced watches to my portfolio. It's no longer going to be very easy to sell a watch costing £10,000-£15,000 or more unless it is from a big, instantly recognised brand. I do think, however, that watches in the £1,500-£3,000 price bracket by small, independent makers, which don't have huge collections, are going to prove popular at the show," says Mr Duckworth.

"The brands that belong to large groups tend to push retailers very hard to take on stock, whereas

the relationship with a small, non-group maker tends to be more of a partnership. I also think this year's Baselworld will see more retailers asking to get involved in the internet strategies of the big brands, simply because online selling is growing so rapidly." (See page 11 for how luxury brands are faring online.)

But while such talk of affordability and saleability is extremely relevant to the current market situation, some are hoping Baselworld will produce at least a few fireworks.

One of them is Wei Koh, the founder and editor-in-chief of Revolution, the international watch magazine, who believes it is essential that the industry does not allow itself to stagnate.

"Judging from the SIHH show in January, it seems as though people are making the safest and most commercial watches possible. There's nothing wrong with that but equally the brands must remember that the best way to combat consumer apathy is to make watches fearlessly – the market is only going to be stimulated if watches are created which collectors want to buy."

Mr Koh's faith abides. "I think we can safely say that mechanical watchmaking will prevail. It has survived for 400 years already, so the small blip that it's experiencing now is hardly likely to kill it off. Like sailing yachts and internal combustion engines, interesting watches are cool and will therefore be around for a long time to come."

Jewellers weigh up event's worth

The fair is a huge market – and a huge expense. Not all companies are swayed, says *Rachel Garrahan*

Jewellery brands have more choice than ever of global events at which to meet existing and new clients, even as bad economic news continues to take its toll on the international luxury market. Richemont, for example, reported a 3 per cent decline in profits for the final quarter of 2015 and cancelled this year's Watches & Wonders fair in Hong Kong.

Each event serves its own purpose. In the last month alone, jewellers could reach wealthy individuals in Doha or fashion fine jewellery customers during Paris Fashion Week. Executives and designers agree, however, that no other show is close to having the same scale as Baselworld.

More than 1,500 watch and jewellery brands are exhibiting and visitor numbers this year are expected to remain stable at 150,000. While there may be complaints behind closed doors about the show's expense and a

perception that jewellers fall below watch brands in its pecking order, most companies still regard it as the year's key event.

"It is the most expensive show of the year. And it's also the best show of the year, in terms of the amount of clients you get and the calibre of business you get," says Michael Hakimian, chief executive of Yoko London, who attends about 20 major trade shows a year.

"Basel is demanding for us, but it deserves the preparation and investment," agrees Greek designer Nikos Koulis, who is exhibiting for the fifth year; he says every year has been better in terms of sales than the last. "For 2013-14 we grew 20 per cent. For 2014-15, it was approximately 13-15 per cent," he says, adding that the slight slowdown last year reflected market turbulence in France, Ukraine and Russia.

Amrapali, the Indian jeweller, took a break of seven years before returning to Baselworld in 2015. Tarang Arora, chief executive and creative director, says the decision to return after being awarded an improved stand location close to Hall One has paid off in terms of sales. "Location is key in any show but especially at Baselworld. We get a lot of passing footfall from the top brands." This year the company has made additional investments to its stand, including handcrafted Indian cabinets and mirrors.

For Garrard, "Baselworld is a pinnacle event," says head of sales Laura Davidge. Its luxurious two-floor, 292 sq ft stand gives the British heritage jeweller an opportunity to present new products in the best light to both international wholesale partners and press.

"Our participation at Basel has aided in increasing our international wholesale partner network over the past four years approximately fourfold," she adds.

After 16 years at Baselworld, however, Stephen Webster is not exhibiting this year. The company has its own extensive store network as well as strong wholesale relationships. This, together with the collapse of Russian-speaking market, meant "we couldn't justify the costs any more", he says. "The rent on my Rodeo Drive store in Beverly Hills is less in one year than Baselworld is in eight days." He will revisit the situation in future. "We'll see how Baselworld intends to connect me with my client."



Baselworld visitors are ahead of the curve — Didier Oberson

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Baselworld | Watches & Jewellery

Too many watches, not enough customers, Jorn Werdelin tells *Simon de Burton*, plus our picks from Baselworld's Hall of Fame



Jorn Werdelin is worried about oversupply
Anna Gordon

Luxury watches will suffer in their surfeit

'Big brands will be told to put a positive spin on during Baselworld'

This year marks a decade since the sale of the first watches of Linde Werdelin, a London-based brand founded by Danish-born Jorn Werdelin, a former investment banker, and his life-long friend Morten Linde, a product designer. While Linde Werdelin still makes fewer than 1,000 pieces per year at an average price of SFr21,000 (\$21,000), growth had been reassuringly steady – until last July when, says Mr Werdelin, sales began to slow dramatically.

He now predicts a period of correction across the board, and believes that this could be the time for the industry to step back, reassess and prepare for a less rosy future.

"In some ways, I think much of the industry has lost sight of the fact that we are making luxury goods, and that means things which should be desirable and at least relatively rare. But when I see the big groups pushing so hard to increase production, to make ever more models and to open mono-brand stores which squeeze traditional retailers, I start to become a little bit afraid – because what will happen if the customer suddenly realises that this hard sell indicates that he or she is being encouraged to buy something that is not really rare at all, but that is more-or-less mass produced?"

"Scarcity must remain the key – lose that, and I think the attraction [of a luxury watch] is gone," says Mr Werdelin. His brand has traditionally produced only small numbers of each model, a policy which, he believes, helps to maintain residual values and serves to enhance the perception of Linde Werdelin among watch enthusiasts.

To many, Mr Werdelin's overview of the situation might seem unnecessarily negative – but it is, he insists, realistic. In September and October of last year, he claims to have been told by some retailers that sales growth across all makes had virtually ground to a halt. (Not that you will hear much talk to that effect at Baselworld: "I think employees of the big brands will be told by the management to put a positive spin on the situation during Baselworld.")

If January's figures

released by the Federation of the Swiss Watch Industry are anything to go by, such reports could become more familiar. The numbers showed overall exports down by 8 per cent to SFr1.4bn (\$1.4bn), with 300,000 fewer watches being shipped globally than in the same period last year. The top three markets also recorded drops, with Hong Kong down 33.1 per cent (its 12th monthly fall in succession), the US down 13.7 per cent and China 1.9 per cent.

This trouble will not hit the big brands hardest – it will be smaller companies like Linde Werdelin at the sharp end, Mr Werdelin says. "If the end customer suddenly decides that what he is being sold isn't real, then we might suddenly find ourselves back to where we were in the 1970s."

"There has been an enormous amount of creativity during the past 10 or 15 years, but I can really see all that disappearing. If we face difficult times ahead, I expect the big groups will get bigger – and that makes me wonder whether or not we will see the beginning of the end of smaller, independent brands, which are often the really creative ones."

When Linde and Werdelin set up their brand in 2002 (the first pieces came out in 2006), their aim was to create mechanical watches which, uniquely, double as platforms for quickly detachable electronic "instruments" capable of logging performance data for skiers, divers and the like.

Linde Werdelin first had a presence at Baselworld in 2009, and also hosts retailers and journalists on a smaller scale during the SIHH show in Geneva. But now, as the brand prepares to attend Baselworld for the eighth year in succession, Mr Werdelin has started to question the relevance of such events.

"My father and grandfather were in the watch and jewellery business before me, as retailers with stores in Denmark. When my father went to the Basel show 30 years ago, he did so because it was the only way to see what was new. Exposure was very limited then, and if a watch was launched it might not appear in the press until one or two months later. "Now, however, news is so instant that everyone knows about the latest products in seconds – and

sometimes, due to so many 'pre-Basel' launches, before the event has even started. To me, that means some of its historical purpose is lost."

But while Mr Werdelin still regards it as more or less essential to show at Baselworld because of the concentration of key players in the global watch community it attracts, he also believes it can be something of a double-edged sword to a small, independent brand such as his.

"We make fewer than 1,000 watches per year, and the cost to us of showing at Baselworld is around SFr200,000 (\$200,000) – that works out at an enormous amount per watch. In addition, it's also necessary to produce extra stock for the show and, of course, you are also much more inclined to accept orders. That's great when times are good, but if we then fulfil those orders during a prolonged period of falling sales, retailers are very likely to sell our watches at discount prices because they need to maintain cash flow in order to pay for premises, staff and so on."

This has unpleasant knock-on effects: "Customers who have previously paid the full price see their watch as being devalued. The other problem that arises in a saturated situation is that we have to hold on to any overproduction in order to prevent it from ending up on the grey market – but the production train can't just be switched on or off. Either way, it takes three to nine months due to the period of time required to order, manufacture and supply components."

A result of the slowdown, says Mr Werdelin, is that Swiss suppliers who were previously too busy to accommodate small brands are now coming to his door to offer their services – but he feels it is unlikely that Linde Werdelin will need them.

"I have no hesitation in admitting that, from the annual 30-40 per cent growth that we've been enjoying during the past three years, we are going to be reduced to single figures in 2016 with sales down, in real terms, by perhaps as much as 25 per cent," says Mr Werdelin. Like many in the industry, he attributes the downturn to myriad factors ranging from the fall in the oil price to flat interest rates and China's continuing anti-corruption drive, which began in earnest in 2012.

"There's a lot going on – and, when you put it all together, it's easy to see why people might not place buying a new luxury watch at the top of their list of priorities."

1 Corum



The first Bubble with a tourbillon and a chronograph, this also offers a second time zone for those trips abroad

2 Gucci



If you're bored with leather and steel, Gucci has a Plexiglas case and bangle for the fashion-forward crowd

3 Carl F Bucherer



The Pathos range now has a swan which, while perhaps not subtle, certainly shines with its 922 diamonds and sapphires

12 Omega



This Speedmaster offers an image of the moon so detailed they say you can see an astronaut's footprint on its surface

11 Tudor



Rolex's sibling goes big on bronze in the Heritage Black Bay Bronze, a diver's watch alluding to bronze ship fittings

10 Hublot



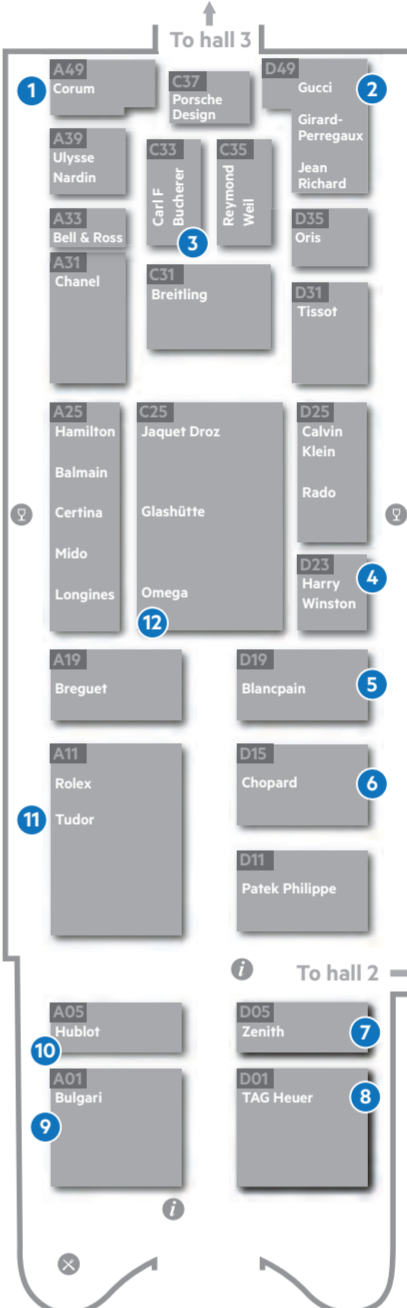
In its ceaseless quest for the unusual, Hublot needles interest in an organza silk dial with bright embroidery

9 Bulgari



The Serpenti Incantati offers the house's snake motif in a new coiling design

Basel 2016 floorplan



4 Harry Winston



The moon glides across the horizon in the Premier Moon Phase 36mm, eclipsed by mother-of-pearl at the end of the cycle

5 Blancpain



It may be the 60th birthday of the Ladybird, but Blancpain is using Louisiana crocodile leather for the strap

6 Chopard



The first watch from the Precious Chopard collection, sapphires and diamonds vie for your attention in quite some number

7 Zenith



Their 2015 movement, the Elite 6150, with its 100-hour power reserve, beats again but this time in a rose gold case

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3D printing adds new time-telling dimension

The digital world
You can reinvent the tourbillon or devise impossible shapes with ease, says *Michael Pooler*

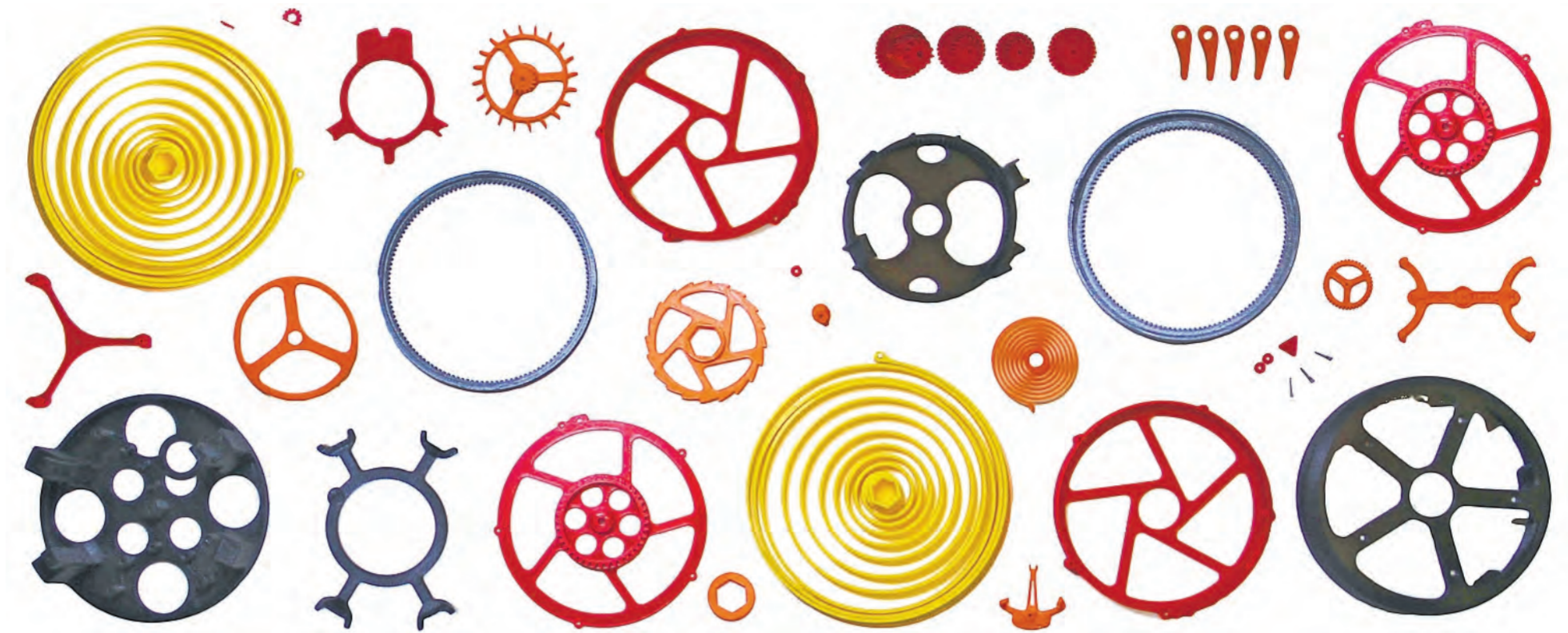
Watchmakers have spent more than two centuries perfecting the tourbillon mechanism, which brought unprecedented accuracy to time-telling, so the idea of an amateur making their own version from scratch might seem at odds with this hallmark of *haute horlogerie*.

Yet Christoph Laimer, a Swiss computer programmer, has done just that — he has 3D-printed the parts for his own tourbillon out of plastic, except for a few pins and screws. “It’s a design of my own. The mechanical principle is long known but the arrangement is new — it’s a reinvention,” he says.

Although Mr Laimer’s rendering is much larger than a conventional tourbillon and runs only for about 30 minutes before it must be rewound, it demonstrates the potential of a technology already widely used in jewellery making.

While smartwatches and wearable technologies are sometimes cast as the cutting-edge of innovation in horology, watchmakers ranging from hobbyists and small independents to large Swiss houses are exploring the possibilities of 3D printing, also called “additive manufacturing”.

Through a process that forms objects layer by layer, it enables experimentation with new shapes and forms otherwise not possible by traditional machining techniques. This is expanding the boundaries of design and production in watchmaking, particularly with precious metals such as gold and silver, says Jeremy Hobbs, head of horology at Birmingham City University’s School of Jewellery. “The way of modelling things means you can build things in a com-



pletely different way, such as hollow-form structures,” he says. “An advantage of laser sintering [a type of 3D printing] as opposed to casting is you’re able to produce a watch case out of solid metal but with a honeycomb interior, so it’s much lighter.”

3D printing also enables quick turnarounds and the ability to produce one-offs without needing to order parts or tools, making it a valuable tool for prototyping. Marques including Patek Philippe, Vacheron Constantin and TAG Heuer use it for this purpose.

Christian Selmoni, artistic director of Vacheron Constantin, says 3D printing is used for every new model and new case design. Over 10 years, he says, “it has proven to be a very important tool for us, as we can go quickly from computer renderings to a solid ‘volume’. It helps us a lot to judge the proportions and overall design of a watchcase, for example.” But because they are not made of steel, 3D models do not have “the same definition” as the finished product.

Marc Walti, product director of TAG Heuer, concurs, saying 3D models do

not have “the same aspect and light reflection as steel”. “In our field of activity, this is the best means to have a scale 1:1 prototype within a couple of hours — from 3D [computer-assisted] design to reality,” says Elie Bernheim, chief executive of Raymond Weil.

