

WATCHES & JEWELLERY

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Watches gain sparkle with diamonds



Looking a million dollars - and more: Eva Riccobono sparkles at the Venice Film Festival

Rex Features

The boundary between fine jewellery and haute horlogerie is blurring, writes **Simon de Burton**

To say that the Italian model and actress Eva Riccobono looked a million dollars when she appeared at this month's Venice Film Festival would be a dramatic understatement - at current exchange rates, a more accurate figure would be around \$4.3m. The reason? She was entwined in a unique set of jewellery called Le Lierre (ivy) that comprises 14,000 gemstones and costs €3m.

What might have surprised onlookers, however, was the fact that the glittering assemblage of Tsavorites, yellow sapphires and rare diamonds was not the product of one of the long-established jewellery houses such as Cartier, Boucheron or Van Cleef and Arpels but of Jaeger-LeCoultre which, after building-up 175 years worth of watchmaking expertise, has used Le Lierre to make its mark in the world of contemporary haute joaillerie.

And, although the centrepiece of the set is a dramatic cuff bracelet concealing a watch, the people at Jaeger-LeCoultre are clearly excited to have entered a new field of non-horological creativity by matching it with a remarkable sculpted necklace depicting interlaced ivy leaves, a pair of earrings based on tendrils and a ring topped with a rare, oval-shaped yellow diamond. And no, they cannot be bought

separately: it is all or nothing, and you get a custom-made cabinet to keep it all in as part of the deal.

Gem-set watches have been included in the brand's catalogue for decades, yet it was not until last year's Venice film festival that JLC decided to shine the spotlight on its ability to create high-jewellery timepieces by unveiling a pair of watches respectively inspired by a rose and a tulip flower - and this month's arrival of the one-off Le Lierre marks the first time for around 70 years that the company has created an elaborate ring, necklace and pair of earrings to complement such a watch.

"Jewellery houses are becoming more and more active in watchmaking, so why shouldn't a watch brand become active in jewellery?" reasons Jerome Lambert, Jaeger-LeCoultre's chief executive.

"We regard pieces such as Le Lierre as being ambassadors for our company,

objects that are considerably more visible than a watch and which act as a kind of testimonial to our capacity and technical mastery."

Mr Lambert is quick to point out, however, that although pieces similarly elaborate to Le Lierre will be created each year, high jewellery will not become a "brand extension".

"A high jewellery watch definitely looks best when it has the matching 'extras', but we want to keep it exceptional by producing one set per year, always on a different theme."

As Mr Lambert observes, there are now plenty of jewellery houses cross-pollinating with the watch world. Cartier has been doing so for more than a century and can be described as either a jeweller or a watchmaker with equal justification, while Van Cleef and Arpels has long been known as the maker of "jewels that tell the time" - but the horological offerings of both have become more prominent of

late, with the former achieving considerable success with its Ballon Bleu collection launched last year, and the latter stepping-up its watch range with intriguing, often complicated pieces such as the "Fairee" for women and the men's "Paris by Night".

Harry Winston's horological heritage does not go back so far - but the long-established company famous for creating exquisite jewellery from giant gems such as the Lesotho diamond now regards its watch business as being almost as significant as the diamond side.

"Watches have now become very important," explains global marketing director Beatrice Dequervain. "We have 18 salons around the world offering both jewellery and watches, but beyond that there are 150 wholesale partners selling only watches, something that gives the brand far greater reach."

Back in 2001, Harry Winston set out to establish itself as a maker of "serious" watches with the "Opus" project on which it works with a different, independent watchmaker each year to produce a limited edition, high complication piece. Watch production is now at an all-time high of around 5,000 pieces per year with demand outstripping supply.

"People still think of Harry Winston as the jeweller for big stones, but the two sides of the business are now more or less equal partners and our Rare Diamonds and Rare Movements platforms have started to overlap," adds Mrs. Dequervain.

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Watches and Jewellery | Boucheron

Removing the fashion from fine jewellery

INTERVIEW

Vanessa Friedman talks to the head of Boucheron, the historic jeweller that is making a comeback

The 20th century was not such a comfortable century for Boucheron – but the 21st: that's a fantastic opportunity."

It is a funny statement for the chief executive of a fine jewellery house to make, given that the 20th century saw the blossoming of the modern luxury industry and the fact that the biggest jewellery markets in the world – including the United States and the United Kingdom – are facing the prospect of recession, but that is the opinion of Jean-Christophe Bédos, the chief executive of Boucheron.

Mr Bédos goes even further, saying that missing the luxury boom was in fact "an immense gift" for Boucheron.

Judging by the recent growth of the French fine jeweller, which



Jean Christophe Bédos: "People want to buy something for a reason; they want purchases to have meaning."

turned 150 this year, he may be right.

Although Gucci Group, Boucheron's parent company, will not break out specific performance

figures of its various luxury brands (which include Gucci, Bottega Veneta, Alexander McQueen, and Balenciaga), insiders report Boucheron is on track

to double its turnover every three years, as it did from 2004-2007, approximately twice the average market growth.

Mr Bédos attributes the renaiss-

sance partly to the ethos of the brand, consumer behaviour at the beginning of the 21st century and Boucheron's recent history, but mostly to the company's

understanding of the evolving role of jewellery as a luxury product.

Mr Bédos became chief executive of Boucheron in May 2004, after four years of losses since the company was brought into the Gucci Group by Tom Ford and Domenico de Sole in 2000.

They had bought the fine jeweller and tried to turn it into a fashionable brand.

The following July, Gucci's owner, French conglomerate Pinault-Printemps-Redoute, appointed Robert Polet chief executive of the group.

Mr Polet's directive to Mr Bédos, as announced at an open presentation to analysts in November 2004, was simple: "Fix Boucheron."

Mr Bédos's response was equally straightforward: forget fashion.

"Fashion and jewellery work on very different dynamics," he says. "Fashion is all about re-inventing yourself two to four times a year; jewellery is much slower, and more personal. The market couldn't absorb that much novelty, and the result was too much stock and inventory" – at, it should be mentioned, extremely high prices.

Mr Bédos replaced the creative director, Solange Azagury-Partridge, who had been brought in by Ford, with an anonymous "team" and reduced the number of new high-jewellery collections to one or two a year.

The idea, he says, was to place the emphasis on individuality, and allow customers to discover pieces of jewellery that spoke to them, as opposed to dictating to customers what they should like.

"In the last four or five years, I have noticed that consumers interpret the value of an item in terms not just of its price, but in terms of an added element, whether it be spiritual, artistic or historic," says Mr Bédos.

"I think it's true in every area, not just jewellery. You see the same thing in the art world, with people buying because of an emotional connection to a piece. The dynamics are similar. People want to buy something for a reason; they want purchases to have meaning. It's why I believe the special order side of the business is growing so fast.

"Twenty years ago, when I began my career in jewellery, it was much more about social compliance, and the search for the status symbol recognised by all. Then consumers were governed by tribal behaviour; today it's more about what something means to them."

It is this sociological change that Mr Bédos is attempting to leverage to Boucheron's advantage, emphasising the brand's historic roots (it was founded in 1858 by Frederic Boucheron), the golden age of the 1920s and '30s, and its aesthetic heritage in the oriental and organic traditions.

"This makes the brand extremely relevant today, because of its concern for nature, that you see in the designs, and regard for China and the countries of the east, all of which is very much at the forefront of people's minds," he says.

It is also why, during the technological revolution, the brand went into an extended decline, culminating in the losses of the early millennium, a trend that finally ended in 2006 when the jeweller returned to profit a year before Mr Polet's deadline.

Now Mr Bédos is opening stores at a rate of six or seven a year (Boucheron will have 50 stores by the end of 2008), and re-introducing Boucheron to the US – the company pulled out during the depression of 1929.

'Fashion is all about re-inventing yourself two to four times a year; jewellery is much slower, and more personal'

In line with Mr Bédos's more emotional approach to consumers, Boucheron will not enter the market with the bells and whistles and giant real estate costs of a flagship store, but rather by partnering with a Cirque de Soleil-like adult circus known as Spiegelworld, which has created an entire show based on the Boucheron archive. The show will travel across the US, with Boucheron hosting private salons alongside the shows.

"You need to work out, and then maintain, the very subtle ration between desirability and availability, where the first is greater than the second; you need a gap between demand and supply," says Mr Bédos. "Our objective is to make Boucheron increasingly desirable as opposed to increasingly available.

"I believe in cycles, and I believe we are only at the beginning of a cycle of expansion of the high jewellery market," he says. "It is a deep trend – one that will last for the next 10 years or more."

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Boucheron opts for bold but idiosyncratic designs

REVIEW

Vanessa Friedman evaluates the jeweller's latest collection

When the time came to instruct the Boucheron designers for the 150th anniversary high jewellery line, chief executive Jean-Christophe Bédos says a conscious decision was made "not to commemorate the past".

In jewellery terminology, that would have meant re-making famous pieces such as Boucheron's "foliage" necklace that won first prize at 1878's Paris Universel exhibition, or the tiara worn by Queen Elizabeth, the late Queen mother.

Instead, Mr Bédos instructed the designers to focus on "the reason we were still alive". The result is 12 precious gemstone sets that have been introduced in two parts – the first last January, the second this season – themed along emotional, as

opposed to narrative, lines. The collection is called "Audacious, Voluptuous, Magic, Curious, Gourmand, Dangerous and Mysterious". This atypical approach has served the house well, as the first half of the collection has already been sold (each piece costing over €100,000).

The collection includes five striking sets – the house always produces necklaces and earrings to match, as that is what clients demand.

The new "Voluptuous" is a tasselled swirl of 699 white diamonds dripping three 24-carat pink sapphires, all of which can be detached and worn as pendants. "Magic" is a peacock-feather-inspired blue and green circlet whose sleight of hand is performed courtesy of a diamond, emerald and sapphire comma that hides a 9.12 carat emerald. "Curious" is a

pink and yellow sapphire necklace that has the face of a fawn hidden in the abstract pattern. "Dangerous" is a sunset of stones embraced by a snake dripping a 15.50 yellow diamond venom and

"Gourmand" has a waterfall of sapphires and diamonds surrounded by emerald vines, with a 15-carat brown diamond nestled in the current.

Eye-popping as the necklaces are, they are not as surprising as the high-jewellery watch collection. The limited edition Extravagant Bestiary collection is inspired by insect, bird, and reptile and is both idiosyncratic and original.

The collection includes a chameleon bracelet where the animal curves around the wrist to nibble on a leaf before popping up to reveal a quartz movement watch and a ruby frog on a lily pad with a diamond lotus flower whose petals hide the time.

This idiosyncrasy led Boucheron to designer Harumi Klossowskawa has



Grenouille watch bracelet set

collaborated on two pieces: a brushed gold-and-gemstone arm bracelet (Vesper) and chain necklace (Kundalini), both featuring large curving snakes. The collaboration is the fourth in the series, after a Vertu phone, some Boucheron/Richard Mille timepieces and a Maison du Chocolat necklace.

"Working with external designers stimulates our creativity and helps make us relevant," says Mr Bédos. "We are not a museum, and these are pieces that have a point of view about jewellery today – even if they are rooted in something that is 150 years old."

Watches that gain diamond sparkle

Continued from Page 1

For brands owned by giant luxury goods groups such as Richemont, Swatch and LVMH, adding a jewellery line to your watch collection, or vice-versa, is made considerably easier by calling on the expertise, resources and suppliers of sister brands. Swatch-owned Omega, which concentrated exclusively on watches for the first 157 years of its existence, introduced a jewellery line three years ago, Breguet has recently

increased its jewellery offering and Swatch Bijoux offers affordable costume pieces.

Likewise, Dior has had its path to horological success eased by being part of LVMH. During the 1970s and 80s, the celebrated fashion house enjoyed moderate success with a range of licensed watches such as the Malice, Riva and Bagheera but it did not take horology too seriously until the arrival of Victoire de Castellane in 1998.

Although her main brief was to create designs for the brand's then-new fine jewel-

lery department, in 2003 she came up with a winning watch with the La D de Dior, a classical man's watch designed for women together with a range of matching rings. The following year fashion designer Hedi Slimane created the Chiffre Rouge for men and in 2005 John Galiano launched the Christal collection.

Although she refuses to release volume figures, Laurence Nicolas, president of Dior Watches and manager of the brand's fine jewellery division, says that all three

watch lines have proved hugely successful with the Chiffre Rouge being particularly popular in Asia.

"The Chiffre Rouge demonstrated how helpful it is to be able to call on other brands within the LVMH group," says Ms Nicolas.

"We were able to go to Zenith which provided us with its prestigious El Primero movement for use on the flagship Chiffre Rouge, and that made people realise that this was a really serious watch that was worth owning."

Dusty workshop to salon

CHANEL

Scheherazade Daneshkhu visits a dusty workshop in Paris to witness the creation of a piece of fine jewellery

In a secret location down a sidestreet in Paris's Le Marais district this summer, seven jewellers handled thousands of diamonds as they worked against the clock to create a showcase necklace for Chanel.

With only a few weeks left before the August deadline for the holidays, the craftspeople worked in concentrated silence, around a rectangular wooden table with leather saddlebags under their workstations to catch falling jewels and precious metal. The dusty room, up a creaky, sloping staircase, bears more than a passing resemblance to an old-fashioned dentist's studio, complete with pliers and drills.

Dearly in need of a lick of paint, the modest workshop was in stark contrast to the dazzling necklace which was to emerge.

The white gold "haute-couture" necklace, weighing 70 carats and made up of 2,164 diamonds, including an 8-carat central stone, is one of the fashion house's most prized pieces at this

month's Biennale des Antiquaires in the glass-domed splendour of Paris's Grand Palais.

Chanel's exhibition of 100 pieces pays tribute to Coco Chanel's first collection of platinum and diamond pieces in 1932, about which she famously said: "If I choose diamonds, it's because they represent the highest value in the smallest volume."

Inside Chanel's flagship boutique in Paris's exclusive Place Vendôme, modelled on the interior of Coco Chanel's art deco apartment, Benjamin Comar, director of fine jewellery, explains: "We have not copied or replicated the 1932 collection but we have taken our inspiration from it to produce modern and easy-to-wear pieces, which are unique and exclusive."

The haute-couture necklace was conceived in March 2007 and takes as its cue the importance that Mademoiselle Chanel, as she is known by employees, attached to the neckline and her fondness for embroidery.

"The idea was to have a beautiful, very feminine design, symbolic of the sophisticated woman," said Georges Amer, technical director of Chanel Fine Jewellery.

Chanel's studio of designers came back with sketches for an 8-carat diamond set in the centre of a collar of white gold and baguette diamonds, through which runs a thread of diamonds

creating the impression of embroidery.

The fashion house prides itself on design-led jewellery – instead of finding gems and then creating a design around them, Mr Comar says that one of Chanel's contributions to the jewellery industry has been to design first and find the stones later.

After coming up with a design, the next stage was to make a prototype from non-precious metals and gems, so that the design could be tweaked.

Then work began on the real thing. White gold was used in preference to platinum, as it is a much lighter metal and more comfortable to wear. Mr Amer says he does not know the origin of the diamonds but that they

'If I choose diamonds, it's because they represent the highest value in the smallest volume'

Coco Chanel

conform to the Kimberley regulations of conflict-free diamonds.

Each stone was selected and the necklace's unusual shape meant that all 2,164 diamonds had to be specially cut to fit it.

The white-gold collar was cut after every three diamonds and then re-joined using an invisible link to make it supple and ensure it sits correctly on the wearer's neck.

"The most challenging aspect of the process was to create a perfect aesthetic with the loops and therefore a harmonious rhythm in the whole necklace," said Mr Amer.

"The subtle movement of the loops gives fluidity to this spectacular piece."

Back at the workshop, the unpolished collar was mounted on a wooden bust and the baguette diamonds set individually.

The loops were crafted separately and the diamonds set, before the whole necklace came together as a stunning piece of jewellery.

It has taken the seven craftspeople 10 months to complete – the equivalent of 500 hours of work.

At around €1.7m, the necklace will be the most expensive of Chanel's exhibited pieces. In line with Coco Chanel's stricture that the back of a garment is as important as the front, the back is exquisitely finished.

But Mr Amer insists that for Chanel, the luxurious Biennale is not about competing to show the biggest stones or the flashiest piece of jewellery, but to demonstrate the jeweller's capacity for innovation, skill and flair.

He is equally proud of the Camélia Poudré necklace, another showcase item, which plays to the Biennale's "gardens" theme by incorporating Coco Chanel's love of the camellia flower. The camellia features regularly in the fashion house's jewellery, so the challenge was to produce a fresh design, resulting in an asymmetric three-string fountain of diamonds – 700 of them – cascading from two diamond-encrusted camellias.

"Our most sophisticated and knowledgeable clients will be there and we want to meet their expectations. We want to show them that Chanel, with its years of fine jewellery skills and designs, can bring something new to them and can create contemporary pieces that are comfortable, exclusive, unique and gorgeous," he said.



French actress, Anna Mouglalis, wears the new jewels ahead of the Biennale des Antiquaires

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An audio slideshow that follows the creation of the "haute-couture" necklace from design to completion in time for the Biennale des Antiquaires in Paris

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Reputation provides valuable opportunity

MUSEUM SALES

The Met is a popular place to buy jewellery, says Veronica McNiff

Ask most people where a neophyte should go to buy a piece of fabulous – and fabulously priced – high jewellery, and 90 per cent of the time the answer will be Bond Street. In New York, however, you may get a different – and surprising – answer: the Metropolitan Museum of Art.

The museum is virtually unique in selling costly, one-of-a-kind precious jewels through its stores. Indeed, the Met's only competition seems to be the Asia Society and Museum down the road on Park Avenue. It specialises in a dazzling array of Asian and Asian-American designer jewellery, mostly made in India and Thailand. Prices can go as high as \$16,500 for a necklace from the Lotus de Vivre Om Mane Padme Hum collection.

However, it is the Met that hits the high point in its two dedicated boutiques where vitrines sparkle with 18- and 22-carat gold necklaces, rings, bracelets and pendants, even belts, set with rubies, diamonds, emeralds, sapphires, pearls and semi-precious stones.

Prices go as high as \$35,000, and the most expensive single piece ever sold was a Moghul necklace for approximately \$100,000.