As such advantages favour small-scale producers, the technology is opening up entry points along the price scale for a new generation of watch designers and start-ups with novel or unorthodox ideas.

Industry figures add that 3D printing technologies are not yet accurate enough for movements — the complex beating heart of a mechanical timepiece. Items made with 3D technology are typically non-moving parts such as dials, cases and straps.

Over the past couple of years a handful of chronometric ventures using 3D printing have sought internet crowd-funding. These have ranged from a watch printed out of a wood-like composite material to a brand that allows buyers to customise colours, patterns and cut-out initials on a flexible nylon strap, though not all are successful.

One company in the small but growing field of watch “micro-brands” is ALB (Atelier le Brézéguet). The two-man French outfit makes colourful and three-dimensional dials — one represents a countryside landscape, another a sky — that are mounted on movements manufactured by ETA, a company that is part of the Swatch Group.

“We decided to use 3D printing not for trendy reasons but because it was the only way to do something different from what we could find on the market,” says co-founder Simon-Pierre Delord. “We create a frame that’s like a painting.”

Despite only initially intending to make some watches for friends, the pair now make a handful each month to order, with price tags of €1,500 and €2,500. They hope to sell some items in shops before the end of the year.

In a profession that cleaves to its artisanal traditions, there are also signs that some bigger and longer-established horologists are starting to harness additive manufacturing for larger-scale production.

Mappin & Webb, an English silversmith that once made earrings for Marie Antoinette and traces its roots to 1775, has for several years produced bespoke jewellery such as wedding rings through 3D printing. This summer it will launch its first watches with cases made that way — two pieces resurrected from its archives “with a slightly modern twist”, says Elizabeth Galton, the company’s creative director.

One is the Austen for women, inspired by 1920s dress watches worn either on a silk strap or hung from a lapel, retailing at £900. The additive process helped with modifications: its Art Deco design was “technically quite a challenge as it’s quite slim with a curve”, Ms Galton says.

She does not see a cultural clash between the old and the new tech-

Christoph Laimer’s 3D-printed parts for a tourbillon of his own design

niques: “[3D printing] has almost become a way of life, which makes our workshop a lot more efficient and does complement those hand and artisanal skills.”

But some houses are “scared” of using additive manufacturing for end-products in case they lose their handcrafted brand value, according to Michael Sorokin of Formlabs, which supplies desktop 3D printers to professional designers, dentists and jewellers, as well as watch companies.

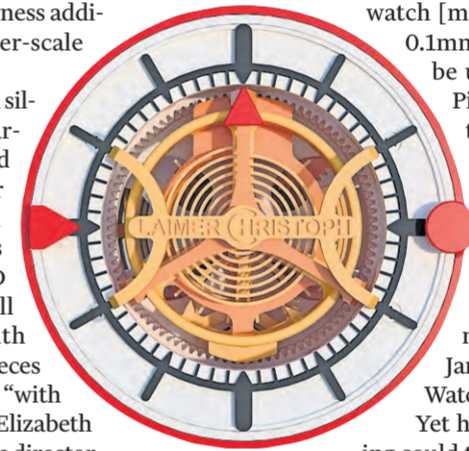
Mr Sorokin says that despite the excitement surrounding the technology, or perhaps because of the hype, the full potential of the technology risks not being realised in watchmaking. “There’s a danger of 3D printing being used as a cool gimmick,” he says.

Other limitations of the present technology include tolerances, or the degree of deviation from a parameter of accuracy. “If you want to do an assembly of a watch [movement], it could be OK at 0.1mm, but normally you need to be under 0.1mm,” says Simon-Pierre Delord of ALB, who adds that his parts take about five attempts on average to get right.

For now, consumer interest appears limited to enthusiasts who are keen on the capabilities of the technology, according to Robert-Jan Broer, who runs the Fratello Watches blog.

Yet he says additive manufacturing could take off where it offers lower costs and the ability to make uncommon designs, particularly in the case of smaller producers.

“Pricewise, some micro-brands are really interesting as they tend to stay below €1,000 for a mechanical watch [whereas] with the established brands it’s more difficult to find one below €2,000 these days,” he says.



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Jewellery makers seize on tech’s speed and ease

Syl Tang on a new tool for luxury craftsmanship

In traditional jewellery craft, a designer creates a drawing and a manufacturer turns the 2D rendering into a 3D model. A standard run of 15 different styles is made in wax, before the mould is cast around them, and they may cost a designer \$7,500. A single intricate design can be as much as \$1,000. But now that 3D printers range from \$4,000 to \$25,000, creating more models, and more complicated ones, is becoming cheaper and easier.

“It allows me to rapidly prototype very quickly and not have as much back and forth because you can see the product live,” says John Brevard, a New York-based designer and architect.

It means surprises can be detected and amended quickly. “Sometimes you get it back from a manufacturer and you say, ‘Oh, I didn’t think it was going to be this big.’ Now when I’m showing something to a customer, I can print it out in plastic and they can then say immediately, ‘I want it in gold or silver.’”

The appeal of speed-to-market has lured new talent to jewellery design. Suuz, a company founded in 2012 by six engineers and based in The Hague, had previously explored the technology in entirely different industries, but it now features a jewellery catalogue of 50-60 products, each with potentially infinite variations. The company, which is shipping between five and 10 orders a day and intends to double this volume in 2016, says that meeting customer expectations more accurately is the main benefit of 3D printing.

“On the website you get a preview of what you want to order, it’s production ready. They are convinced it will be the right size and know exactly what they’re receiving with these custom models,” says Jan Verschoor, partner at Suuz. Mr Verschoor also cites the ability to hold very little stock and to produce jewellery on demand, at a price point close to standardised product, as key advantages.

3D printers can execute more intricate styles with very little risk. Designs that might not be possible with traditional moulds can be done with the printers, such as objects with elements inside each other, which would previously have

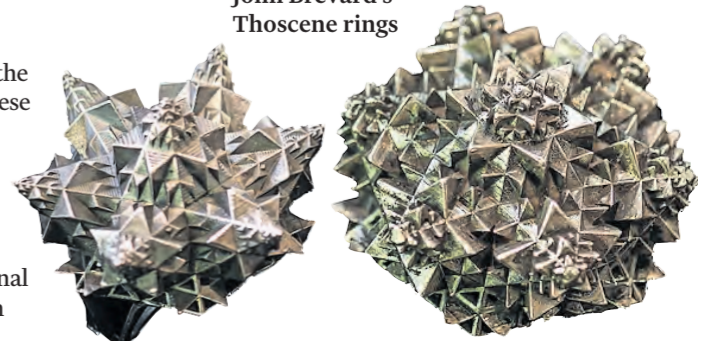
required multiple moulds soldered together. Those designs can be communicated across language and country barriers with 3D printing.

“Finding a good [mould maker] can be a challenge,” says Karen Giberson, president of the Accessories Council, the industry association that represents American jewellery companies. “If you’re printing a design in a 3D printer... the guesswork is taken out of it. You make a file; if you print it out here and you print it out overseas, it’s the same. It’s also a lot easier to change it if you don’t like it.”

Some companies such as Metalepsis Projects, which has offices in Los Angeles and New York, have begun printing in metal. “Most of our kinetic edition is 3D printed in brass, as well as all [our] Chromat collaboration in black nylon. We’re able to use it for final products as well (including interlocking parts),” says Victoria Cho, co-founder of Metalepsis. (Chromat is a company which creates “structural experiments” in next-level wearables.)

However, the ability to print directly in fine metals, which would eliminate the material lost in refining designs, may be a way off for the industry. Challenges include working out how to powder gold, a soft material, into a fine grain size, says Mr Verschoor. Plus it is hard to keep track of the gold powder: “Insurance companies are not so happy when you tell them you have a cubic foot of powdered gold in your machine.”

John Brevard’s Thoscene rings



Digitised diamonds battle to defy thieves

Blockchains Could new technology have stopped a country house robbery? *Jessica Twentyman* reports

When Lord March described a violent robbery at Goodwood House, his stately home, in January as “challenging”, this was a very particular kind of English understatement. He and Lady March had been attacked by a burglar in the middle of the night, forced to open their safe and tied up for two hours.

More than 40 items were stolen from their 18th-century house near Chichester, south-west of London, including a diamond tiara dating back to 1820 and an emerald and diamond ring given by Charles II to his mistress Louise de Kérouaille, duchess of Portsmouth. Earrings, bracelets, necklaces and antique Rolex and Girard Perregaux watches were also part of the £700,000 haul.

If the theft were not bad enough, with every week that passes the prospect of recovering any of the heirlooms grows bleaker. The last public update from Operation Forster — the investigation into the Goodwood House robbery — came on January 27, when it was announced that a “substantial” reward for information leading to the jewels’ recovery was being offered; since then, nothing.

However, as a range of new security measures emerge, future victims may fare better than the Marches.

Stolen jewellery normally disappears without a trace, says Paul Higgins, head of specie at RK Harrison, part of Hyperion Insurance Group. “You tend to see recoveries only when thieves are apprehended quickly, within weeks,” he says. “Much beyond that, recoveries are very,

Everledger’s Leanne Kemp says it holds records of 980,000 diamonds with the main goal of combating fraud



very rare. I’ll be honest, in around 15 years, I can only recall working on a couple of cases where jewellery actually resurfaced a year or more after it was stolen.”

“The recovery rate of diamonds is usually very low. Open-source cases show that stolen diamonds and jewellery are usually not found,” said a 2013 report by the Financial Action Task Force, a Paris-based intergovernmental body set up to combat money laundering and terrorist financing, two activities frequently fuelled by stolen diamonds. In a case such as the Goodwood House burglary, involving highly dis-

tinctive, easily recognisable items of “estate” jewellery, says Mr Higgins, a smart thief wouldn’t even attempt to sell on a piece in its intact state.

Precious metal, after all, can be melted down. Diamonds, once liberated from their settings, are eminently portable, thus easy to transport abroad on a commercial flight, stashed in a piece of carry-on luggage, for example, and then sold on in a foreign market.

Enter the blockchain. This is perhaps best known as the underlying technology for the bitcoin digital currency, but it is becoming clear it has applications for diamonds too. Blockchain is, in essence, an online recording system which can be used to track where a diamond comes from and can keep strict details of how and when it passes from owner to owner. (See box for a more detailed explanation.)

That, at least, is the idea behind Everledger, a London-based start-up that is using blockchain technology to replace the current paper-based and fraud-prone processes that surround diamond ownership.

For a start, explains the company’s chief executive Leanne Kemp, a blockchain-based ledger like Everledger is not stored in one place, but is distributed across a potentially vast number of computers belonging to participants in a network. In Everledger’s case, these are owners, insurance companies, diamond certification bodies and law enforcement agencies.

Every member of that network has access to the most up-to-date version of the ledger, making it transparent. Each record on the ledger, meanwhile, is immutable — so the transaction history of a specific diamond can only be added to with a new “block” of information. This creates a complete chain of ownership that can be trusted by the whole community because it cannot be otherwise altered or removed.

Most importantly, Everledger holds a multi-layered, digital version of a diamond that links closely to its physical incarnation, via the serial number laser-engraved on its girdle. As with all diamond certification, the all-important “four Cs” of a stone — its cut, colour, clarity and carat weight — are captured on Everledger, along with its serial number, but 40 other data points are added too.

By early February, Ms Kemp says, there were around 980,000 diamonds registered on Everledger, allowing network members to check out a stone’s full history and characteristics. The information that Everledger holds could thus be useful in investigating robberies of high-value stones if they resurface some time after an insurance claim for their loss or theft has been paid out.

That is not Everledger’s primary purpose, Ms Kemp says, which is to combat fraud rather than theft, by helping insurance companies guard against fraudulent claims. According to Ms Kemp, around 65 per cent of such claims

go undetected. An Everledger-registered diamond which had been falsely claimed for would be much harder to sell on, assuming the buyer checked out its provenance.

The big drawback is the unique identifying number laser-engraved on a diamond’s girdle that links a physical stone to the “digital copy” held on Everledger.

As Vartkess Knadjian, chief executive of Backes & Strauss, the world’s oldest diamond company, points out, removing such an engraving is an easy job for an experienced diamond polisher. Ms Kemp says that this process often depletes a diamond’s value, by removing weight — but that may well be a sacrifice that a determined fraudster or thief is prepared to make.

Technology needs to catch up with thieves. “As an industry, there’s a problem here with traceability that technology really should be helping us to solve — and I still believe that it will, but we’re not there yet,” says Mr Knadjian. He says he is yet to see, for example, any



Goodwood House was robbed in January

Simon Margeson travel/Alamy

The big drawback is the unique identifying number engraved on a diamond

kind of technology based on a global positioning system (GPS) that is small enough to be incorporated into one of his company’s diamond-set watches without compromising its aesthetics.

And there are additional problems with which the industry must contend, mainly around its largely paper-based documentation processes: one is the issuing of fraudulent certificates, another is the altering of genuine ones. Transaction histories are often incomplete, or a stolen gemstone may be traded multiple times in swift succession in Dubai or India, for example, in

order to create a convincing new transaction history.

This technology, of course, would only work on “estate” jewellery, such as that owned by the Marches, if the owners were prepared for pieces to be dismantled, to get the individual diamonds laser-engraved, and then reassembled.

With antique items, there’s a considerable risk of damage to the settings, which might be almost impossible to repair without devaluing the item. In other words, Lord and Lady March may in future still have to rely on old-fashioned detection, rather than up-to-the-minute technology.

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«Details make perfection, and perfection is not a detail»

Leonardo da Vinci

Guide How do blockchains work?

To understand blockchains, it is worth looking at the digital currency bitcoin, writes *Kadhim Shubber*.

Bitcoin was launched in 2009 by an anonymous person or persons using the name Satoshi Nakamoto. The intent was to create digital money that would be free from the control of governments and banks.

To prevent such a thing from being shut down, it needed to exist in more than one place, as governments can seize and destroy one computer server. Distribute the information across many computers over the world and the task becomes so prohibitive as to nearly be impossible.

What is more, a central authority could not be trusted to verify transactions for the same reason. So the users themselves do it, adding blocks of transactions on to the existing chain and stamping it by solving a computationally difficult maths problem, just as a writer might seal a letter by using a wax stamp.

While debates continue over the sustainability of bitcoin, a broad range of new and old companies are creating their own blockchains, including Everledger, either choosing to make them accessible to anyone or to a select few approved parties.

But whether companies choose to use the existing bitcoin infrastructure or to create their own blockchain system, the core characteristics that make the technology appealing as a database are the same.

One of these is its distributed nature. Instead of one copy of the database in one place, a blockchain necessarily has many copies in many places, providing reliability at the

expense of efficiency. If one computer fails, data are not lost because many other computers hold the same information.

Another is immutability. New entries in the database are tied to preceding entries using cryptography, creating a chain that prevents earlier entries from being altered. Combined with the distributed nature, this dramatically increases the likelihood that any record made in a blockchain system will be permanent.

Some of these things become redundant for spinout applications of the blockchain. Bitcoin is open to the whole world and full of anonymous users — are such security measures or incentives necessary when users are pre-vetted and known?

But with either the public bitcoin network or some more private, generic blockchain system, there is the potential not just to maintain a database of transactions but to link those transactions to individual, identifiable real-world objects.

The ownership history of a specific diamond, for example, could be stored securely and permanently, providing confidence about its true source. The obvious difficulty is that a digital database, no matter how technically advanced, cannot in itself address the real-world issue of fraud. Indeed the permanence of blockchain systems carries that risk that fraudulent records persist — blockchains solve many things, but cannot escape the myriad political, legal, ethical and economic complexities of the real world.

So think of it as just a sort of database, albeit a very interesting one.

Watches & Jewellery

Tokyo, where time runs backwards

Seven years ago, Reiho Shibata opened Item, a vintage watch store in Shibuya, Tokyo, where he specialises in watches from the 1960s, such as the Rolex Date and the Omega Constellation. Within the glass cabinets that line the walls of the small shop, there is a 1970s Cartier Vendome, an Omega Ladymatic from the 1960s, a Rolex 1956 Precision. Although a vintage Seiko sign is bold in the window, it is an anomaly: European and US watches, not homegrown brands, are why collectors come. Mr Shibata says most of his customers are Japanese; the typical client is aged 25 to 30, buying a watch priced at around ¥100,000 (\$880).

The vogue for vintage watches has its roots in the shared cultural history of many of today's buyers. According to Masayuki Hirota, a watch expert who writes for Chronos Japan, Nikkei Magazine and GQ Japan, the 1980s and 1990s saw a lot of publicity and interest in vintage watches in the country. "Our passion for vintage watches was strongly influenced by the Italian market in the 1980s," says Mr Hirota. "From there the boom spread and strongly took root in Japan." He estimates that Tokyo has about 50 vintage watch stores, when you add the city's pawnshops into the mix, and names Carese, Private Eyes, Shellman and Kusumoto pawnshops as among the best.

Indeed, such is the appetite for vintage watches in Japan today that fashion-forward, multi-brand stores like Beams, United Arrows and Arts & Science carry a selection in their flagship stores. Even Shellman, he says, has outposts in department stores such as Isetan Shinjuku Men's, Mitsukoshi-Ginza and Barneys New York.

Adding to the appeal of vintage watches are favourable exchange rates and a rise in tourist visits to Japan. According to the Japanese National Tourist Organisation, the estimated number of international visitors to Japan in November 2015 reached over 1.6m, a 41 per cent increase on the previous year, with China, Taiwan and Korea the top three countries of origin. However, Christophe Savioz, Swatch Group's country manager for Japan, says that Chinese tourists are in the main "interested in current models, and are not seen as much in pre-owned and vintage stores".

"Tokyo is well known as the main vintage watch hub for Asia," continues Mr Savioz. "I would say that many Asian watch collectors come to Tokyo to find classic timepieces. Considering that Omega, which is part of the Swatch group, was one of the earliest watch brands present in Japan, it is natural that a lot of our vintage watches, such as highly sought-after Constellations and Speedmasters from the 1960s, are available."

'The market for vintage Rolex has become crazy and changed a dealer's life'

He cautions, though, that the pre-owned watch market is quite separate to Omega's own retail and boutique network in Japan and that the only time the brand liaises with vintage retailers is when there is a request for a watch to be serviced.