Much of the Met's jewellery is from the Indian Kasliwal family's Gem Palace jewellers, but it also works with Greek and Turkish sources, and everything is handmade in authentic period techniques, as at the Asia Society.

Both work on a consignment basis. In contrast, the most expensive items of jewellery at the Victoria & Albert museum in London is no more than £2,000. "We haven't explored that very high-end market because our Jewellery Galleries have been closed," admits Sarah Sevier, head of buying and product development. "But with their re-opening, it may be something for the future."

Just how did a stately museum like the Met get into the business of selling precious jewellery? Technically, touting fine jewels is not a new idea for the institution: the first pieces were offered in 1877 when Tiffany & Company reproduced a set of Cypriot gold items for the gift shop. A long hiatus then ensued, however, only ending when the Met decided to

sell fine jewels in the accompanying gift shop to the May 2001 "Jewelled Arts of India" exhibition. Now, Moghul jewels display kundan settings where gems are enclosed in gold and backed by foil to enhance brilliance and colour. These, and Greek, Roman and Byzantine pieces created in conjunction with exhibitions are developed by the museum.

A second, pocket-sized boutique opened in April 2007 to celebrate the opening of the Greek and Roman galleries. About 10-15 per cent

'We are here for two things: to educate the public about art, and to make money for the museum'

of the Met's jewellery sales are from high-priced pieces.

"We are here for two things: To educate the public about art, and to make money for the museum," says Valerie Troyanovsky, general manager for product development.

The Met is New York's number one tourist attraction, with 60,000 visitors on a Sunday alone. The smaller Asia Society gets only 125,000 visitors a year, but still sells jewels worth tens

of thousands of dollars from established houses like Thai-based Lotus De Vivre, and launches new Asian and Asian American designers. Fine jewellery accounts for 22 per cent of its shop sales.

"We carry one-of-a-kind items, and we don't look at price points," says shop manager and buyer Anne Godshall, who was hired to re-image the Asia Society Shop some seven years ago, and attributes their success with fine jewellery to a credential effect: "In our case, it's having part of the history of Asia."

She continues: "I think the most expensive piece we've sold to date was to an ambassador's wife, for about \$13,000. We have a Who's Who list of membership, and everyone gets a 10 per cent discount."

At the Met, certain categories of membership receive a 20 per cent discount, although not on Gem Palace pieces.

Ms Troyanovsky believes there is a perceived value from buying from a museum.

"The expectation is that the jewellery has been carefully developed," she says, noting that, when the Greek and Roman galleries reopened, a gold and emerald Greek-inspired wreath necklace was sold to a dinner-jacketed invitee on the spot – for \$49,000.



On show: fine jewels at the Met boutique



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Watches and Jewellery | Focus: India

Downturn brings tough times for Indian jewellers

FOCUS

The high price of gold has seen a decline in demand for the precious metal, writes Amy Yee

Weddings in India are memorable for the riot of colour, from bright red saris to orange garlands. But gold is the most dazzling colour in the necklaces and bangles draped upon the bride and groom. Gold is so deeply ingrained in Indian culture that Hindu weddings are incomplete without it. Major Indian festivals revolve around the metal for its auspicious symbolism of wealth. India's appetite for gold is so keen that the country is the world's largest importer, accounting for about a quarter of global sales.

But recently the unthinkable has happened: gold has lost some of its lustre in the face of record prices and competition from other luxury goods and lifestyle products such as mobile phones and vacations. Demand for gold jewellery in India plummeted 47 per cent to 118 tonnes in the second quarter of this year, says the World Gold Council, an advocacy group for the world's largest gold-mining companies.

The changing landscape in India is forcing the industry group to become more innovative about keeping gold relevant to consumers. Changes are also taking place across India's gem and jewellery industry. It is said that 11 out of 12 diamonds sold in the world are cut and polished in India. But the country's gem industry is feeling the effect of a sharp slowdown of jewellery sales in the US, the world's biggest market for diamonds.

"The industry is going through

so much turmoil," said Anil Kumar, managing director of Virtus Global Partners, a financial advisory firm specialising in deals between the US and India. "People [in the US] aren't buying jewellery because of the economic climate. Sales have dropped significantly."

To boost sales of gold jewellery in India, the World Gold Council last year launched its most aggressive marketing campaign to date, with a nationwide television advertising campaign featuring Indian celebrities clad in gold jewellery. It also sponsored a contest to encourage designers to come up with sleeker, more contemporary jewellery in order to appeal to the younger generation. To modernise traditional jewel-

'People [in the US] aren't buying jewellery because of the economic climate. Sales have dropped significantly'

lery designs made of heavy, butter-yellow 22-carat gold, the World Gold Council is developing "youth brands" such as "Collection g" - lightweight designs made of 18-carat gold.

The World Gold Council is also helping retailers with marketing and promotion. In August, it partnered with Joy Alukkas, a Dubai and India-based retailer, in a marketing campaign aimed at Indians in the Gulf countries.

India began to focus on the business of cutting and polishing rough diamonds in the 1960s, says Sanjay Kothari, chairman of the Gem and Jewellery Export Promotion Council of India.

"No one had thought we would get diamonds started," recalls Mr Kothari. "Slowly, slowly, India democratised diamonds."

As the world's largest processor of diamonds, India is an important link in the global chain that connects mining in Africa, trade in Antwerp and Israel, and sales in the US.

India accounted for nearly 60 per cent of the world's cut and polished diamonds in terms of value in 2005 and exported \$11bn worth of diamonds that year. However, less-valuable small and medium-sized stones account for most of the diamonds processed in the country, according to a KPMG report.

India is trying to move up the ranks to cut and polish larger, more lucrative diamonds - work that is still typically done in Europe and Israel. It is also becoming a player in jewellery manufacturing with a 14 per cent share of the global market in 2005, according to KPMG.

India also claims a fast-growing domestic market. Jewellery sales in the country grew about 7 per cent year-on-year to reach about \$13bn in 2006.

Yet prospects for its jewellery industry have been dulled by the economic downturn in the US and an unfavourable dollar-rupee exchange rate.

With the US accounting for half of global diamond sales, "replacing that market is not easy," says Mr Kothari.

Some Indian companies are trying to diversify into distribution and sales to bolster razor-thin margins earned from diamond processing.

To try to gain a firmer foothold in the critical US market, Indian retailer Gitanjali Gems bought US jewellery chain Samuels for \$45m in 2006.

"There is brutal competition in India," said Mr Kumar of Virtus, which advised Gitanjali on the acquisition.

"Retailers make about 7 per cent margin," he says. "Manufacturers make about 2-4 per cent



Hindu traditions: Buying gold on Pushya Nakshatra is considered very auspicious

AFF

A shining star of Indian design

Viren Bhagat has redefined Indian craftsmanship. He re-sets historical Indian gemstones in the style of the Mughal Era - an epoch symbolised by the iconic building, the Taj Mahal.

So sought after are Mr Bhagat's designs that, in 2007, a diamond and pearl pendant necklace sold for \$958,400, having been estimated at \$600,000 to \$800,000.

Mr Bhagat favours pearls from Bahrain, prized for their rarity, and diamonds hailing from the 17th and 18th centuries. "The cut of older stones is not so bling. Older stones hold a softer, subtler charm, like a quiet whisper that signifies old wealth," he says. A century ago, Mr Bhagat's great grandfather started as a goldsmith in Lathi, a tiny village on the western coast of India. Today Mr Bhagat, who has no formal art education despite a father who was a professor of art, caters to the sophisticated tastes of the global elite.

His clients range from Bollywood stars to wealthy bankers and Russian oligarchs.

"Most Indian jewellers make bespoke jewellery for clients, but I refused to do that from day one. I've built my reputation from making my own jewellery," he explains.

However despite his success, Mr Bhagat's small Mumbai store is his only retail outlet.

"The pieces are selling before they are even made. Now that India is booming, I simply can't make enough pieces to sell elsewhere," he says.

However he does have plans for stores in Delhi and London. "London is the centre of the universe for me. There are so many wealthy people there with good taste," he says.

Mr Bhagat is also in discussions with US department store chain Bergdorf Goodman about a limited edition hand-finished jewellery collection.

"It would ease the pressure and enable us to expand. I envisage this as a lower-priced collection of everyday jewellery," he says.

Despite this, Mr Bhagat is confident that his most precious pieces will retain their value.

Claire Adler

At the heart of India's historic jewellery trade

GEM PALACE

Amy Yee visits a house whose roots go back to the 17th century

The faded grandeur of a bygone era can be seen throughout the old city of Jaipur - in the hilltop Amber Fort or the intricate yet crumbling façade of the Palace of Winds.

But in this northern Indian city in a former princely state, grandeur and opulence are still very much alive within the Gem Palace, jeweller to Indian royalty in the past and to a steady flow of high-profile global clients today.

Prince Charles, Mick Jagger and Jackie Onassis have all been patrons of the Gem Palace over the years.

Gem Palace was established in 1852 and today occupies an unassuming storefront on a busy road in Jaipur.

On the showroom floor, glass display cases are chock full of gold bracelets that are as thick as serpents, flower-shaped jewelled brooches and shimmering strands of precious stones, to name just a few items.