Clockwise from top: Rolex Daytona 'Paul Newman', Rolex Explorer, Omega Ladymatic, Cartier Vendome, Omega Constellation, Rolex 'Jean Claude Killy'

Illustration Nuno Da Costa

Vintage watches On a trip to Tokyo, *Elisa Anniss* observes that you are hardly a hipster without retro wristwear

The appreciation for European and American vintage watches, and their iconography, is palpable the minute you walk into some of Tokyo's leading vintage watch shops.

At Carese, which has three Tokyo stores, vintage point-of-sale materials such as a 1960s poster advertising an Omega Constellation are sometimes just as compelling to the Japanese watch collector as say, a pristine 1950s Omega Seamaster. A short walk away at Dazzling Shiggy Collection, there is European and American watch memorabilia such as a framed Omega advert circa 1950, which fetches ¥12,000 (\$106) – positively entry level when you compare it with a 1965 Jaeger-Le Coultre Automatic Date for ¥330,000 (\$2,900) plus tax.

Carese uses original advertising material and original boxes to enhance vintage watches by Rolex, Omega, IWC, Patek Philippe, Vacheron Constantin, Longines and Breitling. "We acquire most of these advertising goods, dating from the 1920s to the 1970s, at vintage watch shows," says Emi Nomura, who works in the sales division at Carese's Roppongi Midtown branch. Company staff travel to Germany, the UK and various cities in the US, including Miami and Los Angeles in search of vintage watches. At Carese, prices range from ¥100,000 (\$880) to ¥7m (\$62,000) for rare pieces. And of all the brands, "Rolex especially is always in demand," she says.

Benjamin Clymer, founder of the US-based watch blog Hodinkee, says wearing a vintage watch has become part of the uniform in Tokyo. He describes the Tokyo hipster as a man who "wears Visvim, carries Porter [magazine], drives a vintage Land Rover Defender, shoots with a Leica and wears a vintage Rolex Submariner big crown".

Tsuyoshi Tojo set up East Crown in 1995 and was later joined by his son Katsutoshi, who says that the turning point in the business followed Christie's Rolex Daytona "Lesson One" auction in Geneva in November 2013, when investors bought vintage watches. "Since then, the market for vintage Rolex has become crazy and changed a dealer's life," says Mr Tojo.

East Crown does not have a storefront and operates in a by-appointment showroom. "We wanted our customers to see our watches privately, without any noise, distraction or a feeling of being rushed. Also, we don't have a lot in stock to display in a shop.

"We believe that in the vintage market it isn't volume but the quality of watches that is important."

East Crown's watches are sourced from all over the world and that too is where customers come from, seeing stock on their website or on Instagram. He says that what is most in demand depends upon where the customer is based. "In Japan, it's a Rolex Daytona 'Paul Newman', and in Hong Kong a Rolex Submariner is more popular than any other watch."

And Mr Tojo's predictions for the future? "We specialise in chronograph watches and expect that the Killy 6036 and 6236 – the most complicated watch ever produced by Rolex – will soon be a hit in the market, as it's still undervalued and rare."

The skill behind the skull

Design Fiona Krüger has fought prejudice against her sex, age and nationality to bring her iconoclastic watches to market. By *Kate Youde*

Four things stood against Scottish designer Fiona Krüger being taken seriously as a watch designer. Suppliers, she says, "just thought [I was], one, a woman; two, under 30; three, not even Swiss; and four, designing a skull-shaped watch". Each of these cavils makes Krüger a curious rarity in the "conservative... male-dominated" world of watchmaking.

Mrs Krüger, 30, says the industry needs to improve its image, which she likens to that of cognac, to attract more women: "When you think of a cognac, you imagine your dad in his library with his slippers on with a cigar and a cognac." It was the same for watches – it "doesn't say to young women, 'This is also for you.'"

She suggests watchmakers need to create products that appeal to women. "Originally, I felt like brands didn't really get the difference between designing a watch for a girl and designing a watch for a woman," says Mrs Krüger, whose watches are unisex. "I just kept seeing pink or diamonds or flowers. Those kind of watches are absolutely fine because there are lots of women who like that but women have much more sophisticated and varied tastes.

"Fashion brands aren't doing pink flowery dresses so I don't understand why in watches you don't see that variety."

She believes women's watches were previously a "second thought", although that is changing. "I'm not saying that

Fiona Krüger (right) is breathing life into her skull watches
Cécile Widmer

since it's women's watches it has to be women designing them... but I do think they should involve women in the discussion at some point because that's your market."

By her own admission, Mrs Krüger knew nothing about watches five years ago – until she fell in love with them. While studying for a master of advanced studies degree in craftsmanship and design for the luxury industry at ECAL in Switzerland, she was fascinated by the decorative techniques she saw during course visits to the Audemars Piguet manufacture and the Patek Philippe Museum.

As her degree project, she presented a prototype of a skull-shaped watch, inspired by the themes of time and mortality, and spent two years finding supply partners before launching production of her first Skull edition in 2013. The Black Skull and colourful Celebration Skull series followed over the next two years. Her fourth series, Petit Skull, launching at Baselworld, is a limited edition of 54 stainless steel pieces – 18 each of silver, blue and black.

Mrs Krüger, who studied fine art at Edinburgh College of Art and now lives in Alsace, France, does not have technical watchmaking skills so her pieces are made by six people who each specialise in a different aspect of the craft.

The designer wants to use her fine-art background to reinterpret traditional Swiss watchmaking techniques: in her latest watch, engine turning is used to "sculpt" the skull, like a sculptor might use a chisel, with a denser pattern setting back the eyes and jaw. The balance wheel moves within the skull's right eye.

Her outsider status – at first her weakness – is now her strength, Mrs Krüger says. "I think because I am not from the watch industry... it means I don't know what the rules are and



that then allows me to be a lot more open minded and free in terms of the watches I want to design, and how I want to make them."

Harrods, Fiona Krüger's first UK retailer, is hosting a pop-up exhibition of her watches between March 31 and April 27.

Watch out for... Five inspirations

Kari Voutilainen

The Finnish watchmaker's eye for detail impresses Mrs Krüger: "The finishing on his watches is impeccable."

Maximilian Büsser

The founder of label MB&F was on the jury for Mrs Krüger's degree project and still offers her advice.

Jean-Marc Wiederrecht

"He's been behind some of the most creative watch movements on the market," says Mrs Krüger of Agenhor's co-founder.

Carole Forestier-Kasapi

Mrs Krüger admires Cartier's master watchmaker for being "adventurous" with movements.

Martin Frei

"We have a similar thought process and I love talking to him about watches and art," says Mrs Krüger of Urwerk's co-founder.

Time is up for above-inflation price rises

Watches An outbreak of candour in the industry suggests rampant price increases are a thing of the past, says *Syl Tang*

Utterances from the Swiss watch industry tend to be sugar-coated, which is why Georges Kern, chief executive of IWC Schaffhausen, caused such a stir in November 2015. He said that watches in the industry were overpriced – a rare statement in general, even more so from a company owned by Richemont, one of the world's biggest luxury conglomerates.

His brand has decided to bring prices down by focusing on its two mid-level collections, Pilots and Portofino, launched in December 2014. Indeed, IWC confirms that prices for new Pilots are lower now than when similar models were launched in 2012.

As the brand with the highest growth within Richemont, one of the big three watch groups, Mr Kern's move may indicate what consumers can expect from Baselworld: prices adjusted downward.

It can't come soon enough, says Adam Craniotes, chief executive of Red Bar, the worldwide watch lovers' group, as inflation has been widespread and relentless. "Honestly, it's every brand. I don't think there's a single brand that didn't take advantage," he says.

Some within the watch industry are even pleased that prices are now being examined. Alain Zimmerman, chief executive of Baume & Mercier, a Richemont brand, says: "I'm so happy that price has finally become part of the discussion. In the past, price didn't matter a lot [to other brands]. For many people \$2,000 is a hell of a lot of money." Baume & Mercier decreased prices on its Clasima range by 10 per cent two years ago.

On the whole, growth in watch prices has been outpacing inflation, says Jon Cox, head of European consumer equities for Kepler Cheveux. "From 2000-14, the value of the industry has increased on a growth rate of 6 per cent year over year, but in unit terms, there was no growth. So the boom is entirely due to prices." Core global inflation has not been above 3 per cent since 2000, according to JPMorgan.

The most likely explanation for such exuberant price rises is the increase in wealth around the world. According to the World Wealth Report 2015, compound annual growth in wealth between 2009 and 2014 was 7.7 per cent. Wealth in Asia, the key new market for luxury goods, went from \$5.9tn in 2002 to \$15.8tn in 2014.

The consequence of such wealth-driven demand is that when growth falters – such as with the current collapse in commodity prices and the rise in the Swiss franc after it was unpegged last year – the luxury market does too. The Federation of the Swiss Watch Industry recorded a 3.3 per cent decline in value of sales from 2014 to 2015, with Hong Kong falling by 22.9 per cent and mainland China by 4.7 per cent.

In the light of such news, it is less surprising that the discounting of sought-after watches can be openly found across reputable internet retailers. David Sadigh, founder and chief executive of the Digital Luxury Group, a Swiss-based watch industry analysis company, says he constantly sees steep discounts. On Jomashop.com, a watches and luxury goods website, he says you can find Rolex watches with discounts of between 10 and 25 per cent, "and Raymond Weil is 75 per cent off. I'm seeing

Going under the hammer

May's Geneva watch auctions should provide a barometer of the pre-owned watch business in the face of a decline in new retail sales and general feelings of economic uncertainty, writes *Simon de Burton*. Here, experts from the five leading specialist auction houses give their opinions on the state of the collector market.

Aurel Bacs

Phillips/Bacs & Russo, Geneva

There will be watches with estimates from SFr3,000-SFr500,000 (\$3,000-\$500,000). And I think that says something about the way we need to view the current market – that quality can actually be accessible.

Bidders will range from students to billionaires, and they will all be there to buy an epic watch. But to be "epic", a watch no longer needs to have a seven-figure value. It needs to be in great, original condition and have a name that resonates.

Watch to watch: Breitling Duograph



presented to Jack Brabham for winning the 1960 Formula One championship. Estimate SFr30,000-SFr60,000. May 14, Geneva.

John Reardon

Christie's, New York

It is clear that the world of watch auctions is becoming more and more about vintage, even in Hong Kong, where the sales have traditionally been dominated by modern pieces.

Many collectors are asking themselves why they would consider spending \$5,000 on a Patek Philippe Calatrava [a simple three-hand watch] with a repolished case and a refurbished dial when that same \$5,000 could buy something such as a Universal chronograph in superb, original condition.

Watch to watch: 1817 Breguet pocket watch formerly owned by Charles-Louis Havas, founder of Agence France-Presse. May 16, Geneva.

Tim Bourne

Sotheby's, London

Speaking to people in other areas of the pre-owned business, there appears to be a lot of



inventory out there. But I think the auction houses have several advantages, not least in the fact that we don't have to lay out large sums of money on stock. We can also be selective about what we consign and can advise sellers of values based on current market conditions.

I think the future lies in smaller, very well-curated sales, and while major pieces will continue to come to auction, the market is not likely to be flooded with them. As with the art market as a whole, I think people are feeling cautious about spending bigger sums.

Next sale: May 14, Geneva.

Julien Schaefer

Antiquorum, Geneva

We're heading towards our big May sale with a realistic attitude – there's a definite uncertainty in the world right now, and I think we're feeling that in the auction market.

Interestingly, however, we are noticing that collectors are looking harder to find vintage brands that are on the rise – prices of some watches by makers such as Universal and TAG Heuer, for example, have doubled, tripled and even quadrupled during the past three years.

We're also seeing an increase in demand for dive watches from the

1960s and 1970s by previously overlooked manufacturers such as Yema, Elgin and Benrus. Not long ago, when they could be bought for \$200, collectors would scarcely look at them. Now they are fetching \$1,000-\$2,000. Watch to watch: Corum "Buckingham", originally owned by Elvis Presley. Estimate \$10,000-\$20,000. April 13, New York.

Jonathan Darracott

Bonhams, London

We hold regular auctions of more affordable watches [from £500] at our Knightsbridge rooms... but none of the Knightsbridge lots sold for an exceptional sum – bidding seemed very controlled, and buyers had clearly done their research and set limits on the amount they were going to spend.

I think the biggest threat to the watch business as a whole is probably from the grey market. If watches don't sell at retail and end up in the salerooms, they inevitably fetch one-third to one-quarter of the new price. We wouldn't turn new watches away, of course – but we're conscious that, when retailers resort to selling at auction, it's usually the start of a downward spiral.

Watch to watch: Rolex "Comex" Submariner dive watch. Estimate £40,000-£60,000. June 22, London.



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Georges Kern



Pressure on prices comes from the Apple Watch too, which starts retailing at \$549 and goes up to \$1,500 for a model with a leather strap by Hermès. If Apple releases a major update, the Digital Luxury Group estimates the likely sales of 25-30m pieces would hammer the mid-priced Swiss watch market at a time it can ill-afford.

The importance of prices is more than symbolic. Even if they do start to come down, whether openly at Baselworld or surreptitiously afterwards, it may not be enough to protect independent brands, says Kepler Cheveux's Mr Cox, who suggests that consolidation and takeovers are likely. Prices may be only the first things to fall.

Watches & Jewellery

My Favourite Pieces John Taylor, inventor of the electric kettle switch, likes his watches to take him back in time. By *Kate Youde*

Collector with a mind for the mechanical

While he was flying across Arctic Canada near the Magnetic North Pole, John Taylor's compass stopped working. Without panicking, he and his co-pilot navigated 500 miles on the map "down that river, across this lake, to that island, round that mountain". Eventually, they landed in Alaska, and Mr Taylor found a new interest in navigation which soon developed into a passion for timepieces.

Mr Taylor, 79, has always had a mind for the mechanical: he invented the switch which causes modern kettles to shut off when the water has boiled. In 1999 he retired from Strix, the company he founded to make safety control systems for domestic appliances, and has since amassed a globally important collection of early English clocks. (He invents clocks too: he designed and funded the Chronophage, a large gold-plated clock on display in Cambridge which has a metal grasshopper atop it, "eating" the seconds.)

"I've collected more clocks than watches," he says. "Good watches are rarer than good clocks. It's odd that [Thomas] Tompion, the most famous of the makers, in round figures made something like 500 clocks and 5,000 watches." But only 200 watches survive – and rarely in their original state: they "tend to be butchered along the way because people would try and make them more accurate".



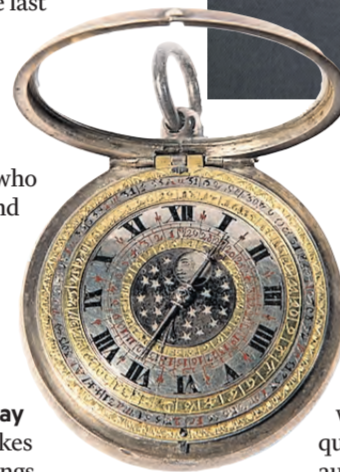
A quarter repeater watch (1697) by Thomas Tompion

This is Tompion's earliest surviving quarter repeater, which Taylor bought at auction in 2002. It sounds the number of quarters since the last hour, as well as the number of hours, when the plunger is pressed. This helped people tell the time in the dark, rather than getting out of bed to light a candle.

"That mechanism is uncommon on a clock and exceptionally uncommon on a watch," says Mr Taylor, who was awarded the OBE in 2011 for services to business and horology. "Tompion was a perfectionist and he worked with [natural philosopher] Robert Hooke, who was a spring man, and he would use springs to bias the mechanism one way or another so there was no possibility of the watch striking the incorrect time."

An astronomical verge watch (c1660) by Joseph Munday

While Mr Taylor admires the beauty of his pieces, he takes particular pleasure from looking at their internal workings. "I view all clocks and watches from a manufacturer's point of



Left to right: Tompion's quarter repeater; Munday's astronomical verge watch; a Breitling minute repeater; Vautrollier's Puritan watch — Andrew Barton

view, an inventor's point of view," he says. He tries to understand how a design evolved.

He therefore appreciates the "very, very clever mechanism" within Munday's rare astronomical verge watch. "The moon goes round the earth in about 29-and-a-quarter days," says Mr Taylor, who bought the watch at auction in 2002. "You've got to get a mechanism which will turn a cog, which will turn a disc, which will display a moon,

which does one revolution in 29-and-a-quarter days. It's not something that fits in with round numbers . . . any people have a watch today which tells you the phase of the moon?"

A Puritan watch (1630) by James Vautrollier

Mr Taylor is also fascinated by the context in which his 17th-century watches were produced. His Puritan watch, which he bought in 1999, is so called because of its undecorated case, even if it is made of gold and has an elaborate, expensive mechanism. "It's got a little calendar on it so it will tell you the date, which is quite a thing for a 400-year-old mechanism," he says.



A Rolex Oyster Perpetual (1957)

He does not wear his antique pieces, which would originally have been carried around the neck on a ribbon. For "high days and holy days", he uses the engraved stainless steel Rolex Oyster Perpetual he received on his 21st birthday in 1957. "It was a bribe," he admits. "My parents offered me the Rolex if I didn't smoke before I was 21." "It went to Spitsbergen [in northern Norway] with me in 1958 and I specifically set it accurately to time before I left. It never left my wrist in a hundred days and in all that time we were cutting samples of geomagnetic rock out of cliffs, hammering away with a hammer and chisel, sleeping in tents in cold weather and man-hauling sledges." It lost just over a minute, "quite exceptional" given its treatment.



Breitling minute repeater (1998)

That his Rolex fell short led Mr Taylor to buy a digital quartz watch; he likes the Breitling because he has both digital and analogue modes. He sets this minute repeater – his "everyday" watch – to show both GMT and local time wherever he is. It's perfect, he says, for navigation – which sparked his love of watches in the first place.