Sanjay Kasliwal and his two brothers are sixth-generation owners in a family business that made its name designing and making jewelry for India's maharajas.

The Kasliwals' legacy as jewellers extends back more than eight generations when they were court jewellers to Mughal emperors.

This legacy helped Gem Palace become a repository for some of India's finest and rarest jewellery.

The maharajas began sell-



Hands-on: working with semi-precious stones

Getty

ing off their heirlooms once they were required to pay taxes after India gained independence in 1947.

Gem Palace began acquiring jewellery and precious objects from India's royalty and today owns priceless heirlooms made by the Kasliwals generations before, such as a life-size 250-year-old gold enameled parrot inlaid with rubies and diamonds.

Other prize items in Gem Palace's collection include a 19th century gold and diamond chess set and a gold plate and diamond-studded spoon made for the maharajas of Jaipur dating from the 18th century.

But Gem Palace is more than just a showroom for antique jewellery.

About 350 people are employed at the Gem Palace, designing jewellery and cutting, polishing and setting gems in classic Indian and contemporary styles.

Craftsmen sift through piles of gems in workshops and can spend days on a single stone. Gems are sourced from all over the world - rubies from Burma and aquamarines from Brazil. Mounds of amethysts, emeralds, topaz, sapphires

and citrines litter workshops like colourful marbles.

Over the past five decades, India has become a global hub for cutting and polishing rough diamonds. Eleven out of 12 diamonds sold globally are cut and polished in India.

But Gem Palace is unique in India's jewellery industry because it is involved in all stages - from mining to design to manufacturing and

The Kasliwals' legacy as jewellers extends back to when they were court jewellers to Mughal emperors

retail.

Gem Palace has boutiques in the Indian cities of Jaipur, Mumbai, Delhi, Agra and Udaipur, as well as shops in branches of the Oberoi, the Indian luxury hotel. It also sells pieces in Barneys department stores in New York and Los Angeles.

This end-to-end expertise gives Gem Palace a "big advantage," says Mr Kasliwal. "We can adapt to any design."

About 60 per cent of Gem Palace's clients are international with the remainder hailing from India.

"But buying power in India is changing fast," notes Mr Kasliwal.

India's economy is growing rapidly and unprecedented wealth is growing in the country.

"More and more Indians have the capacity to buy important items," he adds.

Jaipur, and especially the Gem Palace, is famous for meenakari - decorating metal with enameling in a method introduced by the Mughals in the 16th century.

In meenakari, flowers, birds, fish and other designs are engraved on to metal to create grooves to hold colour. Coloured enamel dust is painstakingly poured into each groove, fired, then polished.

The depth of the grooves determine the play of light in intricate pieces such as a 22 carat gold ring with red and green enamel in a Mughal floral design or a gold enamel bracelet in the shape of a crocodile and set with diamonds. In addition to traditional meenakari, Gem Palace makes jewellery in a range of styles, from Russian, Victorian, Byzantium, Greek and Roman.

Gem Palace collaborated with the Metropolitan Museum in New York to create a collection of Egyptian-inspired jewellery in gold, turquoise and lapis lazuli. Some of Gem Palace's treasures have been displayed in exhibits around the world. More than 100 pieces from the Kasliwals' private collection were displayed at the Harry Oppenheimer Diamond Museum in Israel in 2006.

The exhibit included 18 carat gold and silver earrings set with diamonds and emeralds in the shape of sunflowers. Floral motifs done in gold wire mesh are found on the reverse of the earrings. And if that were not opulent enough, a fringe of emerald drops dangle from the sunflower's petals.

"This is style that never goes out of fashion," says Mr Kasliwal.

margin. They are always under pressure."

The outlook is likely to become cloudier. US jewellery chain Whitehall filed for bankruptcy this summer, joining more than half a dozen jewellery retailers that have fallen casualty to the

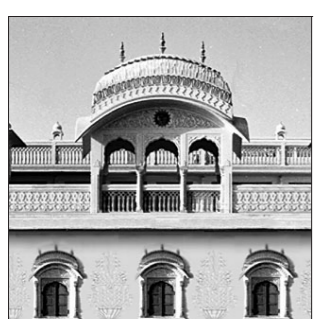
global credit crisis and the US economic downturn.

Once a US retailer goes bankrupt, it can wipe out business for its Indian jewellery suppliers. "Indian companies have been hit very badly," says Mr Kumar.

Mr Kothari of the Gem and

Jewellery Export Promotion Council cautions that the US downturn is just part of the cycle.

But maintaining his upbeat attitude, Mr Kothari adds that the Indian jewellery industry is "trying to find ways to survive".



Gem Palace in Jaipur

Rules still make life difficult

WESTERN JEWELLERS

Scheherazade Daneshkhu looks at how European brands are faring in India

India's gem-cutting heritage, its love of jewellery and rapidly-growing wealth should make it an ideal market for western jewellery companies. Last year, India led world growth in the number of rich individuals, with a 23 per cent increase to 123,000, driven partly by a rapid rise in its stock markets, according to a recent wealth report by Merrill Lynch and Capgemini.

Its middle class is also growing fast and is expected to fuel consumer spending. McKinsey Global Institute, the consultant, forecasts that India will become the world's fifth-largest consumer market by 2025, leaping from 12th place now.

While companies are watching India with interest, so far there has been no stampede as in China. Bulgari, the Italian jeweller, is present in six cities in China but has only two stores in India. "India and China are not comparable," says Francesco Trapani, Bulgari's chief executive. "China is a huge market, expanding rapidly. India is small and not growing at the same pace."

Cartier, part of the Swiss-based Richemont group, is promoting its Inde Mystérieuse collection – drawing on its history of creating jewels for Maharajas and the Indian elite. It has jewellery outlets in 13 Chinese cities but far fewer in India.

Chanel, the Paris-based group, does not have shops in India and is content to target Indian customers when they travel.

"India is a great jewellery market and a very huge market, mostly of local purchase," says Benjamin Comar, international fine jewellery director at Chanel. "The key issue is the duties, which are very high – you may have to double your prices. We will go one day but we have no plans for the time being."

Mr Trapani says: "We have to be more expensive there to take into account the cost of duties. But we don't incorporate fully the duties because otherwise the product would cost so much



Azzy Fahmy's designs for Julien Macdonald

more [than in other countries]."

Restrictions on foreign ownership, bureaucracy and a lack of good infrastructure are also cited as obstacles.

However, change is in the air, as some of the restrictions are beginning to be lifted. Duties have come down and are expected to fall further. Restrictions on foreign ownership are also easing.

A big problem for Western retailers, especially in the jewellery industry with its need for security and image promotion, is that India lacks the type of shopping districts – particularly luxury malls – in which upmarket

brands would feel comfortable.

Bulgari says the lack of a suitable retail environment led it to open its two stores in five-star hotels: the Oberoi in New Delhi and the Taj Mahal Palace in Mumbai. However, this is changing too with the development of a number of upmarket malls.

"Malls in India are playing an important role. They are giving Indians a taste of how much fun shopping can be. They are also exposing Indians to branded retailing, and getting them used to paying higher prices," according to Cherie Saldanha, managing director of India's Diamond Trading Company, writing in The

Art of Jewellery, the Bangalore-based magazine.

One challenge that is likely to remain, however, is competition from the domestic market. India has a large number of luxury jewellers, such as Ganjam, the Bangalore-based group established in 1889 as jeweller to the Maharaja of Mysore, and Tanishq, India's biggest multiple jewellery retailer. Quality is excellent and prices are much lower than western companies.

But Ms Saldanha notes a growing demand for Western brands: "The Indian consumer is changing... With luxury brands making a regular appearance in the

Indian market and being lapped up with passion, clearly luxury as an attitude is here to stay."

Philip Olden, the World Gold Council's chief marketing officer, says the changing retail and regulatory environment means there are significant opportunities.

He says: "There is an emerging demand for international quality in jewellery as well as luxury goods. Although the highly-affluent Indians travel, they will want these brands on their doorstep. The market is becoming easier to enter and jewellery companies need to get in there soon because other luxury goods companies are already doing so."

Looking East for world fashion

AZZA FAHMY

The designer hopes to expand into the US with help from her daughters, writes Maria Doulton

There was an air of Middle Eastern chic at Julien Macdonald's Autumn/Winter 2008 catwalk show at London Fashion Week.

A bulging gold and hammered silver ring in the shape of an Arab window contrasted with the subtle cool grey of a sumptuous silver-fox coat. Primitive Egyptian-style cuffs with an art deco feel, adorned with blazing garnets, winked beneath the sleeve of a pumpkin-orange military-style coat. On the next model, a cascading necklace of silver rings stamped with Nubian motifs shimmered down the catwalk followed by champagne diamonds, clusters of gold filigree-detailed brooches punctuated by Victorian floral motifs and pendants of mystical ancient symbols.

The creator of these jewels is Azza Fahmy who, 35 years ago, founded what is now Egypt's most prominent luxury jeweller. The high-profile Macdonald fashion show was part of a carefully calibrated plan to expand beyond its Middle Eastern base.

"We always had the vision to make the brand international," remarks Mrs Fahmy's daughter, Fatma Ghalay.

The company is owned by Azza and her two daughters, Fatma and Amina, who have set their sights on taking the brand to the US. Amina is being primed to take over as chief designer while Ms Ghalay has been active in re-structuring the company.