Oh deer! Actor shoots an ad – and an animal

French actor Gérard Depardieu has lived up to his controversial image by appearing in a Russian television commercial for Cvsstos watches alongside the corpse of a deer he claims to have shot with a high-powered rifle. The 50-second sequence shows Depardieu leaning over the dead animal and toying with a spent bullet case as he says, "To smoke a deer you always need to be on time. Thanks to my Cvsstos, I was on time – and it was his time."

Pour Monsieur

Chanel has chosen Baselworld to launch its first watch dedicated to men. The "Monsieur" uses the first Chanel movement to be designed and assembled in-house. Five years in development, the hand-wound mechanism shows the time through a combination of digital jumping hour and retrograde minutes displays. The Monsieur (around £30,000) will initially be available in an edition of 150 in beige gold and 150 in white gold. Until now, male Chanel fans have had to make do with the more masculine versions of the ceramic J12 which, says the house, has always been presented as a "unisex" model.

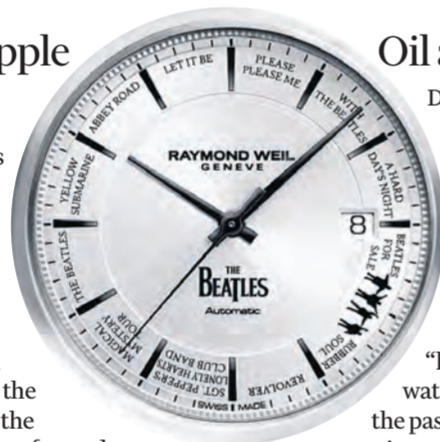


Clubbable

Jaermann & Stübi, the niche brand that makes golf-inspired mechanical watches incorporating special shock absorption systems and stroke counters, will use day one of Baselworld to tee up a new series dedicated to the golfer Ian Woosnam. It will feature cases made of metal recycled from the irons used by the 58-year-old elshman to secure victory at the 1991 US Masters. Jaermann & Stubi will also unveil a watch designed to mark the inclusion of golf in this year's Olympics; it will be the first time the sport has featured in the games since 1904.

Not that Apple watch

Raymond Weil has made what its chief executive Elie Bernheim describes as a "major investment" in signing a deal with Apple Corps – not the tech company but the multimedia business formed by The Beatles in 1968. The deal will enable the independent, family-owned brand to associate itself with The Beatles, use images of the Fab Four in advertising campaigns and produce Beatles-themed watches. The first of these will be launched at Baselworld and is set to be made in an edition of 3,000 examples.



Oil and water

Despite horologists traditionally battling to keep water well clear of their mechanisms, Neuchâtel-based HYT has achieved a surprising degree of success with its "hydro mechanical" watches which indicate the passing of time by pumping coloured liquid around a tiny capillary tube.

Now HYT has announced that it and Preciflex, the company founded to develop the liquid timekeeping technology, have raised a further SFr23m (\$23m), which will enable an expansion of the product range during the next three years.

Time to pay

Mondaine, which is well known for supplying the distinctive clocks used at Switzerland's railway stations, has become the latest brand to incorporate a contactless payment system into a wristwatch. The Mondaine PayChip, which will be demonstrated at Baselworld, can be concealed inside a specially-designed strap or in a universal strap loop. The device uses Near Field Communication technology to enable payments of up to SFr40 (\$40) to be made with no more than what Mondaine describes as a "flick of the wrist". Similar systems are already available on the Apple Watch and the recently-launched Swatch "Bellamy".

Simon de Burton

The Mille deal

The McLaren-Honda Formula One team has signed a 10-year partnership deal with avant-garde watchmaker Richard Mille, which dubs its products "racing machines on the wrist". Richard Mille is expected to reveal the first watches inspired by the collaboration later this year, and its products will now become the public wristwear of McLaren-Honda drivers Jenson Button and Fernando Alonso.

The brand takes over the role of official McLaren watch from TAG Heuer, which now appears on the engines of the Red Bull team. Bell & Ross recently announced a new partnership with Renault Sport and Casio with Scuderia Toro Rosso.

Start your engines

The LVMH-owned Zenith watch brand is set to further its ties with the automotive world by announcing its appointment as a partner of the Distinguished Gentleman's Ride, an annual motorcycle event which sees bikers gather at locations around the globe each September to raise money for prostate cancer charities. Zenith will officially launch the partnership at Baselworld on Sunday, March 20, in the presence of Mark Hawwa, a motorcycle fan, marketer and branding expert who founded the event in Sydney, Australia in 2012.

By last year, the DGR had grown to the point that events were staged in 400 cities, attracting more than 57,000 riders and raising in excess of \$2.2 million.



Luxury brands lack digital savvy

Online On websites and in apps, watchmakers and jewellers are making up for lost time

Where luxury watch and jewellery brands once lagged terribly behind the rest of the business world when it came to digital innovation, they still lag – but much less than before. “The industry has improved remarkably as compared to other sectors,” says Scott Galloway, founder of business intelligence company L2.

Comparing progress since the organisation’s first Digital IQ Index in 2011, he says the march of digital innovation has been “slow but steady”: “When we first did our survey a quarter of the brands were selling online. Now those not selling online are in the minority.”

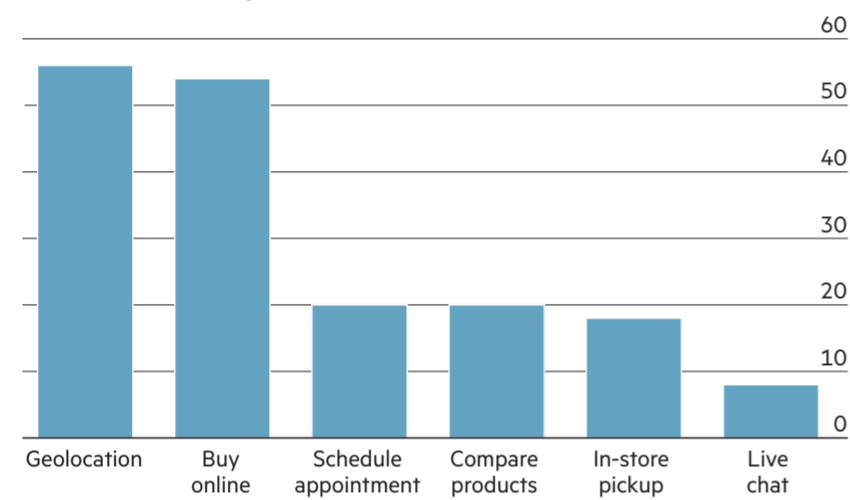
However, the findings for L2’s most recent survey of 66 brands in December 2015 show that most of these companies still lack advanced features wealthy consumers might expect (chart 1).

When it comes to website features, the majority of brands are good at offering the basics, but only 18 per cent have sortable results and only 15 per cent allow you to initiate servicing online, especially useful for watch buyers.

Watch brands in particular need to worry about what comes up when a potential customer looks for them on Google or other search engines. Grey market sellers (non-authorized dealers) have been very successful at being seen on paid search results. Across watch brand queries, grey market channels control 38 per cent of the advertising real

1. Many brands’ websites are missing out on sophisticated features

Per cent of brands with given feature, 2015



Source: L2 Digital IQ Index: Watches & Jewellery, December 2015

estate, compared with 17 per cent for brands’ own pages. For jewellery brands, the opposite is true (chart 2).

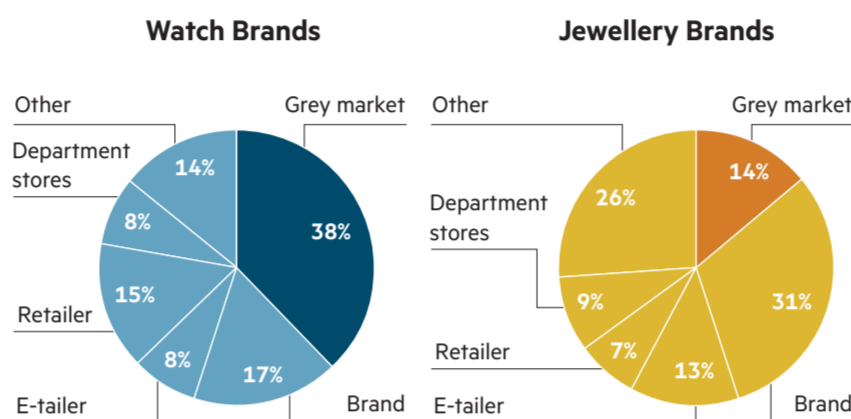
Fabrice Paget, founder of the Luxury Brand Agency, based in London and Philadelphia, says prestige brands whose audience is a few thousand people worldwide may need to provide a segmented digital experience in the same way a luxury retail experience is divided, with private areas selling special items for VIP clients.

“It may be counterintuitive to established thinking but if my cheapest product is a ring at \$40,000 I don’t want to talk to all people,” Mr Paget says. “[We need to] filter people away and create a different experience for my best clients. It’s a very different business model than a company selling a million bottles of perfume after a fashion show.”

The L2 data reveal that 75 per cent of “prestige” brands (such as Patek Philippe and Van Cleef & Arpels) actively promote assisted purchase options (online concierge services) on their website. The number drops to 57 per cent for less expensive “masstige” brands and falls to 35 per cent for “accessible” brands.

2. The grey market dominates search results for watch brands

First-page results on brand term search



Source: L2 Digital IQ Index: Watches & Jewellery, December 2015

The importance to brands of using social media to create a community and engage both customers and admirers is clear in the report – although not all social media are of equal value (chart 3).

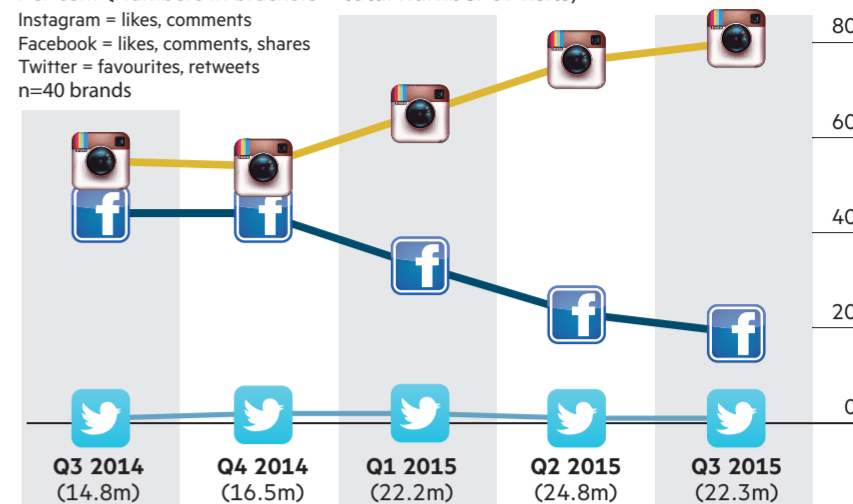
Twitter, a text-based medium, has never been a major player for watch and jewellery brands: its share of social engagement has bumped along the bottom at 1 or 2 per cent for the past year and a half. In the meantime, Facebook has gone from Instagram’s near competitor to a distant rival: Facebook’s share has fallen from 44 per cent in Q3 2014 to 19 per cent a year later; Instagram, concurrently, has grown from 55 per cent to 80 per cent.

The total number of visits has also seen a fit of growth: 14.8m in Q3 2014 to 22.3m in Q3 2015 (a slight fall from the previous quarter).

In terms of brands who best use social media, there are some clear leaders. Tiffany & Co dominates both Facebook and Instagram, and its Instagram posts have over 34,000 interactions each, while the average from brands in the survey is 3,000. Overall, the top five brands on Instagram

3. Instagram has become by far the most important social platform

Per cent (Numbers in brackets = total number of visits)



Source: L2 Digital IQ Index: Watches & Jewellery, December 2015

have 75 per cent of all the interactions. Nor is it ever too late to start. Rolex, the last company among those surveyed to move on to social media, now has one of the most robust presences among the brands surveyed, including the largest Facebook following of a watch brand (chart 4).

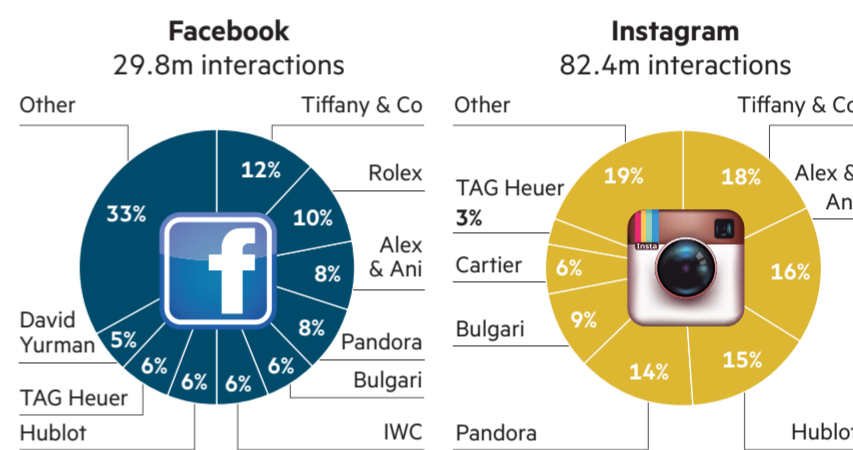
The brands in the survey differ widely in terms of the type of image they project and the customers they attract. Galloway says this is why there is no single method to success when implementing a digital programme.

“There’s no such thing as a digital strategy,” he says. “You have a corporate strategy and digital is a tool to use to implement that strategy. No matter how big the brand, you have to pick your punches and do one or two things really well.”

Galloway adds that no matter the strategy, brands need to adapt quickly to an increasingly digital world. “Every time you hear a siren it’s an analogue person dying and a digital person being born.”

Anthony DeMarco

4. A few brands dominate social media



Source: L2 Digital IQ Index: Watches & Jewellery, December 2015 December 2014–December 2015

China dangers receive mixed reviews

Consumer sentiment Americas more depressed than Asean by Chinese slowdown

Consumer sentiment across the key emerging markets of China, Southeast Asia and Latin America has been unable to withstand the impact of the Chinese economic slowdown, writes David Wilder of FT Confidential Research. In China itself, hopes that consumer activity would hold up as old economic drivers slowed down have faded: there is evidence that growing uncertainty about the country’s financial future is crimping household spending. A stock market crash, a depreciating currency and a sharp economic slowdown have driven Chinese consumer sentiment to record lows in the past few months.

The fortunes of the emerging markets – and the global economy as a whole – are inextricably linked to Chinese demand and, as China has slowed, so consumer sentiment in many countries in these regions has suffered.

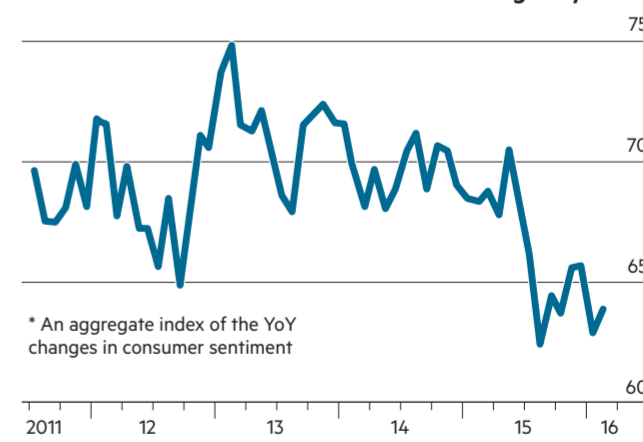
China’s slowdown has hurt Latin America, where economic confidence among consumers has, with a few notable exceptions, fallen sharply. Polls of consumers show confidence among Brazilians, Chileans and Peruvians in their economies – always low – has continued to fall away, reflecting their gearing to the large-scale export of commodities to China. In Mexico and Colombia, however, which are more tied to US economic fortunes, sentiment has held up, while the anticipated election of free-marketeer Mauricio Macri to the Argentine presidency saw confidence in Latin America’s third-biggest economy actually rise last year.

Sentiment surveys show consumers in Southeast Asia remain generally upbeat but the China effect means they are also less confident in their economies. China’s slowdown, coupled with the associated fall in commodities prices, has taken its toll on Malaysia in particular, though sentiment among



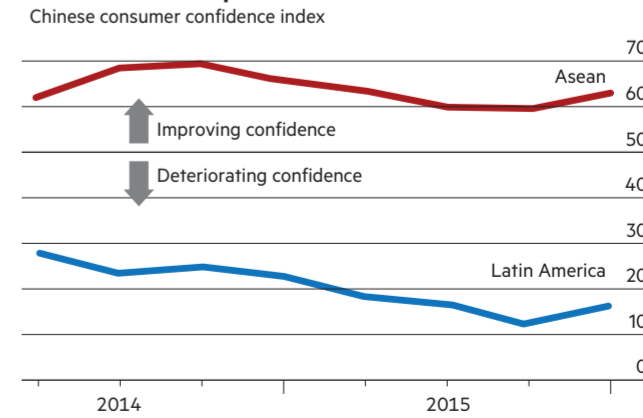
Lao Feng Xiang Co store in Mong Kok – Bloomberg / Xaume Ollerias

Chinese consumer confidence’ has been falling for years



Source: FT Confidential Research

Asean countries are cautiously positive, while Latin America despairs



Source: FT Confidential Research

Malaysian and Thai consumers is also weighed down by political uncertainty in those countries. However, Indonesians and Filipinos began feeling more optimistic thanks to increased government spending to counter the slowdown.

Mexico, Colombia, Philippines, Indonesia fare better

FT Confidential Research offers data-based insights into China, Southeast Asia and Latin America

Watches & Jewellery

Smartwatches herald new legal battles

Patents With technological advances come claims of intellectual property theft. The Apple Watch is the latest accused, says *Lindsay Fortado*

When executives at Valencell, a North Carolina-based tech company, agreed to meet Apple researchers in 2013 to discuss the heart-rate sensor technology they had developed for mobile fitness trackers, they probably envisioned a potentially lucrative partnership with one of the wealthiest companies in the world.

Apple was, at the time, believed to be creating a watch that would incorporate the technology used in its iPhones and iPads. Any deal incorporating Valencell's fitness technology could be particularly profitable for the seven-year-old company so Valencell was all too eager to help. But after a series of meetings at which Valencell demonstrated its technology to Apple, no contract was ever offered and the tech giant, Valencell alleges, disappeared.