"The brand had already come a long way when I joined nine years ago, but I saw the potential for creating a proper structure for the business and giving the brand a clear positioning," says Ms Ghalay.

One of her boldest moves was to bring the brand to the UK, and hence the logic behind the collaboration with Julien Macdonald. "We are both interested in each

other's markets and fortunately we clicked," explains Ms Ghalay.

Business strategy and the catwalk of London are a far cry from Cairo's spice-scented Khan el-Khalili souk, where Mrs Fahmy started making jewellery. From her second home in Alexandria, Mrs Fahmy, explains how her career was inspired by a book of jewellery designs of Medieval Europe.

Mrs Fahmy stuck with her day job as an illustrator while learning her trade. "I tied my hair back, put on my overalls and spent my days in a workshop full of men learning the tricks of jewellery making."

Under the tutelage of the master goldsmiths of Khan el-Khalili, Mrs Fahmy filed, soldered and cleaned metal. "I was sitting with them, but while they would be making typical gold pharaonic cartouches, I was working on my designs," she says.

A British Council grant allowed her to study at City of London Polytechnic where she learnt theory and manufacturing techniques and developed an interest in the history of jewellery that infuses her work.

Mrs Fahmy broke through into the male-dominated business, although it no doubt helped that her country, still under the influence of President Nasser's nationalistic policies, barred foreign brands from the country.

Azza Fahmy employs 180 workers in her Cairo factory and design studio and her designs are sold around the Middle East and in Selfridges in London.

However, Azza Fahmy's brand of tempered Middle Eastern exoticism has started to spread beyond the Arab world. It was noted in the Washington Post that Karen Hughes, the US undersecretary of state, on her 2005 Middle Eastern tour, wore an Azza Fahmy pearl necklace inscribed with the Arabic words for love sincerity and friendship.

While her daughter Ms Ghalay, researches their venture into the US, Mrs Fahmy is dreaming up the next range of jewels, this time inspired by the 500 different windows of the starkly beautiful 9th-century Ahmad ibn Tulun mosque in Cairo.

Faking it no longer the ugly sister of the real thing

COSTUME JEWELLERY

Lucie Muir looks at the popularity of an attractive alternative to precious stones

When Christopher Bailey put huge, cut-glass necklaces over trench coats in his autumn/winter runway show for Burberry Prorsum, he confirmed what fashion insiders had long suspected: the oversized "It" bag no longer tops the trend stakes.

Instead, another attention-grabbing accessory was hitting the headlines. Independent labels as well as ready-to-wear brands including Marni, Louis Vuitton and Yves Saint Laurent, have joined Bailey in making costume jewellery a must-have for any wardrobe.

"Costume jewellery is offering customers newness at the moment and what's more, it's accessible at any price point from independent designer labels to big-brand designers," says Holli Rogers, Head of Buying and Merchandising at Net-A-Porter.com, which carries jewellery by independent labels such as Erikson Beamon, Philippe Audibert and Tom Binns, as well as Missoni, and Lanvin.

Designer-label costume jewellery with its affordable-price tags is an attractive alternative to the real thing – especially during the credit-crunch.

What is more, faux jewellery is now regarded and appreciated in its own right and not simply as a fake version of the real thing, making it perfectly acceptable to wear just about anywhere from school run to red carpet.

For example, Alexander McQueen's Maharajah chandelier earrings look as if they are worth a million dollars but come at an affordable £510; Lanvin's fabric with jet black stone bracelet retails for £395 at Browns on Bond Street, and is being snapped up by a new generation of buyers.

Thanks to such affordable price points, buyers can con-

sider buying brands they would not have been able to afford before.

At Harvey Nichols, costume jewellery now accounts for 50 per cent of accessories sales, including bags. While at Liberty, year-on-year jewellery sales are up 15 per cent.

"One of the great things about costume is that you can buy into a trend without committing to a full-on look," says Liberty's head of fashion buying, Olivia Richardson.

"So, for those who want to be up on this season's punk-inspired trends, but don't have the nerve to go the whole hog, you can just add a fluorescent-pink necklace or bracelet and there you have it."

Ms Richardson says designers are trying to create unique costume pieces as demand grows for limited edition collections.

"Jewellery designers, especially the more independent ones, are creating pieces with real integrity," she says. "Take New York's Stephen Dweck for example: he featured a dead beetle found in his garden and now uses it as his signature emblem on really exquisite one-of-a-kind pieces such as the turquoise floral embossed knuckleduster rings, which we sell for £495."

Unique designs by Bangkok-based jewellery designer Matina Amanita are another good example.

Her "Globe Trotter" collection features gold-plated cocktail rings, which mimic the top of the Chrysler building and other famous architectural landmarks she has visited. Made with imitation amethysts and peridot cubic zirconia each one is a work of art in itself.

Cameron Silver, owner of LA-based vintage boutique, Decades, which specialises in 20th century fashion and opened a London division in Dover Street Market this year, takes the view that modern costume jewellery is soaring in popularity because of attention to detail and craftsmanship.

"Historically, costume jewellery has always been made

like fine jewellery. You just have to look back to the early days of Chanel or Dior to see that most of their costume designers trained at Cartier, or Lalique or Boucheron. As a result, costume jewellery was technically refined and I think that that's what designers are starting to explore again today."

Jewellery-making duo Vicki Beamon and Karen Erikson – Erikson Beamon – celebrate their 25th anniversary next year. Their trade-

'Karen can't stand the term 'costume jewellery' and she is right, it just sounds so theatrical.'

mark beaded necklaces along with chandelier earrings, bracelets and brooches are meticulously handcrafted on site in their London boutique, using every-

thing from large ethnic beads to tiny precious stones.

"Our biggest collaboration is with fashion and international ready-to-wear designers," says Ms Beamon, who has created pieces for labels including Mathew Williamson, Richard Nichols and and from this season, Jaeger.

"Since we are so seasonal and work at setting trends, we consider ourselves more as fashion designers than jewellery designers," says Ms Beamon.

"Karen can't stand the term 'costume jewellery' and she is right, it just sounds so theatrical."

"We really care about the look and quality of our work and incorporate Swarovski crystals and other precious stones into various pieces. Just because it is 'costume' it should look as beautiful as fine jewellery – something you would want to hand down to your grandchildren."

All of which comes as good news to both collector and costume jewellery dealer alike.

Gillian Horsup, a Deco specialist who has been selling costume jewellery at various antique fairs and markets for over 30 years, says she is already seeing increased traffic at her sales unit in Grays Antique Market in central London.

"Thanks to ready-to-wear's current love affair with costume jewellery, jewellery as a whole is seeing a surge of interest," she says. "Branded costume jewellery is fast becoming a modern collectable."

"Chanel – old and new – for example, is in as big a demand as anything by Dior and Yves Saint Laurent. Basically, brands with a rich tradition of making costume jewellery are reviving their collections today. After all, when costume is done well, it will always be worth investing in."

ON FT.COM

Eric Musgrave profiles Lanvin, which is at the forefront of the costume jewellery trend
www.ft.com/Lanvin



Burberry gem cluster

WATCHES

Landmark year after theft and PPR deal

INTERVIEW
Haig Simonian talks to Luigi Macaluso, chief executive of Girard-Perregaux

Two events have in the past year distinguished Girard-Perregaux – as much as any in the more than two centuries of its existence since 1791.

In July 2007, robbers posing as delivery men burst into the company's exquisite museum in La Chaux-de-Fonds, violently attacking staff and making off with the entire, priceless, collection. Then, earlier this year, the company – one of the smallest of Switzerland's top watchmakers, – sold a minority stake to PPR, the giant French retailing and luxury group best known for Gucci.

Neither occurrence appears to have swayed Luigi (Gino) Macaluso, Girard-Perregaux's longstanding owner, off course. A champion rally driver in his 20s – "in that sort of business, you need to quit when you're on top" – his subsequent career has been devoted to watches. He learned the trade at the Italian distributor for Omega and Audemars Piguet, rising to chief executive by the age of 31. Then he decided to go it alone, initially as Italian distributor for Blancpain, then Breitling and Hamilton.

In 1987 came the link to Girard-Perregaux, with the chance to buy 20 per cent, along with Italian distribution. Five years later came ownership and a move to Switzerland. Mr Macaluso's two eldest sons now also work for the company, and all commute regularly between headquarters and the family's roots in Turin.

"Rally driving is something you do when you're young", says Mr Macaluso, a quiet, thoughtful man. But his passion for cars has remained. For years, Girard-Perregaux clocks came as standard

in Ferraris. Today, the company sponsors the Monte Carlo rally for historical cars.

The sale three months ago of 23 per cent of Sowind Group, the family's holding company, to PPR caused a surprise. Mr Macaluso, who through Sowind also owns Jean Richard, a sister brand to Girard-Perregaux, had always stressed independence.

Was this the end of his dream? Coming just weeks after the sale of Hublot to LVMH, the deal triggered speculation about a consolidation wave in the industry, as independently-owned watch brands sought to sell at the top of the market.

Mr Macaluso bats aside any hint of opportunism. He says Girard-Perregaux had reached a

'Few other companies of our size can claim to be true manufacturers, with almost complete vertical integration'

stage where specialist outside know-how was required, and François-Henri Pinault, the watch-loving head of PPR, was the ideal partner.