Yet when the Apple Watch was unveiled, Valencell claims the product contained the exact functions that it had been showing to Apple — and Valencell has filed a lawsuit to that effect. The lawsuit, filed in January at federal court in North Carolina, also alleges that Apple employees who were working on developing the watch used fake names to download publicly available white papers from their website detailing how the sensors worked. Apple had not yet responded to the claims in court at time of writing and declined to comment to the Financial Times.

"Apple is knowingly using Valencell's patented technology in an effort to achieve a licensing rate that is below a reasonable royalty," Valencell's lawyers allege in the lawsuit. Apple had decided "that the benefits of infringing upon Valencell's patented technology outweigh the risk of being caught and ultimately forced to pay damages".

While the case may seem a straightforward intellectual property dispute, it is also one of a handful of lawsuits around the technology used in the emerging field of smartwatches. Lawyers are not expecting the same multi-million-dollar litigation boom that was seen in the patent wars stemming from the first smartphones, but they are predicting further claims as the market matures and a wider range of companies seek to create watches with ever-improved technology and design features.

The battles between major tech companies including Apple, Nokia, HTC, Google and Sony over smartphone technology began in late 2009 when Nokia and Apple sued each other for alleged infringement of various patents. In the ensuing years, lawsuits, countersuits and trade complaints have mounted, resulting in verdicts and settlements that have reached and sometimes exceeded \$1bn. Some cases are still going on.

Last year, Apple and Ericsson began a dispute over whether the Swedish technology group's 4G mobile patents are essential for the manufacture of the iPhone and how much Apple should pay if they are. It was settled in December 2015 with a patent licensing deal between the companies.

Alan Fisch, an intellectual property lawyer at Fisch Sigler in Washington DC, says the level of claims will depend on how popular the watches become. "Smartwatch patent battles will increase or decrease as a function of the demand for the product itself," he says. "Substantial patent disputes often follow a substantial demand for a new product class. This was true for sewing machines in the 1800s, disposable diapers in the 1900s and smartphones in the 2000s."

Analysts at Gartner, a technology research company, expect the market for smartwatches to soar, with sales projected to rise 6 per cent from 30.32m units in 2015 to 50.4m units this year, generating about \$11.5bn in revenues. That figure is projected to increase even further in 2017 to 66.71m units.

Kurt Calia, a litigation partner at Covington & Burling in Silicon Valley, says that, so far, there is not the same demand for smartwatches that there has been for smartphones, but that could change as the technology develops and more companies introduce their own versions. Still, the market is



The Apple Watch has not arrived without controversy
Getty Images

never likely to be as big because smartwatches are not considered as essential as smartphones have become.

"A lot of the foundational technology that formed the basis of the fight in the smartphone wars is still applicable, like touch screens," says Mr Calia. Many of these disputes have now been resolved through lawsuits. "But there could be a number of other areas that are unique to smartwatches, such as biometric sensors that monitor your pulse. You can't do that with your smartphone. Or around flexible displays, there's a whole lot of technology around miniaturisation. If and when there are lawsuits I suspect it'll be on those sorts of technologies."

He cited a lawsuit in federal court in the Eastern District of Texas in which a patent that covered security systems, where a smartwatch could be used to turn on or off a car alarm, was in dispute. In that case, last June, Colorado-based Intellectual Capital Consulting sued Apple, Samsung, Lenovo, LG, Sony and car manufacturers including Audi, BMW and General Motors. It claimed they were infringing its patent for remote car start, lock and alarm systems via smartwatch.

"That's an example where there'll be a distinct point of function; those are the kinds of things we'll probably see," Mr Calia says. "There's unlikely to be the big titan v titan litigation that we saw in the smartphone wars."

Mauricio Uribe, a partner in Seattle with the intellectual property law firm Knobbe Martens, says it is unlikely there will be a rash of claims over smartwatches because, in addition to it being a smaller market than smartphones, they do not work in the same way.

"Other than some of the more generic Bluetooth or WiFi standards, the operation of smartwatches to date does not involve standardised technologies," he says. "This makes patent evaluations more specific to the individual devices and does not lend itself to widespread licensing efforts akin to the smartphones."

In the Valencell lawsuit, the problem began in February 2013 when Liang Hoe, at the time a senior partnership manager at Apple, contacted Valencell to discuss the latter's heart-rate sensor technology. Talks between the two companies progressed and in June 2013 Dr Steven LeBoeuf, the co-founder of Valencell, met Apple representatives to discuss using some of its features in Apple's products, the lawsuit says. In the summer of that year, Valencell

demonstrated a watch to about 15 Apple employees that included a heart-rate monitor. Apple was sent some of the products powered by Valencell's technology, known as PerformTek, the lawsuit alleges, and until March 2014 Apple carried out detailed testing on the products and analysed their circuitry. In December that year, there was another meeting with Dr LeBoeuf. By April 2015, Apple began shipping its watch, without ever negotiating a contract with Valencell, it is alleged. The North Carolina tech company is accusing Apple of infringing four of its patents and of unfair and deceptive trade practices.

While the majority of legal disputes over smartwatches are bound to hinge on intellectual property rights, they are not the only issues engaging lawyers.

In the EU, regulation that takes effect in March gives smartwatch makers an advantage: customs agents now have the right to seize any counterfeit goods that pass through a country in the trade bloc. Previously, if the goods were shipped from China, en route to the US, for example, customs officers did not have the right to seize them, says Daniel Marschollek, a disputes partner at Norton Rose Fulbright in Frankfurt. "For sure there are counterfeit smartwatches out there," Mr Marschollek says. "We have for a considerable period of time represented the then world-market leader in cell phones and whatever they launched was immediately copied."

Then there is the long-shot case filed in Los Angeles County Superior Court by a group called Coalition Against Distracted Driving against companies including Apple, Samsung, Microsoft and Google. It asked for at least \$1bn annually to fund a public education campaign to explain the risks of using smartwatches while driving.

And in a David v Goliath dispute, a 32-year-old man from Wales won a lawsuit against Apple over a crack in his Apple Watch Sport, which he noticed 10 days after he bought it in July. The tech giant refused to reimburse him because it said the claim was not covered by warranty, but Gareth Cross challenged them in a small claims court in Aberystwyth, Wales, saying the company had claimed it was scratch-resistant. Apple was ordered to refund the watch, plus Mr Cross's legal costs, and may have to change its marketing claims as a result. Mr Cross told the BBC that despite the dispute, he would be buying another Apple Watch.

'Substantial patent disputes often follow substantial demand for a new product class'

Deconstructed Watch Hublot MP-05 La Ferrari

With its hybrid engine containing a 6.2-litre, V12 petrol engine and an electric KERS motor, Ferrari's £1m F150 "La Ferrari" supercar has 950 horsepower and a top speed of 217mph. It also wails like a banshee and draws crowds wherever it goes — and the fact that just 499 will be produced ensures that every buyer gains access to an elite club.

But when it comes to demonstrating membership, what is a La Ferrari owner to do when their pride and joy is away, being expensively serviced, or simply tucked-up in the upmarket garage? One answer might be to spend a third of the car's value on a wristwatch to go with it.

No sooner had the wraps been pulled off the F150 at the 2013 Geneva Motor Show than Hublot, official watch partner of the marque, unveiled its counterpart: the MP-05 La Ferrari wristwatch, designed to resemble the car's transparent engine cover.

That original model, limited to 20 examples costing £225,000, is now followed by a version being launched at Baselworld, which takes the idea of showing off the "engine" of one's watch even further: it has an entirely see-through case made from seven parts, each machined from a solid block of sapphire crystal.

Said to have taken 600 hours to develop, the case weighs more than 53

Hublot Ferrari Sapphire

Cylinder display for power reserve

11 barrels in line for 50 days' power reserve

Vertical tourbillon

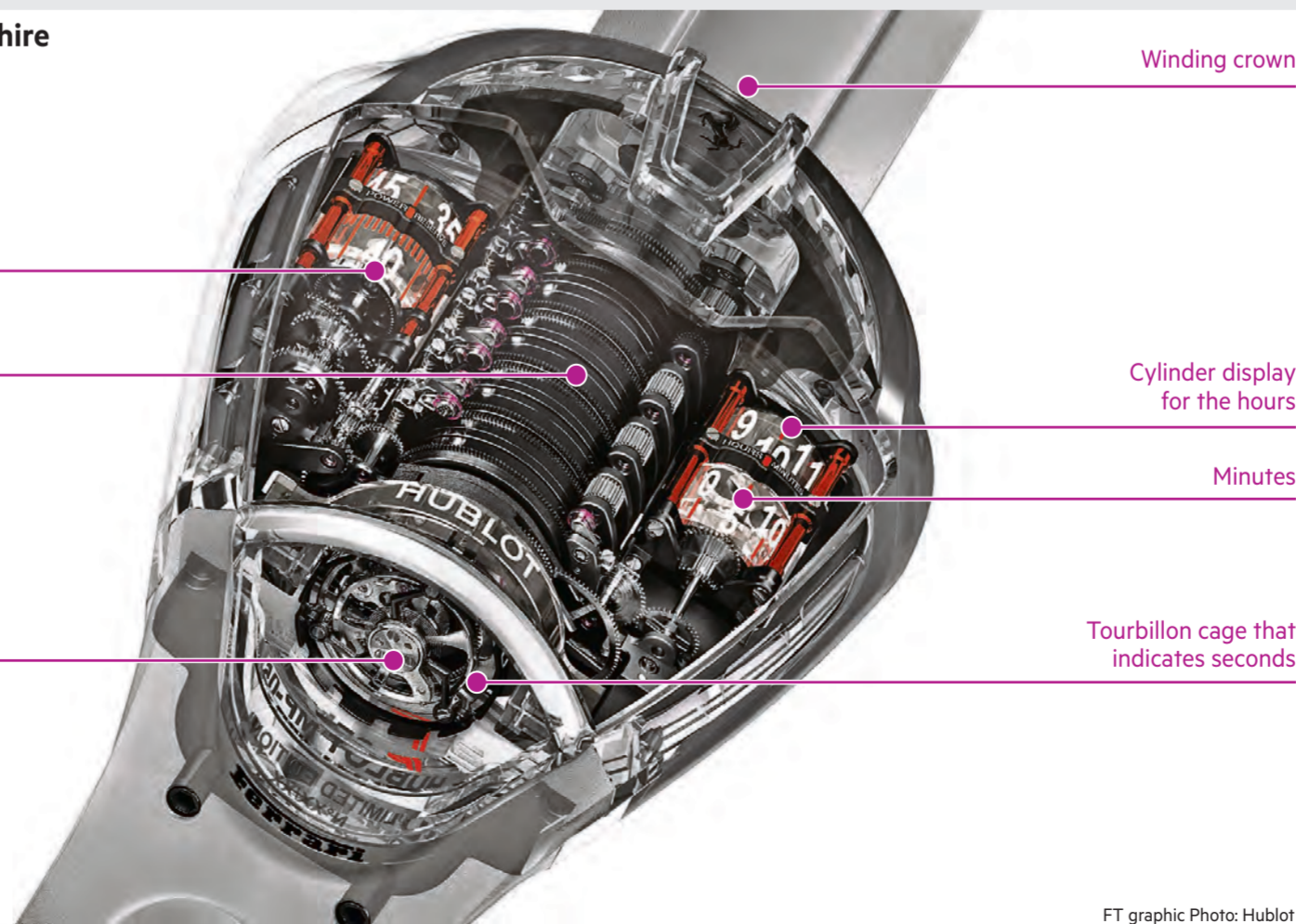
grams and allows an almost unhindered view of the 637-part tourbillon movement, which features no fewer than 11 spring barrels. These form a "spine" running through the centre of the watch

and enable it to run autonomously for 50 days once fully charged with a special, electric winder. The idea is to represent the power of La Ferrari's engine in clockwork form. The see-through theme

is echoed in the hour, minute and second displays that take the form of revolving, transparent cylinders. Indeed, even the watch strap is transparent and is secured to the wrist by a buckle made from

polished sapphire crystal and titanium. With a price tag of \$500,000 (\$500,000), the MP-05 La Ferrari Sapphire — 45.8mm long, 39.5mm wide and 15.3mm thick (very thick indeed) —

The idea is to represent the power of the La Ferrari's engine in clockwork form



FT graphic Photo: Hublot

could not be described as understated, practical or cheap. Which, on reflection, makes it the ideal horological companion for the car.
Simon de Burton



Boucheron's boss on being nimble

INTERVIEW Page 19

Jewellery



Ten milestones in precious stones

TOP TEN Page 16

Statement necklaces demand attention

TREND Page 16



Diamonds suffer from oversupply in new era

Raw materials After companies invested billions of dollars, mines are being shut down. By James Wilson

Only eight years ago, De Beers celebrated the opening of Snap Lake — a landmark project for the diamond producer.

The diamond mine in Canada's remote North West Territories was De Beers' first outside its African heartland and the first completely underground diamond mine in the country. By the end of 2014, \$2.2bn had been spent on development and operations.

Yet today, not a single diamond is being produced at Snap Lake, which has been closed with the loss of more than 400 jobs as De Beers responds to one of the worst market downturns in diamonds for years. This year, De Beers will consider whether the mine has a viable future. As recently as 2014 the mine was producing 1.2m carats of diamonds annually.

The temporary closure of the mine summed up the problems facing the diamond industry during 2015, when a downturn gathered pace and led to financial pain for miners, dealers and retailers.

The industry confronted "a perfect storm of problems" in 2015, said Philippe Mellier, De Beers' chief executive, this month.

Today, a greater degree of cautious optimism is apparent but many diamond analysts think the sector could still face tough times this year as the impact of rising supply and weak demand continues to be felt in the market. "Elevated inventory levels of rough diamonds and weak end markets will inhibit any recovery in rough diamond prices for at least 12 months," analysts at Liberum, the equities brokerage, say.

There is a degree of consensus in diagnosing what has gone wrong in the industry over the past 18 months. Supply from projects such as Snap Lake and other new mines had grown steadily over a six or seven year period. It was absorbed by the "midstream" of the



Rough times: diamond mines are being shut as lower demand puts their viability in serious doubt — Getty Images

diamond trade — the polishers and dealers — aided by widely available cheap finance.

But signs of cooling retail demand, particularly in China, and more caution by the banks that provided financing for the diamond trade, led to pressure to reduce midstream inventories.

"Manufacturers and channel players had built considerable speculative

Industry upheaval has led to friction between large miners such as De Beers and some customers

stockpiles, supported by inexpensive financing and an industry-pervasive belief that rough diamond prices could only rise," analysts at Citi, the investment bank, say. "When prices began to decline in 2015 amid tepid demand

growth, particularly from Asia, and there was reduced industry financing as a prominent diamond financing bank reduced exposure, a pronounced destocking cycle ensued."

The consequent period of "inventory indigestion", as many in the trade describe it, led to much lower demand for mined rough diamonds. At De Beers, rough prices fell 15 per cent in 2015 — contributing to the pressure on mines such as Snap Lake. De Beers also shut its smaller Damtshaa mine in Botswana.

Industry upheaval has led to friction between large miners such as De Beers and some customers over how the pain is being shared. De Beers, which has begun to introduce more transparency into its operations, insisted in December that its price cuts were leaving room for its customers to be profitable.

The industry turmoil last year points to a big difference between today's diamond market and the situation a couple

of decades ago, when De Beers had a monopoly on supply and could manage the market more effectively to control prices.

During last year's downturn, De Beers, which is now owned by Anglo American, and its main rival, Alrosa of Russia, the largest miner by volume, did cut sales to try to manage supply:

Liberum estimates that the duo have built up 20m carats of rough inventory over the past 18 months, against an annual market of 135m carats.

But today the pair control less than half of diamond supply, according to Citi, so their ability to influence the market is limited. Miners such as Rio Tinto, Petra Diamonds and Dominion Dia-

mond are all a larger force than they were just four years ago.

The trade is now focused on how quickly demand will stabilise and increase, helping to eliminate the overhang of inventory. The signs are mixed.

Underlining its claims to be more transparent, De Beers has started to publish data from its 10 annual diamond sales events (known as sights). The first two sights of 2016 achieved revenues of \$545m and \$610m, regarded as a strong result. Meanwhile, Johan Dippenaar, chief executive of Petra, said last month that he was encouraged by stable diamond market conditions. And De Beers has taken the lead in pumping more money into marketing spending to encourage demand.

Yet there are continued headwinds in the form of the strong US dollar, which is dampening demand from some emerging markets. Chow Tai Fook, China's biggest jewellery retailer, reported a 20 per cent drop in demand for gem jewellery over its key Chinese new year period. And weaker oil revenues for states in the Middle East are also denting consumer demand.

Notwithstanding the shutdown at Snap Lake, De Beers is preparing for the opening of a new Canadian mine this year — Gahcho Kué. Mr Mellier takes comfort in the fact that, while emerging markets remain fragile, the world's largest and most mature market — the US — remains buoyant.

"We have seen the American consumer's love affair with diamonds go from strength to strength," he said in a speech this month. "As the industry begins once again to increase its investment in advertising, there is an excellent opportunity to win back share of wallet from other luxury products."

Gold price takes off in early 2016 as a refuge from turmoil

Commodities Buying gold is a questionable act of faith in troubled economic times, says Elaine Moore

Gold is the cynic's investment, a haven from the vagaries of the wider world, and this year cynicism is proving to be popular. Amid falling stock markets and spiking volatility, the price of gold has soared by close to 20 per cent in 2016 from \$1,060 to \$1,253 a troy ounce, one of the strongest starts to the year for the metal in decades.

Investors who are perennially bullish on gold, known as goldbugs, can point to all sorts of plausible reasons for the out-performance. According to the World Gold Council, supply is tightening: gold mined in the fourth quarter of 2015 was down 3 per cent compared to the previous quarter.

At the same time, global markets are feeling the strain of a slowdown in China's economic growth; concern for emerging-market stability; and the long-term effects of quantitative easing, or central bank intervention in financial assets.