"All along at Girard-Perregaux, I've stressed the long term. Over the years, we've cautiously built up production, while staying focused on quality. Few other companies of our size can claim to be true manufacturers, with almost complete vertical integration. We now have more than 100 movements and are strong in mechanical and quartz timepieces. It's all done in house, and there's much more to come."

Output should reach about 15,500 pieces this year, excluding "a few thousand" at Jean Richard. While that may be modest compared with some luxury watchmakers, forecast group



Luigi Macaluso: Former rally champion favours steady growth in business

sales of SFr150m (including Jean Richard) reflect the premium Girard-Perregaux commands. Entry-level models start at about SFr8,000 retail, with prices spiralling to SFr650,000 for the most complicated models.

Mr Macaluso is more cautious with market speculation that the deal with PPR was to finance expansion. "We could have got cash from various sources, including financial investors", he says. Some bigger watchmakers were also interested, but they wanted full control. "I was not ready."

Going public was an option – and one Mr Macaluso favoured given his strong interest in mar-

kets. But, ultimately, it became clear that outside shareholders worked to a different rhythm than a top watchmaker. He hints at fundamental valuation issues, along with a conflict between investors' short term focus on quarterly results and a watchmakers long-term perspective.

"A flotation would have been very interesting for me. But at the top end of the watch business, you have to think eight to 10 years ahead." Meanwhile, Mr Macaluso had developed a good relationship with Mr Pinault, chief executive of PPR. "The chemistry was right. Don't forget, deals are often done between two individuals."

The French wanted to expand into watchmaking: although Gucci sells watches, it is positioned well below Girard-Perregaux. PPR wanted to be more active at the top end, and Mr Pinault was ready to respect the Macaluso's wish to retain control.

"The agreement is very precise in terms of maintaining our independence", says Mr Macaluso.

"Girard-Perregaux has been a pioneer technologically and a respected manufacturer. But there are areas, like retailing, marketing and logistics, where we can learn. Just imagine what a company like PPR, whose Gucci subsidiary includes Yves

Saint Laurent and Bottega Veneta, can offer."

He declines to specify where the relationship might go. But he hints that PPR's involvement could create opportunities for expansion that would have been too ambitious for Girard-Perregaux alone.

"Our first priority remains improving quality. Then comes deepening vertical integration. Only after that comes the possibility of other ventures – not necessarily under the Girard-Perregaux name."

Meanwhile, Mr Macaluso remains confident about the market, in spite of fears of a slow-down later this year, as economic uncertainties nibble at demand for luxury goods. "Obviously, no one can pretend they are on an island. But I remain very positive for Girard-Perregaux. We're in a super-specialised niche."

Sales in Europe have flagged somewhat this year, south-east Asia has been a little weak, the US has maintained last year's levels and Japan has been up slightly, he reveals. But Hong-kong and mainland China have been "excellent: more than excellent", eastern Europe "excellent" and the Middle East "very good, almost excellent", he adds.

Not wishing to break the buoyant mood, I nevertheless feel obliged to return to that other jarring occurrence: what of the robbery?

"It was a nightmare", he admits. Fortunately, the nightmare only lasted 72 hours. Within minutes of the raid, Swiss and French police erected road-blocks around the area. The three thieves ended up having to stash their haul by an oak tree. Within three days, a massive police operation, using sniffer dogs, had tracked down the watches and returned them to their owner. Some, going back more than a century, were damaged, but most have now been restored.

The Girard-Perregaux museum remains closed, but should reopen by December in a new guise. Security will be improved. But the raid has also offered the opportunity to rethink the former, static display. The revised collection promises to be more stimulating, with more inter-relationship between items, brand and local watchmaking history, Mr Macaluso reveals.

Meanwhile the three perpetrators, east Europeans with potentially military backgrounds, face trial in Switzerland. So far, none has cracked, convincing Mr Macaluso that they were professionals working to order. The events were unpleasant, but someone, somewhere, it seems, wants Girard-Perregaux watches very much indeed.

World finance on the wrist

The new ww.tc-Financial wristwatch from Girard-Perregaux is first and foremost a "worldtimer" displaying the time in 24 different international cities, one in each of the world's time zones.

The ww.tc in the name – world wide time control – echoes the world wide web, but it is the financial part of the name that points to the unique function of this model – it shows the daily opening hours of four of the world's most important stock exchanges – London, Hong Kong, Tokyo and New York.

This function is provided by two mobile discs around the dial. A 24-hour inner ring is synchronised with the hour hand. A second ring, or bezel, is regulated with the winding crown at nine o'clock. This crown bears the names of the 24 cities, and the periods during which the exchanges are open for trading.

When the red arrowhead pointer on the inner ring is opposite one of these periods, that particular market is open.

The concept of a worldtimer wristwatch originates with a proposal in 1876 by the Canadian engineer Sandford Fleming that the globe be divided into 24 zones. Each would correspond to 15° of longitude and to a specific time in relation to Greenwich Mean Time. By 1929 most countries had embraced his system, although with variations in some.

In 1950, the independent Geneva watchmaker Louis Cottier invented an ingenious watch system with two crowns, with a universal time display offering the time in several cities simultaneously. In 2000, Girard-Perregaux brought out a sophisticated chronograph version, and called it ww.tc. It has been followed by ever more complicated variations.

The ww.tc-Financial uses the company's GPO33CO automatic movement housed in an easy-to-read 43mm titanium case, which affords both sturdiness and lightness, and mounted on a sporty black rubber strap.

The titanium-cased edition is priced in the UK at £9,100. Others come in stainless steel (£7,600) or pink gold (£17,700).

Michael Balfour

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Quality components make GP watches stand out

HISTORY
Links with Kaiser Wilhelm I and Ferrari mark out Girard-Perregaux as a brand, says Michael Balfour

The place of Girard-Perregaux in the history of horology is secure. It was the first company in the world to manufacture wristwatches in a full production series.

This fulfilled an order received at a Berlin trade fair in 1879, at the behest of Kaiser Wilhelm I, for 2,000 such timepieces for the use of deck officers in the German navy.

They were duly delivered

The Collection GP Pour Ferrari had the envied prancing horse logo emblazoned on each model dial

the following year, complete with a protective metal grille over their dials, and extra-large winding crowns at three o'clock.

The company's name was to come about through a marriage between two watchmaking families in La Chaux-de-Fonds, in the Swiss canton of Neuchâtel, but the original business was founded by Jean-François Baudette (1772-1837), a gifted orphan in Geneva.

At 19 he was making his own pocket watches, many of them ultra-flat and beautifully engraved. His successors sold the enterprise to Constant Girard (1825-1903), who already had his own business in La Chaux-de-Fonds, another still-famous centre of watchmaking excellence in Switzerland. In 1854, Constant married Marie Perregaux.

To mark the 200th anniversary of Baudette's first watches in 1991, Girard-Perregaux produced a wristwatch version of its most famous model, the Tourbillon with Three Gold Bridges.

The history of this intriguing timepiece goes back to 1865, when Constant designed the movement, which is still in production, in various versions, today.

His Tourbillon sous Trois Ponts d'Or featured three identical rose-gold "bridges" that kept key components in place: the barrel, the gear train and the tourbillon (the invention of Abraham-Louis Breguet in 1798), aligned along the same axis. Exactly why Constant's bridges ended in the shapes of arrowheads has never been explained.

Some of these wonderful watches can be seen at the company's museum, the Villa Marguerite, nearly opposite its manufacture in La Chaux-de-Fonds. This model, in all its variation, is the all-time favourite of Luigi Macaluso, the controlling shareholder today in Girard-Perregaux and its sister brand JeanRichard.

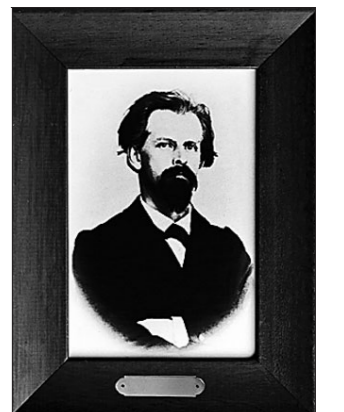
Italian-born Gino, as he is known to all, designed watches in his thirties, after

studying architecture, art and design. He was also a professional racing driver, and became European Rally Champion in 1972 before retiring three years later.

He took up watch distribution in Italy and elsewhere in Europe, handling brands such as Blancpain and Breitling. Gino was offered the Girard-Perregaux brand in 1987. He took it on and later joined the board of its owner, Sowind Group. In 1992, he jumped at a chance to buy the company.

Until then, the brand made mainly quartz wristwatches, having joined the so-called "revolution" in the 1970s. In 1969 the firm had developed the first mass-produced wristwatch with a quartz movement. But Gino immediately set out to develop his own mechanical movements, with GP Manufacture, which has been brilliantly successful, and is one reason why his company made an attractive investment for PPR.

His car-racing career meant that he knew Ferrari well, and one year after he acquired his marque, in 1993, he signed a co-branding agreement with the Maranello marque to launch the Collection GP Pour



Constant Girard (1825-1903)

Ferrari, with the loved and envied prancing horse logo emblazoned on each model dial. Quite a coup, so how did it come about?