Together they add up to uncertainty about the global economy that is pushing investors to seek safety.

Buyers are changing too. In the past, India and China led demand, buying gold jewellery, bars and coins. Now western investors are increasing their buying via gold-backed exchange traded funds like SPDR Gold Shares, which means owning units in a trust that owns the gold. Holdings in these funds are at a year high, according to Commerzbank. For investors who want to hold gold, a store set up by Sharps



Asia's appetite for gold is strong as ever — Getty / ChinaFotoPress

Pixley in central London sells gold bars — £1,477 will get you 50g.

Central banks including Russia's have been adding to their gold supplies in recent years, possibly in the hope that their currencies will be less inclined to weaken if their gold reserves are high.

But for some investors, buying gold is more akin to an act of faith than rational asset allocation. Gold does not pay out a fixed income like bonds or dividends like companies. It cannot be used for power like oil or for electrical equipment like copper. In 2011, then Federal Reserve chairman, Ben Bernanke, suggested that tradition is the reason investors buy gold.

"A lot of people believe gold is a store of value or a hedge against inflation," says Mike Riddell, portfolio manager at Allianz Global Investors, "but I have no idea how to value an asset which has limited industrial use and no income stream. I have no interest in it. How can the price be justified?" This argument is

backed by the fact that gold is not a perfect hedge against economic downturns and market volatility. During the 2008 financial crisis, gold prices strengthened, but last year's market turmoil failed to raise them.

Julian Jessop, chief global economist at Capital Economics, thinks the metal is vulnerable to a short correction as the US economy recovers.

To Simon Derrick, chief currency strategist at Bank of New York Mellon, gold is interesting for the story it can tell about the rest of the world. "It's a misanthropic investment that you can't do a lot with," he says. When its price goes up, he says, it is a sign that faith in central bankers is going down.

What next for the gold price? Analysts at Société Générale think gold is overvalued and Goldman Sachs is predicting prices will fall to \$1,000.

Then again, few market commentators predicted the rally at the start of the year.

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Heritage in flux

Indian immigrants brought lavish traditions of buying wedding-gold to Britain. But 50 years on, tastes and the market are changing.
By *Aliya Ram*

Last year, India's Supreme Court ruled that women have an inalienable right to certain property after marriage. Brides, the court said, can lay claim to their *stridhan*, even if they leave their husbands without getting divorced.

This *stridhan*, whose name comes from ancient Hindu law, is the gold and jewels given as gifts by families to their daughters as insurance for life after marriage.

For many communities in South Asia, where banking systems are unevenly developed and gold is sometimes the most trusted mechanism for transporting wealth, *stridhan* is the only property a woman explicitly owns.

The marriageable woman, in this way, is the backbone of the Asian jewellery market. But as first-generation immigrants in Britain who brought these traditions over are succeeded by their children and grandchildren, the market is being forced to reinvent itself.

India consumes approximately 100,000 tonnes of gold a year – about a third of the world's supply – according to India's Gem Jewellery Export Promotion Council (GJEPC). This appetite has been exported with its diaspora; the 2011 UK census had 2.99m people of South Asian origin. In the UK, Asians spend more than £220m a year on 22-carat gold and diamonds, says Pravin Pattni, a former chairman of the National Association of Jewellers and the first person of Indian origin to hold the position.

According to Mr Pattni, the average South Asian family spends between £20,000 and £25,000 on a woman's wedding jewellery – but now assimilation into British culture is changing this.

A trip to Sparkhill, the centre of Birmingham's "Balti Triangle", bears this out. Dotted amid halal butchers and Punjab supermarkets selling clay pots and steel dishes, a handful of jewellers sit behind locked doors, guarding their stock. A number have their shutters down and appear to be out of business.

Once the centre of a bustling jewellery trade, Sparkhill jewellers now more often make headlines for the crime they attract. One goldsmith, Atif Sheraz, says he was robbed while walking between his shop and his car. The display cases inside his store are bare – you must ask in order to see anything – and customary masala chai tea is not on offer.

Birmingham boasts one of Britain's densest South Asian communities, with more than a fifth of its population having Indian, Pakistani or Bangladeshi origin, according to the 2011 census.

But according to Jaimin Soni of jewellers AG & Sons, who paid £4,000 to display his diamonds at this year's annual trade fair in Birmingham, the key to survival for Asian jewellers is cross-selling to the larger British market, which is worth approximately £2.5bn a year.

The Jewellery & Watch exhibition is what fair portfolio director Julie Driscoll calls "a mammoth security operation" for "very high value jewellery". It takes place in the city's National Exhibition Centre because it is the only building large enough to host the spring event of which the fair is a part.

But Ms Driscoll says "there wasn't appetite" for Indian wholesalers at the show. "My understanding is that [British Asian] jewellery is very different. Would it appeal to independent retail jewellers in the UK that would sell it to UK consumers? To my knowledge," she says, "there is not a big trend for that at the moment."

Breaking the chains



visited Mr Soni at his stall at last month's exhibition. He insists it is possible to tap into European tastes without compromising sales to the Asian bridal market. He

says simplified and more affordable versions of intricate Indian designs will do battle on all fronts. "When an Indian is buying jewellery, it's more an investment," he says. "But the British-Indian market is different."

A "goldsmith by caste", Mr Soni sees in the tastes of third-generation Asians the end of the British-Asian jeweller as it has been. Peering through his jeweller's loupe at a ring, he says he is determined to stay relevant. His game-plan is to try to gain market share from British rivals by offering better value for money.

Mr Pattni says that ethnic Asians arriving in Britain during the 1960s and 1970s from east Africa, where they were taken as indentured labourers, clung to the idea of gold as insurance – a safe investment in a strange land. "First-generation Indians came here and bought lots and lots of gold and gave it to their children so they wouldn't need a plan B."

In Birmingham's Jewellery Quarter,

once the heart of Britain's jewel trade, shopkeeper Ken Taylor smiles knowingly. "That's the way Asians see it," he says. "Gold is gold if you can sell it any day of the week."

But as the price of gold rises, Mr Pattni says it will become less affordable to buy 22 carat, the Asian staple, and even stalwarts will move to lower quality gold, silver and platinum.

He grins as he acknowledges the wisdom of forebears who recommended the metal to him for investment purposes; at the time of our interview, gold had reached a one-year intraday trading high of \$1,260 an ounce.

Today, the market for Asian jewellery faces the same pressures as the mainstream. Karla Rendle, an analyst at Euromonitor International, says the retail jewellery industry in Britain has consolidated and that the fragmented Asian jewellery trade will head the same way.

"Branded jewellery is on the rise. Where people would have looked for a particular metal they will now look for a Pandora bracelet.

New direction: Ravleen Ruppall (top); Pravin Pattni (left); Ken Taylor's shop in Jewellery Quarter, Birmingham (middle top and above). Below: diamond dealer Jaimin Soni at work

Neville Williams/Anna Gordon

In the UK, Asians spend more than £220m a year on 22-carat gold and diamonds

"With Indian jewellery there's always going to be the independent store that people know of and go to, but we're seeing a bit more in terms of brands." Ms Rendle says even if shops close, Indian designs will survive and influence fusion trends in the mainstream.

Mr Pattni, however, says the direction of influence is the other way around: from the British population to the immigrant.

Ravleen Ruppall, 23, from Chandigarh in Punjab, travelled from India to Birmingham with exactly this change in mind. She took a stall at the Jewellery & Watch fair in the hope that she could sell her upmarket costume necklaces and earrings, which marry Indian motifs with large Victorian-style stones.

"We Asians," she says, "we're not as Asian as we would like to think."

A group of disgruntled Pakistani shoppers at the fair seem sceptical of South Asian jewellery that has been influenced by European styles, which they say also allows branded exhibitors to charge higher prices. "There are Asians selling on the street anyway, so why would you come here?"

Prices at Asian jewellers tended to be lower than at the fair, the disgruntled shoppers say, because manufacturers use family or business ties at home to source raw materials and save on labour costs.

Indeed, India is now playing a more important role in jewellery exports than ever before. India's diamond exports have almost doubled compared with 10 years ago, according to data from the GJEPC. Indeed, Sabyasachi Ray, the GJEPC's executive director, says almost all diamond jewellery from India is exported, unlike jewellery made of gold. "Whatever we produce in diamonds, 95 per cent gets exported," he says.

Mr Soni saves on production costs by sourcing diamonds in Mumbai or Surat, port cities in the west, and having them cut and manufactured in his home town of Ahmedabad, in the state of Gujarat.

Once the pieces have been imported into Britain, Mr Soni can sell them at attractive prices. His success speaks to the decline of jewellery manufacturers in Britain, many of which were originally based in Birmingham, "the city of a thousand trades" as it was once called, until cheap imports and recessions caused them to close down from the 1980s.

With Prime Minister Narendra Modi pushing a "Make in India" agenda to turn the country into a global centre for manufacturing, Mr Ray hopes the reputation of Indian jewellery will improve so it can fetch higher prices abroad. He says trade centres have already opened in Gujarat, Mr Modi's hometown, to promote diamond artisans.

But even he admits that demand for fine jewellery is slowing. "Jewellery is not growing, people are putting their money into [other] luxury items or holidays," he says. "If the demand has not declined, it has at least stagnated."

In the London borough of Newham, another heartland for British Asians, Jayant Raniga buzzes in a client as the daylight fades on Green Street.

Through the door walks Jag, a professional in her 30s, smartly dressed with brightly painted red nails. Beside her is a bespectacled old lady in traditional dress, her handbag clutched tightly. "This," Jag declares, "is my nani."

Jag's grandmother chatters in Hindi to Mr Raniga, the brand director at PureJewels and grandson of the man who brought the shop to Britain in 1975. Nani is from Kolkata, in West Bengal, which she still calls Calcutta, its imperial name. Jag speaks to Jayant in English.

For Jag, who has a full-time job and career ambitions, wedding jewels hardly seem a necessary hedge against the future. But she insists the inclination to buy gold as security has survived in her cultural consciousness: "Nani said buying gold is always a good thing as an investment."

Green Street, a long, still-grubby high road in which sari shops and curry houses bustle with the trade of a large British-Indian and Bangladeshi diaspora, boasts dozens of shops still targeting women like Jag. The area is poor, but a multi-million-pound South Asian shopping mall that opened on the street last year suggests a belief in future fortunes.

Still, Mr Raniga, who has become an unofficial spokesman for Green Street, says he is looking to move. "Our future clients don't want to shop in the Asian areas except when it's wedding time," he says. "To have Jag aspire to own one of our rings is rare, it means we've punched above our weight."

Mr Raniga, who has experience in private banking and risk management with Merrill Lynch and Deutsche Bank, took over PureJewels in 2003. The business began as Bhanji Gokaldas and Sons in Nairobi, Kenya, in 1950, and Mr Raniga now wants to take it to a more affluent area of London, such as the West End.

Until then, he focuses on the client at hand. Jag has removed from its case an enormous wedding ring made of multiple snaking bands of diamond-encrusted platinum. She sighs. "Now my only problem is finding a groom."





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Watches & Jewellery

Trend The days when your necklace had to be light and discreet are over, says *Rachel Garrahan*. Subtlety is dead – now you need to rock the biggest rocks

It was hard to ignore the bedazzlement of statement necklaces during this year's award season. From Jennifer Lawrence at the Golden Globes and Saoirse Ronan at the Baftas, both wearing Chopard, to Charlize Theron in a Harry Winston diamond sautoir of close to 50 carats at the Academy Awards, it seems that big necklaces are back in vogue on the red carpet.

After several years of the light, layered look prevailing, women are returning to bolder choices of neckwear in the real world too.

Fawaz Gruosi, founder and chief executive of De Grisogono, says that in the past few years the company has been selling more one-of-a-kind pieces, like the bold monochromatic diamond necklace he plans to unveil at Baselworld this week, and fewer of its wholesale collections of lower-priced, generally more discreet jewels.

This is not just a style-based development, he says. The economic uncertainty that still prevails in many parts of the world, he believes, has led to jewels and precious stones being perceived as a safe investment option.

"A piece of jewellery has become like a moveable asset," says Mr Gruosi. "If something bad happened, you wouldn't lose money in it and you could take it with you."

While most of De Grisogono's business at Baselworld, he predicts, will be split fairly equally across its one-of-a-kind pieces and wholesale collections, bold, high-ticket items also serve as a branding exercise during the fair. "We bring these pieces for clients to understand who De Grisogono is, and for eyes of the press," he adds.

Shaun Leane is pleased to see larger pieces coming back into vogue. The London-based designer says he always includes a significant statement necklace or brooch as the "hero piece" in every collection he designs. "They are a beautiful canvas for telling a story."

At Baselworld he is presenting a one-of-a-kind octopus cuff, the first piece in a capsule collection for Muzo, the Colombian emerald mine. The largest piece in the collection, however, is a striking necklace of diamonds and emerald cabochons, scheduled to be unveiled in May.

Comparing it to his "Queen of the Night" necklace for Boucheron's 150th anniversary in 2008, which featured an array of precious flowers that opened at the touch of a button, he says the necklace "is a chance for me to explore concepts and different materials".

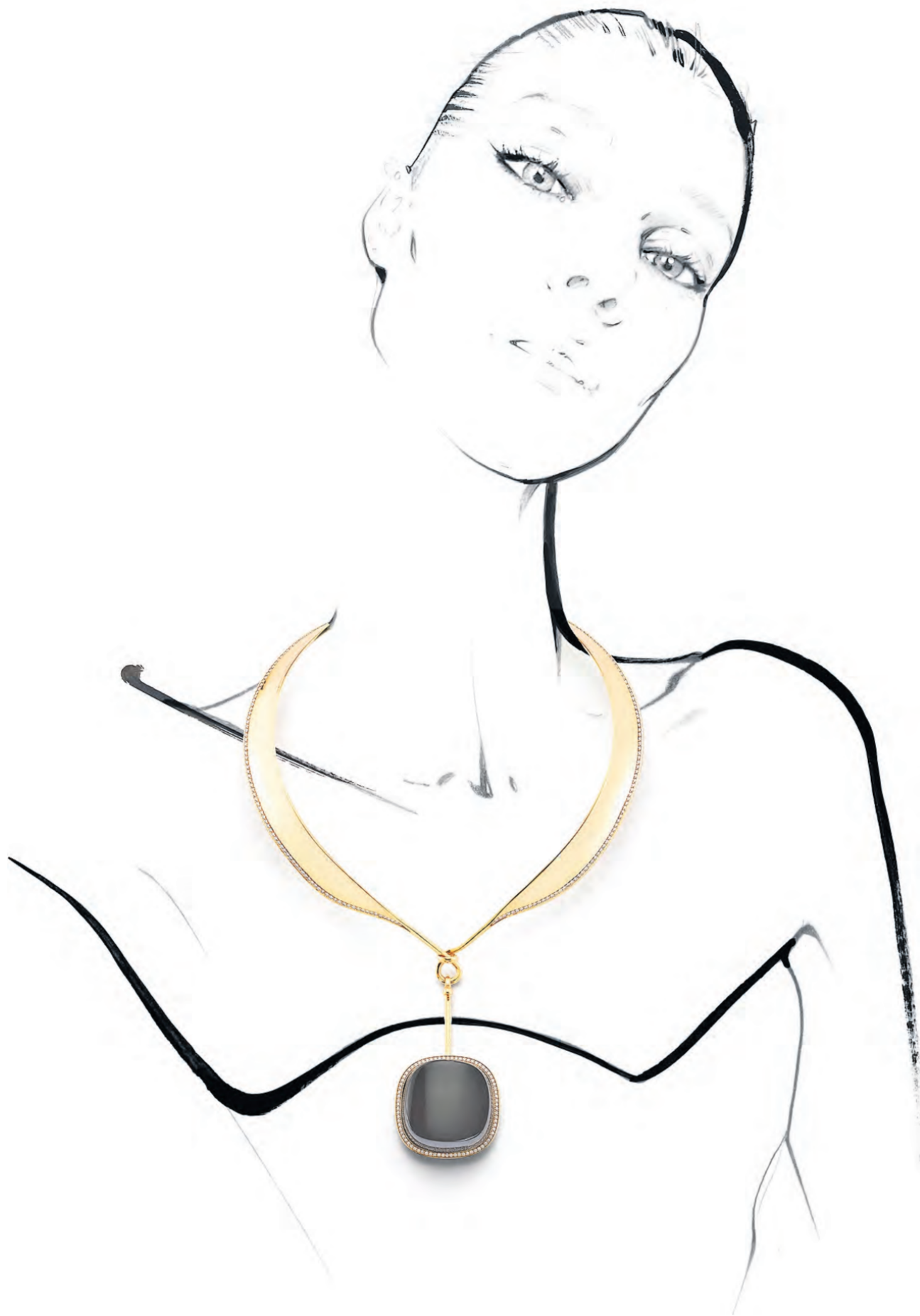
Statement necklaces also offer Mr Leane's bespoke clients a chance to tell their own story. "There's a real hunger for uniqueness and people want a piece they feel reflects who they are," he explains. Today's self-purchasing, Alexander McQueen-wearing female client, he adds, wants a necklace that is precious but modern in spirit. "They want extraordinary jewellery in keeping with today's fashions."

Messika is another brand pushing a cool, modern vibe in high jewellery. The Parisian diamond jeweller is presenting a range of necklaces at Baselworld, including the Calypso, a dramatic collar of pear-shaped diamonds.

Designed to be fully flexible, the brand's necklaces, says Valérie Messika, creative director and chief executive, are "easier to wear and considerably more comfortable than a traditional large collar once was". These have contributed to an increase in popularity, she says.

Graff too is seeing an upturn in sales of high-priced necklaces, such as the rare emerald and ruby beaded tassel designs it is presenting during Basel. "Among our clients globally we have seen an increase in demand for one-of-a-kind necklaces,

The bold, the big, the beautiful



One of Georg Jensen's statement necklaces — Illustration: Nuno Da Costa

featuring rare gemstones and diamonds," says François Graff, its chief executive.

At the more accessible end of the luxury market, Georg Jensen is hoping to build on the success it had with necklaces in 2015.

Last year, Vivianna Torun's mid-century designs such as her Dew Drop and Runa necklaces were 16 per cent of its total jewellery business, a rise of 12 percentage points.

'A piece of jewellery has become like a moveable asset'

This year, as well as adding further iterations of the Runa necklace in tiger's eye, malachite and other coloured stones, it has created a gold and diamond version of Ms Torun's 1950s wide collar design, with a 195-carat pendant in smoky quartz or rock crystal.

"We are making," says Meeling Wong, Georg Jensen's managing director for jewellery, "a commitment to necklaces."

A Parisian's hot stone treatment

Trendsetter Lydia Courteille has a knack for knowing the next fashionable gem, says *Avril Groom*

With its main halls dominated by the lavish booths of global brands, Baselworld can be a daunting prospect for an independent designer. Only a few exhibitors – around a dozen – are high-end designers creating unique pieces under their own names. One wonders how Basel works for them.

One answer comes from Lydia Courteille, a mineralogist with a 20-year-old design business run from an opulent Paris boutique. Using unusual and sometimes antique stones, her pleasure is designing one-off pieces based on her research into ethnography and world religions. She makes about 400 pieces a year, priced between €10,000 and €100,000.

Her new collection, Queen of Sheba, contains only 18 pieces, but recent demand from upscale retailers and websites with a personal service element made it worthwhile taking what she describes as "the smallest possible booth" for the first time last year. "When you are not known you



have no say, and I was surrounded by clocks rather than other jewellers," she says. Sales in 2015 justified spending over SFr35,000 (\$35,000) on another tiny booth this year, but this time in a better spot.

She hopes to replace falling sales to Russia. "[It] was our most important market from the start of our business, so the fall-off in sales due to its economic and political crises, and high import tariffs, is disappointing. But we have been more than compensated by a rise in US sales in recent years – it is now our foremost market and still increasing."

Taking a stand at Basel among her large competitors might seem risky, but Mme Courteille has confidence. "As a small company with limited funding we have to be nimble and far-sighted," she says. "I stockpiled stones like red or green tourmalines and dark or white opals 10 years ago when prices were low. I forecast future trends and act accordingly."

Most of her large, complex pieces are made in small French workshops but for simpler items which can be made in several versions, albeit with different stones, she uses a French-owned factory in China. "The craftsmanship is excellent but benefits from guidance on European techniques," she says.

Keeping ahead of the pack means searching out new slants on her

distinctive style. "I know I will be copied so each collection is different," she says. The latest collection derives from a month spent in Ethiopia and uses her cache of in-vogue green stones. "It's a spiritual place with layers of religion – shamanism, Islam, Coptic Christianity and the Falasha Jews," she adds. This is reflected in cuffs tracing the cross-shaped outlines of Lalibela's rock-hewn churches, a ring based on carved angels in an Axum church, menorah-shaped earrings and tangles of green stones based on the foliage headdresses of the Mursi tribe.

'I stockpiled stones like red or green tourmalines and dark or white opals 10 years ago when prices were low'

Rare acid-yellow tourmalines and dark, white or reddish opals are added for a series inspired by the volcanic, sub-sea-level Danakil Desert, one of the hottest landscapes on earth. Most pieces are set in ancient-looking brown gold alloy. Few such painstakingly imaginative pieces exist at Basel, or indeed elsewhere. "The stores that find me are looking for individual pieces different from well-publicised brands," she says. "So we are here, holding our heads as high as anyone."

Brilliant! Ten breakthroughs in jewellery

Late 17th century Brilliant cut

Baroque jewellery focused on maximising brilliance. Developments in gem cutting in the diamond workshops of Paris, Amsterdam and Antwerp produced the precursor of the contemporary brilliant, today the cut of choice for 75 per cent of diamonds.



1840s Electroplating

Gold and silver electroplating became a mainstay of affordable jewellery production after the Birmingham surgeon John Wright developed electroplating baths using potassium cyanide (as toxic as it sounds). Wright and his associates George and Henry Elkington patented the electroplating process in 1840.



1886 Tiffany setting

The Tiffany setting for a solitaire elevates the single brilliant cut diamond above the band of the ring, where it is held in place by a circle of prongs. Raising the stone allows light to flow in through the sides, providing extra sparkle.



c1900 Platinum

Strong and rigid, platinum came into jewellery following the development of a means to melt it on an industrial scale in the 1860s. Its particular properties allowed for fine, lace-like settings exemplified by Cartier's 'garland' designs.



1905 Cultured pearls

Mikimoto Kokichi produced the first hemispheric cultured pearls from Akoya oysters in 1893. It took another 12 years to create spherical pearls (like these, owned by Marilyn Monroe), by inserting beads into carefully farmed and controlled oysters.



Early 1930s Clip-on earrings

A conservative backlash against the "barbaric" practice of piercing in the early 20th century led to the development first of the screw-backed earring and then the less fiddly clip. The clips encouraged designers to focus on the lobe, rather than create a hanging pendant.



1933 Serti mystérieux

The invisible setting developed by Van Cleef & Arpels allowed for the creation of flowing surfaces of gemstones uninterrupted by a metal setting. The effect was achieved by sliding calibrated stones along thin metal rails that ran through tiny channels cut into the back section of the gems.



1960s Titanium

The strength and lightness of titanium has allowed the creation of large, sinuous and very wearable jewels. Since the mid-1980s, JAR has used blackened titanium alloys of secret formulation to enhance the colours of pavé set gems that seem to ripple over his work's naturalistic forms.



1990s 3D Computer-Aided Design

CAD has made the commissioning of bespoke work more affordable and has reinvigorated the field for small design and production studios. The ability to visualise and calibrate a design in three dimensions down to the finest detail makes CAD invaluable for work with fragile materials.



2000s 3D Printing

This is commonly used with the ancient technique of lost wax casting. Pieces like these rings by Suuz can be 3D printed in wax and then cast in metal (see page 6). Designer Jo Haynes Ward praises the amount of detail that transfers to the final piece from the computer visualisation.



Hatton Garden *Rachael Taylor* has the untold story of the heist

What they left behind

For those who work in Hatton Garden, London's historical jewellery quarter, last April's £14m heist was more than a blow to bottom lines: it was a bitter prompt to reassess the area's fortunes, which are not what they used to be. When some of the jewels were later found in a cemetery in north-east London, it seemed appropriate for a community that many fear already has one foot in the grave.

The robbers spent the weekend breaking into the Hatton Garden Safe Deposit building, using heavy cutting equipment, before looting the contents of 56 locked boxes. "We had a box there and it took two and a half months to find out whether or not it was affected," says Daniel O'Farrell, co-founder of Daniel Christopher Jewellery, which has a store off Hatton Garden on Greville Street. (The police say the operation was "highly complex", hence time-consuming, and everything was treated as evidence.) "People lost a lot, many were uninsured. It was mostly small guys working with diamonds who don't earn a lot of money. Their life savings were gone overnight." A lack of insurance does not imply they were concealing anything illicit — more that traders trusted in a locked box rather than expensive insurance.

Traders report wrenching stories. One Orthodox Jewish diamond dealer, whose family had escaped the Nazis with diamonds sewn into their clothes, was described as being utterly crushed by the shame of losing some of his hard-won legacy when his uninsured box was stolen. An Indian family went into crisis after a box that had been steadily filled with gold jewellery throughout their daughter's life was caught up in the heist; they were left fearing that a good marriage was no longer possible without their dowry.

Mr O'Farrell, who has noted an increase in curious shoppers seeking out his store since the heist, was one of the lucky ones whose box was not broken into. However, everyone who had a Hatton Garden Safe Deposit box was affected by the delays as police logged evidence and it created a knock-on effect throughout the community, not unlike the credit crisis of 2007-09 when liquidity bled out of the system.

As work and cash flows seized up while nearly 1,000 boxes were held by police, the situation became tense.

"It took me barging in with a business card for the police to help us," says Victoria McKay. Ms McKay is the chief operating officer of the London Diamond Bourse, a not-for-profit organisation funded by its members that acts as a trading floor on Hatton Garden for diamond dealers. Ms McKay, members say, has modernised and publicised what has long been an introverted and secretive bourse. (A trade publication said it was "shrouded in mystery".)

Formal meetings between Ms McKay and the police followed and soon a flow of information started to ease the situation, if not immediately fix the problems. Ms McKay, meanwhile, pledged to offer assistance to all victims caught in the heist, not only bourse members. "For the uninsured, it was tea and sympathy," she says. For others, it was pressing the police and Hatton Garden Safe Deposit for information, or passing on security advice from meetings with the Bank of England.

"Hatton Garden ground to a halt," she says. But neighbourliness, and perhaps a feeling of "there but for the grace of God", won out: "They started giving each other stock, or lending out tools."

Gem dealer Trevor Sigsworth corroborates Ms McKay's role: "The bourse acted in the interests of the whole jewellery quarter and gave victims somewhere to turn to; this enabled the whole trade to feel confident that an organisation was looking after their interests at a higher level than they could individually."

When a break in the case led to some of the stolen goods being recovered — one of the criminals admitted stashing his proceeds in a family plot in a graveyard in north-east London — the bourse helped police identify the jewellery and diamonds, expediting their return to the original owners with appropriate secrecy for a security-conscious industry.

The role of the London Diamond



Bourse has so far been unreported, eclipsed by the audacity of the crime and the derring-do of colourful culprits like "Billy the fish" Lincoln. (Such was the drama that a feature film based on the robbery is now planned.) And now that seven men have been convicted and sentenced to a total of 34 years, the focus is spreading beyond the crime, to the future of a specialist retail area that has been haemorrhaging footfall for the past half century.

In the 1960s, its heyday, Hatton Garden actually had many fewer jewellery shops than today — one-third of today's number, some jewellers estimate. (The Hatton Garden Business Improvement District says there are 60 shops and 300 businesses connected with the jewellery industry in the area.) Yet it was the go-to destination for hopeful fiancés and newly engaged couples from London and the surrounding area. Now it is seen as a street to find a bargain, fuelled by jewellers undercutting each other and the rise of so-called emporiums that rent out multiple cabinets within one shop unit, complete with sales staff on the steps outside, pulling in passers-by like bar reps in cheap holiday destinations.

"It has been hard for jewellers [in Hatton Garden] to work cohesively in the past, which has allowed it to drift,"

says Gary Williams, a director at Hatton Garden precious metal refiner Pressman Mastermelt, who has also served as the chairman of the British Jewellers Association.

One of the major competitors for jewellery retail is Mayfair. David Marshall, who has been working in Hatton Garden for 36 years, opened his first shop in 2013 in Mayfair. "My product wouldn't sell here, it's too price-conscious," says Mr Marshall, whose work sells for up to £300,000.

He believes the discount culture, low footfall and a lack of other attractions in an area dominated by law firms and digital agencies, marooned between the bustling West End and the fashionable East End, are hobbling Hatton Garden.

This is a view shared by Jason Holt, who owns a shop on the street called Holts, specialising in handmade jewellery set with coloured gemstones cut by its own lapidaries in the basement of the building. "What looks good to me is something like Marylebone High Street," says Mr Holt. "It has very strong landlords that worked out that creating a good vibe and a multiple-purpose destination will benefit the whole."

This is one of the major focuses of the newly formed Hatton Garden Business Improvement District, which was championed by Mr Holt, though he does not hold an official role. (The key

Hatton Garden denizens, like Matt Martin of London Art Works (top) and jewellery PRs Kathryn Bishop and Anna Chapman (bottom), were burnt by the robbery but strive on

Anna Gordon

jewellery representatives are Mr Williams and Ms McKay.) The BID was formed in the shadow of the heist in October 2015, the same month in which police were digging up some of the recovered loot from a graveyard in Edmonton.

Hatton Garden has been a centre of commerce for hundreds of years and there are now 1,465 businesses operating in the area, according to the BID. While the jewellery trade has deep roots in Hatton Garden — De Beers opened its Charterhouse Street office in the 1870s — retail stores did not open until 1951, starting with AR Ullmanns, which has since moved from the main drag to Greville Street.

The Hatton Garden BID aims to serve all types of businesses in the area, not only jewellers, according to its website, and is being led by regeneration consultancy Primera. It will be funded in future by a mandatory levy on

business rates for the larger companies in the area, pending a ballot of local businesses in July. Its broad focus, however, is not wholly welcome news for the industry that lays historical claim to the street and which is already feeling the pressure of commercial gentrification. (One jeweller said, "Being part of the BID is like [the UK] staying in Europe — we need to have a seat at the table.")

While David Marshall is in favour of regeneration, he says that an exodus of the smaller businesses will affect the livelihood of the local jewellery trade. "At the moment I can nip round the corner and get a diamond trimmed if it doesn't fit, then get it set. If everyone moved out, the logistics would be slower at a time when we are looking to get things done more efficiently."

According to Alistair Subba Row, senior partner at Farebrother chartered surveyors and a leading member of the Hatton Garden BID team, regeneration was inevitable — and is in fact overdue. "Because [Hatton Garden] is predominantly jewellers, the opportunities were limited as the type of spaces available didn't appeal to everybody."

This has started to change as the creative media businesses flocking to Hatton Garden are not interested in "vanilla office space", Mr Subba Row says. Instead they want trendy, interesting spaces such as converted warehouses and churches — buildings Hatton Garden is full of.

This demand will increase with the arrival of Crossrail at nearby Farringdon in 2018 as companies seek space beyond prime central London. The Hatton Garden BID estimates that office rental prices in the area currently sit between £40 to £60 per square foot; in Mayfair, they can go up to £115, according to Savills.

"Hatton Garden can't sit there and say no, because it's not entitled to do so, but the aim is not to have the jewellery industry run out of town because of high rents, so we need to find ways to work with them to stimulate the local economic development," says Mr Subba Row. The question is, as ever, the balance between the past and the future.

The Hatton Garden BID team believes that if the area as a whole improves and diversifies, more people will visit, leading to higher sales at jewellery retailers and more work for the hidden network of manufacturers.

However, it is also trying to protect the jewellery industry by working with Camden Council to put pressure on developers to create affordable workshop spaces. There have been successes already, with the number of proposed jewellery workshops in the repurposed Baldwins Garden development doubled by rejigging the floor plan. Planning approval for a large basement gym at 120 Holborn was granted on the proviso that part of that building is given over to jewellery workshops.

But for some of the newer jewellery businesses, the good intentions of the BID still feel like an advanced eviction notice. "It's quite depressing for me as I'm looking for a shop at the moment and I'm having to look at Islington [a nearby district]," says Karl Karter, founder of London Rocks. He says now Hatton Garden landlords prefer media businesses to jewellery manufacturers.

London Rocks is a collective of young jewellery designers focusing on modern, bespoke designs that Karter describes as "a mix of art, fashion and craftsmanship". Even though the mean age of this group is way below the street's average, they feel bound to the area. "Hatton Garden is part of my brand's story," says Mr Karter. "I started here as a 15-year-old, I grew up here. Hatton Garden to me is just dead now, it's bleak."

The fate of the building that has put Hatton Garden's jewellery community back on the map is perhaps the most perfect example of the dichotomy the area is facing. David Pearl of landlord Pearl & Coutts, who has acquired the lease of 88-90 Hatton Garden, the site of the now liquidated Hatton Garden Safe Deposit, is yet to make up his mind on what to do with it. Rumours of his plans, which he has neither confirmed nor denied, are split between a jewellery heist museum and an upmarket wine bar.

Watches & Jewellery

The true stories behind costume jewellery

My Favourite Pieces

Art collector
Patrizia
Sandretto Re
Rebaudengo
talks to *Kate Youde*

Patrizia Sandretto Re Rebaudengo was so intrigued when a friend pinned a Trifari costume-jewellery brooch on her jacket in the 1980s that she immediately delved into the subject. "I was really fascinated by these elegant designs and the contrast of the humble materials," Mrs Sandretto Re Rebaudengo says.

She then traced the development of costume jewellery in the United States from the 1920s, when Coco Chanel popularised the concept.

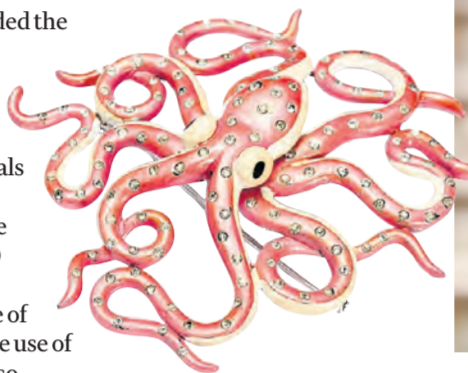
Milestones in her study included the Great Depression, costume jewellery's adoption by Hollywood and haute couture, and how designers coped with a ban on the use of certain materials during the second world war.

Not only has Mrs Sandretto Re Rebaudengo, 56, amassed 1,000 pieces of American costume jewellery (the "cultural heritage of a difficult time" which forced the use of cheap materials), but she has also collected contemporary art. In 1995, she established the Fondazione Sandretto Re Rebaudengo, a non-profit art institution, then opened its first venue in a family palazzo in Guarene d'Alba, south-east of Turin, in 1997 and a second venue in Turin itself in 2002.

"In collecting jewellery I try to use the same rules that I apply to my contemporary art collection," says Mrs Sandretto Re Rebaudengo. "But, at the end, I let my instinct make the final choice."

Necklace (1960s)

de Lillo
Mrs Sandretto Re Rebaudengo wears pieces from her collection every day and



usually chooses her jewellery before picking clothes to match, using her monochromatic dresses as her "canvas" for the jewels.

She wore her blue-and-green de Lillo necklace with a black dress for the opening night of a 2012 exhibition at the Whitechapel Gallery in London of part of her art collection. The piece, which she bought in 1993, is made of gilded metal, green glass "stones" and plastic "stones" that resemble lapis lazuli.

Buddha in dark forest bracelet (1988)

Wendy Gell
"Wendy Gell began creating this jewellery during the 1970s and she really devoted herself to the creation of



original pieces," says Mrs Sandretto Re Rebaudengo, who admires the designer's use of recycled items. The 20cm-high bracelet features materials including wood, miniature plastic figures, semi-precious stones, glass, brass and shells. "Everyone pays attention because it's full of objects, of life," she says.