Gino explains: "It all happened by chance. I was enjoying a friendly and informal lunch one day with Luca Cordero di Montezemolo and Piero Ferrari when the idea of doing something together came up."

The results are collectors' pieces. But the range has now ended – Panerai has taken up the branding connection – although in world sales rooms today, Girard-Perregaux timepieces have always been sought after and attract high prices.

One major reason for this, and PPR's interest, is that Girard-Perregaux buys in from outside suppliers only escapements, jewels, mainsprings, pinions, pins, screws and wheels.

It designs its own dials, hands, pushpieces (for chronographs), sapphire crystals (dial "glasses") and winding crowns.

Such is the high specification for these movement components, and the assembled watches, that Gino's company does not bother to apply for official, widely sought-after and respected Swiss COSC accuracy test certificates.

This sophisticated entrepreneur from Turin considers their qualifying standards too low.



Girard-Perregaux: Tourbillon with three gold bridges

Infectious enthusiasm can really help sales

WILLIAM ASPREY

Vanessa Friedman talks to the chairman of William & Son about his passion for the watches he has bought over the years

William Asprey is the chairman of William & Son, a Mayfair-based luxury goods emporium he founded in 1999.

He is the seventh generation of his family to work in the luxury business.

When did you start collecting watches?

Growing up, I was always the one of three sons most interested in the family business, and I spent lots of time in the shop [Asprey & Garrard] and in the workrooms learning about watches and studying the watchmakers and fiddling around with watches: taking them apart and putting them together.

The first watch I ever bought for myself was a steel and gold Asprey watch that I must have got about 20 years ago, when I first started at the firm.

Did being part of the Asprey family influence your watch collecting in any way?

My father was a great watch collector and, in a way, I was brought up with that; he gave me my first real watch, a Rolex Submariner, when I was at school. It's a great all-around watch, and I still have it.

Then, when I was older and had started my own collection, I bought myself a Ulysse Nardin GMT perpetual calendar 1st series, which is an extremely clever watch as well as a very pretty one, and I bought one for my father too.

Do you give other people watches as gifts?

Only my wife; I've given her numerous watches, including an Audemars Piguet, and a stainless steel Patek Philippe 24.

She's interested in watches because of me, but it's less about the mechanism than how they look.

My son is only eight, so he hasn't got into watches yet.



William Asprey: "There's no rhyme or reason to when or why I buy them; I just buy what I like. It's very subjective, which is the great thing about being a collector"

Daniel Lynch

How many watches do you have now?

Probably about 50. There's no rhyme or reason to when or why I buy them; I just buy what I like.

It's very subjective, which is the great thing about being a collector. I don't think you should collect with financial gain in mind – if, after a while, you can upgrade by selling a piece and then buy-

ing another, well, that's a bonus, but it's not something I do. For me, it's about personal enjoyment, the same reason I collect wine and silver.

When it comes to watches, I'm interested in the materials used, and how they are made. Plus, I think a watch is one of the only pieces of jewellery a man can wear, and if you have a few of

them, then you have the option of changing.

Do you change your watch a lot?

I usually switch my watch once a week, although if I'm going on vacation I might only take one or two with me. And I have some watches that are dress watches, which you wouldn't wear during the day. But generally, other

than those, I change my watch depending on how I feel.

There's no guiding theme to my collection other than my own personal taste, so I have some very big watches, like a Graham Chronofighter in 18-carat gold, which has a huge chronograph mechanism that goes up your wrist and is a very different, statement piece, and some much

smaller ones, like an F.P. Journe and a steel Patek Philippe Aquanaught, and some that are sporty, like an Audemars Piguet pressed carbon Alinghi they made when they sponsored the Americas Cup, and so on.

Do you organise them?

Once I buy a watch I take it out of the manufacturer's box, which

is often very large, and put it on a watch roll, and then put it in the safe, but that's it.

I think if you're too organised about it, then you don't give yourself an occasion to go through them all, and then there will be old friends you never see.

Where do you buy your watches?

Generally, I buy them from friends, or at the fairs; I have met a lot of watchmakers through work. Occasionally, I'll buy some at auction; we get all the catalogues, as well as watch magazines like QP and 24 Heures. And I like a website called thepurist.com a lot; it's a very good place to learn about all the new developments and small manufacturers coming up.

I also try to go to workshops as much as I can, and speak to the manufacturers. It's both interesting, and you get a real sense of

'If you're too organised about [your watch collection], you don't give yourself an occasion to go through them all, and then there will be old friends you never see'

their passion and their history – you learn, for example, that F.P. Journe has some watches that are actually long-case clocks whose mechanism he has reduced to watch size, and that Breuget-made watches and carriage clocks for Napoleon and Marie Antoinette and the Duke of Wellington.

What's the last watch you bought?

I'm actually still waiting for it: a De Bethune DBS, a very modern design. They only make 200 watches a year, and I met them at the Geneva Fair; we're going to be their London stockists.

Do you let your personal taste in watches influence what you sell in the store?

Well, it's easier to sell something when you like it. Enthusiasm can get infectious.

Keeping tabs on an energetic child leads Hermès to watches

HERMÈS

Maria Doulton talks to the French fashion house about making more upmarket watches

Guillaume de Seynes brings out an age-dappled 1912 photograph taken on a summer's day of his then nine-year-old grandmother, Jacqueline Hermès. The young girl is wearing the very first Hermès wristwatch. It is, in fact, a pocket watch fastened to her arm by way of pig skin strap and case.

"We came to watchmaking via the straps," says Mr De Seynes, sixth-generation family member and vice president of Hermès and president of La Montre Hermès. "She was very energetic, so her father devised a way to stop her pocket watch falling out of her pocket."

Since this innocent start, La Montre Hermès, founded in Bienne, Switzerland in 1978 has produced 2.6m timepieces including the top selling Cape Cod (from £975). The watches reflect Hermès' historical links to harness-making and leather goods. Up until now, the focus has been on the design rather than the technical aspects of the watches. The majority of the timepieces are fitted with movements supplied by one of the largest movement makers, ETA, part of the Swatch Group.

But changes are afoot as Hermès stakes out for itself a greater claim in the higher priced, luxury mechanical watch market where clients expect in-house rather than off-the-shelf movements and complications that go beyond telling the time.

The only surprise is how long it has taken Hermès to move into this arena. The iconic Kelly bag that requires 18 hours of labour starts at £3,160, whereas the Kelly watch (from £850) with a quartz movement costs but a fraction. With unknown names coming up with high-end horological complications faster than you can say "jumping hours", and luxury



Jacqueline Hermès in 1912

Famille Hermès

conglomerates structuring their product offer to include haute horlogerie along with haute couture, Hermès has taken its own good time in entering this arena.

"We are looking at time with serenity," remarks Mr De Seynes. "This company has a very special relationship with time: our products are long-lasting and we have

'Our long-term strategy is to be a real watchmaker to maintain the creativity we are known for'

been family owned for generations. We aim to develop another territory of watchmaking, ours is not a technical quest, but another message about time."

The care taken over each hand-stitched, waxed linen cotton seam, gold buckle and leather-encased padlock on a soft-as-a-puppy's ear hand-

bag suggests Hermès will be at ease in the world of high horology. "We don't do things differently from others, we do them how they have to be done," is how Mr De Seynes explains Hermès' fastidious approach.

"Our idea is not just to upgrade our watches, but to bring more craftsmanship into our company and to be more involved in the production," he says. "Our long-term strategy is to be a real watchmaker. This allows us to maintain the creativity that we are known for and to raise the quality of our watches."

This year sees the Clipper H1 (from £4,900) powered by the first movement produced exclusively for Hermès and a vital step in gaining horological gravitas. Also new this year is the whimsical Cape Cod Grandes Heures (from £5,900) that makes the passing of hours a more personal indulgence. A specially developed movement allows the gaps between 1pm and 3pm – lunchtime in Paris – and 6pm and 8 pm appear to

stretch on for longer, allowing these intervals to be fully savoured.

These two watches are the fruit of an on-going strategy that began in 2000, when Hermès acquired 25 per cent of Vaucher Manufacture Fleurier, a Swiss group that makes high-quality, technically complex mechanical movements. Vaucher is part of the same group that includes Parmigiani Fleurier, a name known to horophiles and admired for its purist approach to watchmaking as well as antique restoration work.

Hermès history of watchmaking is unique. When Emile Hermès took over the directorship of the house in 1878, Hermès was a prominent supplier of high-quality horse harnesses.

After the first world war, the automobile replaced horse-drawn carriages and the company's original business disappeared. Emile Hermès set his mind to finding new ways to use his leather workers' skills in the fast-changing world of transport. He decided to focus on the needs of the traveller, from luggage to scarves and time-keeping.

In 1928, the first watch to bear the name Hermès on the dial, was sold from the Faubourg Saint-Honoré boutique. The "Ermeto" produced in conjunction with Swiss watch house Movado was a handbag watch encased in an elegant rigid leather pouch that slid open to reveal a miniature travel clock.

In 1945, Umberto II of Italy ordered a belt-buckle watch for skiing on a box calf belt and by this time Hermès was offering a range of wrist watches developed with major Swiss houses such as Jaeger-LeCoultre, Universal Genève, Mido, Cyma, Audemars Piguet, Ulysse Nardin and Movado.