Brooch with octopus (1940s)

Marcel Boucher
After spending years searching for Boucher's rhodium and rhinestone octopus brooch, Mrs Sandretto Re Rebaudengo finally received an offer of one from a collector. "But when I wrote to them again they told me they didn't

have it any more because it had been sold," she says. "I was really disappointed."

But when she opened her 50th birthday present from her husband, Agostino Re Rebaudengo, and her younger son, Emilio, she was taken aback. "I opened my gift and there was my octopus," she says. "It was a really great surprise and so, for me, it's also important because it means the love of my family."



clockwise from top left: Iradj Moini's necklace; Patrizia Sandretto Re Rebaudengo wearing a necklace attributed to Kenneth Jay Lane; Wendy Gell's bracelet; de Lillo's necklace; Boucher's octopus

Necklace with two flowers (2004)

Iradj Moini
"In a certain way you can understand my mood through my costume jewellery, from the objects that I wear,"

Necklace with two flowers (2004)

Iradj Moini
"In a certain way you can understand my mood through my costume jewellery, from the objects that I wear,"

says Mrs Sandretto Re Rebaudengo. She also accessorises according to the season: Christmas tree brooches, sent to American service personnel fighting in the Korean war, in December; palm trees in summer. In spring, she favours fruit or flowers.

Moini's flower necklace, which she bought from his New York shop to wear to the Italian literary prize Premio Campiello's ceremony in 2004, is one of the youngest pieces in her collection. It is actually two pieces in one: the big flowers detach to form a brooch.

"It's a piece of art because at the Metropolitan Museum of Art in 2006 some of these objects were exhibited in an exhibition [of fashion icon Iris Apfel's collection]," she says. "The same at the Louvre: there are a few pieces of his in their permanent collection."

Unsigned necklace (1960s)

Attributed to Kenneth Jay Lane
The collector bought this necklace, consisting of metal, plastic imitation drop coral and rhinestones, for a dinner marking the opening of the Fondazione Sandretto Re Rebaudengo's Turin venue

'In collecting jewellery I try to use the same rules that I apply to my contemporary art collection'

in 2002. "For me it's an important object because it was an important moment in my life," she says.

She appreciates Lane's place in costume jewellery history: he produced copies of jewellery for famous women including Jacqueline Kennedy Onassis and made pieces available to everyone from "princesses to students".

"What is very interesting to me is this opportunity that every woman in the world can wear one of these beautiful pieces of art, of jewellery," she says.

The exhibition *Costume Jewellery – Patrizia Sandretto Re Rebaudengo's Collection* is at Palazzo Mazzetti in Asti, Italy, from April 16 to October 30

A jeweller finds opportunity in Russia's depressed market

Profile

Ilgiz Fazulzyanov enjoys a rare solo Kremlin show.

By Hettie Judah

The natural world as portrayed in Ilgiz Fazulzyanov's elaborate enamelwork is no drowsy, whimsical Eden. Instead, the Russian jeweller finds inspiration in nature at its most uncompromising: tree boughs splintering with ice after a storm; battling ravens tugging at each other's feathers; grey clouds over a choppy winter lake.

His painted enamel flowers and dragonflies are delicately wrought in Art Nouveau-inspired tangles around rings and pendants, but this is nature as portrayed by a close observer. The forms of a pheasant or finch are glimpsed through grids of denuded golden branches or cascades of diamond raindrops; slow fish weave through painted reeds; dragonflies appear to pulsate as if warmed by sunlight. In recognition of his achievements, he is having a solo show of 250 works in the Assumption Cathedral, one of the venerable Moscow Kremlin Museums and part of the Kremlin Palace complex. He is the first independent contemporary jeweller to obtain such a show.

His burgeoning career is a rare bright spot in Russian luxury, following the collapse of the rouble in December 2014. "The Russian luxury market is in depression now," says Mr Fazulzyanov. "Most luxury brands have closed their [concessions] and boutiques in Moscow and other Russian cities, but as a small workshop with no budget for marketing and advertising I have a very special place in this market," he explains. "We need only a small group of clients. For some people, crisis is an opportunity for enrichment."

His fighting "Ravens" pendant is among six of his pieces bought by the Kremlin Armory in 2014. It's an apt locale for a pendant with a bellicose theme inspired by the "aggressive atmosphere in the air". "It's not an easy pendant to wear because of its relation to war," he says through an interpreter.

His delicate, attentive nature studies seem far removed from the histories of bloodthirsty conquest and battlefield



Ilgiz Fazulzyanov and, below, his 'Ravens' pendant

machismo associated with a national centre of power. As with the Assumption Cathedral – the site of imperial coronations – it is a locale that recalls jewellers' status as spoils of war, and their role in displaying wealth and power, today as in the 16th century.

Born in Tartarstan, south-east of Moscow, in 1968, Mr Fazulzyanov studied art in Kazan and was among a group of students sent away to learn traditional jewellery techniques. The apprenticeship "didn't go according to plan," he says, so the group returned to Kazan, but not realising he had not completed his training, friends started approaching with small commissions. "My sense of pride prevented me from admitting ignorance, and so I had to learn quickly. The first instruments I used, I got from dental surgeons."

Mr Fazulzyanov flourished as an autodidact, and soon began experimenting with fine enamel work, using a combination of French and Russian enamels to achieve the perfect tone: "Working by trial and error, I settled

upon a smelting temperature of 970 degrees centigrade. As far as I know, nobody else is using such operating conditions."

His relationship with the Kremlin museums started in 1998 with a commission to produce a miniature of the Kazan Cap, a 16th-century gold filigree diadem created for Ivan the Terrible. "I'm not sure what made them choose me as a jeweller for that task: that I was from Kazan or that my first internationally acclaimed jewellery pieces were made using the filigree technique," he says.

A move to Moscow in 2003 came "out of necessity", and at first Mr Fazulzyanov relied on clients who rented a workshop for him. His business has been built slowly, aided by a handful of prestigious awards, foremost among which was Champion of Champions at the Hong Kong International Jewellery Show, which he won both in 2011 and 2015.

His simplest pieces retail for €3,000, though more complex works, set with fine stones and requiring weeks of meticulous work, can cost up to €400,000. While he sells through partners in Geneva and Tokyo, and has a shop in Monaco, 60 per cent of sales come through his appointment-only Moscow showroom.

Since the Champion of Champions awards, Mr Fazulzyanov has enjoyed a growing demand for pieces bought as investments, and his collectors now include an Italian who purchases all of his competition pieces. Nevertheless, everything he makes is designed for the body rather than a display cabinet. "I want to make sure that the earrings don't weigh down the ear lobes, that the locks don't unclasp, that the collar rests comfortably on the neck, that the rings don't get in the way," he says.

"All of my pieces are tested first by my wife and I pay close attention to her opinions." Studious observation, as ever, remains key.

Ilgiz Fazulzyanov's work will be exhibited at the Assumption Cathedral, Moscow, from April 1 to June 31

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Jewellers reap rewards of credibility from museum shows

Exhibitions The Cooper Hewitt triennial offers brands a prime position, says Rachel Garrahan

Jewellery has played a small role in the Cooper Hewitt design museum's previous triennials, but in this year's show it is assuming a new importance.

The theme for the international survey of contemporary design is *Beauty* and its ethereal, transgressive and extravagant facets, across fields from product design and architecture to game design and TV credits. Jewellery fits in neatly.

Ellen Lupton, senior curator at the Cooper Hewitt, a Manhattan branch of the Smithsonian museum, says the museum made a decision to feature six jewellers, including Israeli Noa Zilberman with her conceptual "Wrinkles" collection and German-Dutch Jantje Fleischhut's plastic and precious post-industrial sculptures.

"We believe jewellery is an important part of design," says Ms Lupton. "Everyone adorns themselves in some way or other. It's a global, universal part of being human."

Hemmerle, the German high-end art jeweller, is one of the designers featured in the Extravagant section, alongside couturier Giambattista Valli and make-up artist Pat McGrath. The fourth generation, family-owned business is

known by jewellery aficionados for its bold aesthetic and its mix of gemstones with unexpected materials, including concrete, iron and copper. The exhibition features a pair of snail brooches that incorporate actual snail shells with gold and diamonds. Christian Hemmerle, its director, says that with one store in Munich and a limited number of pieces available for purchase, an exhibition like *Beauty* is an opportunity for the company's work to be appreciated by visitors who may never own a piece or otherwise even see it. "That's the beauty of a museum," he says.

Viren Bhagat, another high-end jewellery designer, agrees. He says that museums taking contemporary jewellery design seriously is a relatively recent phenomenon. "It's a big change and jewellers deserve that space," says the Mumbai-based designer.

Mr Bhagat's work is being exhibited as part of the *Bejewelled Treasures* exhibition at London's Victoria and Albert Museum (until April 10). Has being part of a museum show, however, led to actual sales?

"Of course it has. It's happened at the recent exhibit and when we were exhibiting at the Met [Metropolitan Museum of Art] and at the Kremlin," he says. "It's a great way for contemporary jewellery to be recognised and it gives you wonderful exposure. Collectors see you as having more serious appeal, in line with other forms of art."

Valery Demure, owner of a jewellery showroom that represents Delfina Delettrez, one of the Cooper



From top: a piece from Noa Zilberman's conceptual "Wrinkles" collection; earrings by Hemmerle; a brooch by Jantje Fleischhut



Hewitt triennial designers, agrees about brand, if not about sales. "It gives designers legitimacy," she says. "I'm not sure it has a direct impact on their business or on sales. It's more of a brand exercise than about providing financial benefit."

Ms Delettrez is one of the world's best known contemporary jewellers, in part thanks to her status as a fourth-generation member of the Fendi family, as well as her celebrity following.

The French-Italian designer's surrealist jewels, like her diamond-encrusted moustache septum ring, are featured in the show's "Transgressive" section and reflect what she describes as her "schizophrenic idea of beauty", where opposites attract and ugliness is seen as beautiful.

She is pleased with the curators' selection since they incorporate diverse elements of her work: her commercial collection, limited edition higher-priced pieces and some that have never been available to buy. This mixture "gives me more credibility in the art and jewellery design worlds," she says.

One piece in the exhibition, her gold bee ring, was shared by the singer Beyoncé with her Instagram followers (current count 62.2m) in an experience that the designer describes as giving her "an amazing commercial reward", presumably one with far greater reach and influence than any museum exhibition ever could bestow.

Cooper Hewitt, Smithsonian Design Museum presents "Beauty — Cooper Hewitt Design Triennial", until August 21

Emeralds burnish hopes for brighter Afghan future

At the Smithsonian Museum in Washington DC, *Turquoise Mountain: Artists Transforming Afghanistan* sees part of the gallery reimagined as an Afghan caravanserai.

London-based designer Pippa Small will be the only exhibiting jeweller, with a necklace made in collaboration with Saeeda Etebari, a young female artisan from Kabul who is deaf and dumb. Behind its emerald-laden surface lies a small compartment that holds Afghan soil, a reminder of home as the necklace travels the world.

The exhibition, which runs until January 2017, explores the work of the charity founded in 2006 by the Prince of Wales and the then president of Afghanistan, dedicated to reviving the country's artisanal heritage and regenerating Murad Khane, an old district in Kabul.

Wood stock

Cartier is turning to an unlikely precious material for an addition to its Amulette collection in April: wood. The timber of choice, snakewood, is more commonly used on guitars and interior furnishings, and marks an unusual high jewellery departure from precious metals and gemstones. The padlocked pendant, ring, earring and long necklace design was introduced last spring.

Strewth!

Graff opened its first Australian store this month, continuing its global expansion and bringing its total count to more than 55 stores worldwide. The new shop will be housed inside the Crown Melbourne hotel and casino complex on the Yarra River. Despite a fall in mining investment last year, sales of luxury jewellery and timepieces grew 5.4 per cent between 2014 and 2015 in Australia, according to Euromonitor.

Cracking idea

Fabergé, the jeweller to the tsars that has been revived by Gemfields, launches two new invisibly-set egg pendants at Baselworld today. They use sapphire and Mozambican ruby in an invisible mosaic setting, recreating that first used by the jeweller before the Russian Revolution, when Nicholas II gave the Mosaic Egg to Tsarina Alexandra as an Easter gift in 1914.

Van Cleef at the barre

On June 24, choreographer Benjamin Millepied — until recently director of dance at the Paris Opera Ballet — will bring a vision inspired by Van Cleef & Arpels' jewellery to the stage at London's Sadler's Wells theatre. Ballet was a great source of inspiration for the maison's founder, Louis Arpels, and remains so for contemporary creations such as the Ballet Précieux collection.

Flaubert's carat

Chaumet is showcasing jewels from its archive in a new exhibition, *Une Education Sentimentale* (named after Flaubert's novel), at its Place Vendôme maison until September. A tiara from around 1890 and a pair of winged brooches are among the historic items on display alongside a new, specially-created collection, *Escapade de Chaumet*. The exhibition is the second in a series of six-month-long archive showcases — so-called "ephemeral museums" — open to the public.

Marino/Murano

Bulgari will open its renovated New Bond Street boutique on April 14. Peter Marino has drawn inspiration from fellow architects Sir John Soane and Carlo Scarpa, by way of Murano crystal chandeliers and classical columns.

Brought to book

This month Assouline publishes a retrospective on jewellery house Messika, the diamond specialist run by Valérie Messika, daughter of dealer André. Messika, which was founded in 2005 and which opened its high jewellery atelier in Paris last year, joins brands like Valentino, Cartier and Chanel on Assouline's shelves. **Camilla Aparc**

Boucheron toes a fine line between intimacy and growth

Interview The house's first female CEO on how to be nimble in a luxury conglomerate. By Ming Liu

For the chief executive of a storied jewellery house, there is a fine balance to be struck between expanding your brand and maintaining the intimacy your clients value. This is exactly the challenge facing Hélène Poulit-Duquesne, who took over as chief executive of Boucheron in September 2015, its first female chief executive and one of the few on the Place Vendôme.

"In the world of Place Vendôme, being a small player is a key advantage to our clients," says Ms Poulit-Duquesne, who was previously at Cartier for 17 years. "People have become a little bit fed up with how big brands are treating them — and having the capacity to still serve and dedicate time to our clients, as if they were family, is really important."

The house, which was founded in 1858 and became the first jeweller on the Place Vendôme when it moved in 1893, has the resources of luxury conglomerate Kering behind it, making expansion a practical possibility, but Ms Poulit-Duquesne appears to focus more on the type of customer rather than pure geography. "We have a lot of *renseigné* — well-trained, sophisticated — clients," she explains.

"They know a lot about jewellery and you find them, for example, in Taiwan, the Middle East, Russia. In terms of an average basket they buy higher ticket pieces." Ms Poulit-Duquesne says she is "optimistic" about Russia, despite noting a drop in business, while Chinese clients, she believes, will remain a "huge part" of the big jewellery houses. "They will upgrade and upgrade," she says.

Purist: Hélène Poulit-Duquesne

"On the long term, they will take more initiative and will still buy outside of China."

One market where she is cautious, however, is the US. Of Boucheron's 34 boutiques, none is in the US (where it has 13 wholesale outlets). Citing high retail and marketing costs, Ms Poulit-Duquesne notes the country has "huge potential", yet "for foreign brands it's more difficult because [consumers] are in love with American names." She cites Tiffany and Ralph Lauren. "You have to invest in the long term — say, the next 15 years. It's not a quick win."

Kering, which also owns Gucci and

'People have become a bit fed up with how big brands are treating them . . . dedicating time to clients is important'

Stella McCartney, watchmakers Girard-Perregaux and Ulysse Nardin and jewellers Pomellato and Qeelin, does not separately report Boucheron's performance, though it noted that revenue for its jewellery brands was up 6 per cent in 2015. John Guy, luxury-sector analyst and managing director at Mainfirst Bank, estimates Boucheron's 2015 revenues were €160m — a 220 per cent increase since 2011 — with earnings before interest and tax of €14m.

Jewellery executives surveyed by McKinsey, the management consultants, predicted that branded jewellery (that is, from global, not national, brands) would increase its market share from 20 per cent in 2014 to 30 or 40 per cent by 2020, and Boucheron is "well placed to benefit" from this, says Mr Guy. That forecast is partly what attracted

Ms Poulit-Duquesne to Boucheron. She spent the bulk of her Cartier career in its watchmaking business and was behind the launch of its Ballon Bleu range. Unlike the watch market, which she says is "more difficult because it's mature", jewellery is still growing.

No stranger to working under a larger entity, she draws comparisons with her days at Cartier, which by analysts' estimates contributed about half of parent company Richemont's earnings: "In general the group tries to give a lot of attention to the big ones. Then attention means pressure."

By contrast, three fashion brands alone accounted for more than half of Kering's €11.6bn revenues for 2015, according to the company's financial statements. As a smaller company within the group, Ms Poulit-Duquesne says: "You feel more confident and autonomous in how it is taking care of you. They have a kind of *bienveillance* — there is nice attention — but probably less pressure than the big ones." She also feels "aligned" with Kering's values, in particular women's initiatives. Ms Poulit-Duquesne was the first woman on Cartier's executive committee. She insists she never felt her gender held her back and indeed she advises women to refrain from acting like men in the business world. "That would be foolish," she says. "What women bring is their femininity," which she goes on to say means a certain directness in dealing with problems.

As a self-proclaimed "jewellery purist", Ms Poulit-Duquesne says high jewellery will be a central focus looking ahead. Boucheron launches two annual collections, though the idea is to streamline this and Ms Poulit-Duquesne hints at the possibility of one.

Beyond the high jewellery, the house is known for its Quatre ring, a layered design that incorporates signature motifs — rows of special vaporised brown coating that mimic the cobblestones of Place Vendôme, for example.


Priced from £1,260, the Quatre is not only its bestseller but also commercially distinctive. "In a portfolio it's very important to have both high jewellery and one iconic product that everybody can recognise," says Ms Poulit-Duquesne. "You then suddenly become a reference in the market."


Whether Boucheron can become a bigger player in that market remains the question for Ms Poulit-Duquesne.



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