The original idea for Emile's daughter's watch was refined to create the "montage polonaise" that allowed motorists to wear their pocket watch on their wrist. Made of soft pig skin with bridle stitching, it is beautiful yet simple, a style that was to permeate the look of the house.

Octo Chrono Quatro Retro

Manufactured column-wheel chronograph movement. Jumping hours, retrograde minutes and date, retrograde chronograph hour and minute counters. Water-resistant to 10 atm.



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HISTORIC MOVEMENTS

Nick Foulkes looks at Montblanc's revival of the traditional Minerva factory

If the Montblanc story is not on the syllabus of every business school intending to turn out luxury-industry ready graduates then it should be. What used to be one pen-making company among many has grown into a globally known luxury brand – its pens are no longer pens, but prestige writing instruments, and they are just one product sector in an offer that includes small leather goods, luggage, jewellery, eyewear, fragrance and watches.

Montblanc has been selling watches since the 1990s, but next month it will hold the gala opening of a very specialised manufacturing centre; the old Minerva factory in the quiet Swiss town of Villeret. Minerva was bought by Montblanc's parent company Richemont in 2006 and will add a top tier of extremely low volume, traditional, exigent Swiss haute horlogerie to Montblanc's range of timepieces.

Currently, Swiss watchmaking has hit a production bottleneck, so any additional manufacturing capacity is eagerly seized upon. However, it is difficult to see Minerva as a solution to this problem.

The firm currently employs 37 people and, even after the refurbishment, there will only be room for a total of 50; moreover the business is set up in such a way that 300 is being spoken of

as the maximum annual production.

Such a figure is tiny, a fraction of a percent of Montblanc's annual production of around 100,000 watches and more or less invisible among the hundreds of thousands of high-quality mechanical watches made across Richemont's brands which include Cartier, A Lange & Soehne, Vacheron Constantin, Piaget and Baume & Mercier.

The current vogue for vertically integrated manufactures, finds a pretty extreme expression

Mr Belmont is on first name terms with every one of the oversized balance wheels they fit into the watches

at Minerva, where almost all the components are fashioned in-house and assembled by watchmakers who build the whole watch.

Typically, when a new movement is devised, a brand will invest around SFR4m in development, tooling and then manufacturing the movement in appreciable quantities for a number of years to amortise the cost.

At Minerva, there is no tooling – everything is done by hand, which means that, while production is small, it is also flexible. The plan is that each year Minerva will make a strictly limited number of pieces in the following numbers: one in platinum, eight in white gold and 58 in pink gold

(a sort of numerical acrostic that gives you 1858, the date of Minerva's foundation). While the dials of these watches (at the moment there is a single push-piece chronograph and a plain three handed, hours minutes and seconds timepiece) are signed Montblanc, the movements, visible through a crystal caseback, are signed by Minerva.

The man who has been guiding Montblanc on its journey into haute horlogerie is Henry John Belmont. He ran Jaeger-LeCoultre before it was bought by Richemont, but his role is now further reaching, identifying opportunities such as this one.

He says: "When we acquired Minerva it was sold to us by an Italian who had in mind to create this fine watchmaking brand but did not have the distribution. It has always been very small manufacture in Villeret, which only ever had around 50 employees."

And the traditional methods of manufacture create a very traditional product that Mr Belmont likens to the movements of 100 years ago. As well as the high standard of finishing with intricate decoration of the movement and painstaking polishing of the bevelled edges, Minerva movements are distinguished by the larger-than-average balance wheel: the regulating organ that is the heart of the watch.

"There is a very big balance wheel – 59mg, compared to others which are often 5-7mg." A bigger balance makes for a more accurate watch, which in turn means that Minerva watches are able to offer a greater degree of accuracy at a lower frequency.



Villeret factory: traditional methods of manufacture create a very traditional product

"Minerva is heading in the direction of chronometric products," explains Mr Belmont. "In other words, accuracy in the long term. If you have a balance wheel moving at 28,500vph (vibrations per hour) it will be very accurate but, after three years, four years, the accuracy will suffer. We are working at 18,000vph: it is accurate and it will keep its accuracy for much longer, like the old pocket watches that you could leave for

years." Obviously, the lower the frequency at which the balance wheel oscillates, the less wear the movement experiences.

For Mr Belmont who is now in his late 60s, the Minerva project has reminded him of an earlier phase in his career, almost 30 years ago.

"It was like going back to when I took on Jaeger-LeCoultre, it was in the same situation: nothing had been done for 50 years and we had people inside who

were true artisans." It is this contact with the skilled craftsmen who bring these watches to life that he enjoys, especially as he is the fourth generation of his family involved in the watch trade.

"My great grandfather worked at IWC. During the crisis of 1910, my grandfather went to create his own brand, Titus, in Besançon. My father also created his own brand, Yema, which for a time was the biggest watch brand in France. We were pro-

ducing 2m watches a year. However, I can tell you that it is more of a pleasure to do 250 watches than 2m because, with those numbers, you no longer have any contact with the individuals who buy watches or the people who make them."

Today Mr Belmont is not just familiar with every one of the craftspeople who works here, he is on first name terms with every one of the oversized balance wheels they fit into the watches.

Ancient jeweller puts its mind to horology

BACKES AND STRAUSS

The world's oldest diamond dealer has started to produce watches, reports Simon de Burton

Here's a trivia question which few people outside the jewellery industry will answer correctly: what is the name of the world's oldest diamond company? The correct response is Backes and Strauss, a 219-year-old firm that recently decided to make its mark on the watch scene by producing a range of bejewelled watches so dazzling that they could bring tears to the eyes of even the most bling-loving rapper at 30 paces.

The man behind the venture is 53-year-old Vartkess Knadjian who was born in Addis Ababa, the son of the official watchmaker to the Imperial Court of Emperor Haile Selassie. Educated in the UK, he went on to join Backes and Strauss in 1976.

Just six years later he was put in charge of the Antwerp operation and turned the company from a small buying office into a major trader of diamonds on the international market.

Knadjian became managing director in 2001 and led a management buyout two years later. Since then, he has transformed the company into a creator of luxurious products inspired by the history of Backes and Strauss, which was established in 1789 by immigrant Georg Carl Backes, who set up as a diamond cutter, polisher and goldsmith in the German town of Hanau near Frankfurt.

Exactly 25 years later, Backes sent his son, Johann Franz, to establish a branch in Hatton Garden, London,

where an office boy called Max Strauss was duly employed. The precocious Strauss soon rose through the ranks to become manager and, by 1873, the company was trading as Backes and Strauss and manufacturing a range of jewellery.

It registered its ostrich trademark at Goldsmith's Hall five years later and built up its longstanding business by selling an impressive range of products from three European branches while continuing to supply other jewellers with beautifully cut, high-quality diamonds.

Among its most loyal customers has been the watch brand Franck Muller, for which Backes and Strauss created a special 73-face Curvex diamond to complement the tonneau-shaped Franck Muller Curvex wristwatch.

'The aristocratic have only ever wanted products made by the best craftsman, almost regardless of cost'

It was the Muller connection that last year led Backes and Strauss to launch its first range of diamond-set wristwatches named after famous landmarks in London, where the company still has offices and a showroom today. The collection, which has movements and cases produced by Franck Muller, comprises entry-level products starting at £5,000 and rising to the 40mm Royal Berkeley with full diamond pavé at £764,000.

Despite the downturn, Backes and Strauss has this year increased its outlets around the world by 10 to 35 and, by year-end, expects to

have sold 1,000 watches, 350 up on last year.

"We have been delighted with the sales figures, but since we have only been at retail since July 2007, it is difficult to know what to compare them with," says Mr Knadjian. "I expect things will slow down, but the fact is that we have already sold two examples of our most expensive watch and have two more on order from customers in the Far and Middle East."

"There are clearly two divisions in horology: the purist makers who create ever-greater complications and the makers – such as us – of exceptional high-jewellery pieces. We have not gone into business to compete in the first category. As far as making the internals and cases of a watch are concerned, we want that to be done by the absolute experts which is why we work with Franck Muller."

"What we do is add something very special by using our decades of knowledge to dress the watch in ideal cut diamonds, which are of perfect symmetry and form. This is not simply a matter of setting a standard watch case – our cases are specifically designed to carry our diamonds and it is this that makes our products stand out."

"To understand why I think the market for such extravagant watches will remain strong, we need to understand the original European phenomenon of luxury, which was that the wealthy, the aristocratic and the truly discerning have only ever wanted the best products made by the best craftsmen, almost regardless of cost. We cater for such people, and we believe there is still a great deal of creativity to be realised."

At this year's World Premier of Haute Horlogerie in Geneva – organised by Franck Muller as a sideshow to the official Salon International de la Haute Horlogerie – Backes and Strauss unveiled a new large date, moon-phase watch called the 1609 AD to honour the year in which the English astronomer Thomas Harriot made the first known sketch of the moon. Next year, two fully diamond-set women's watches will be added to the range along with a men's tourbillon.

And if you are looking for another trivia question, how about this: what is the German word for ostrich? The answer is strauss – which goes a long way to explaining why the world's oldest diamond dealer uses an image of the flightless bird as its trademark.

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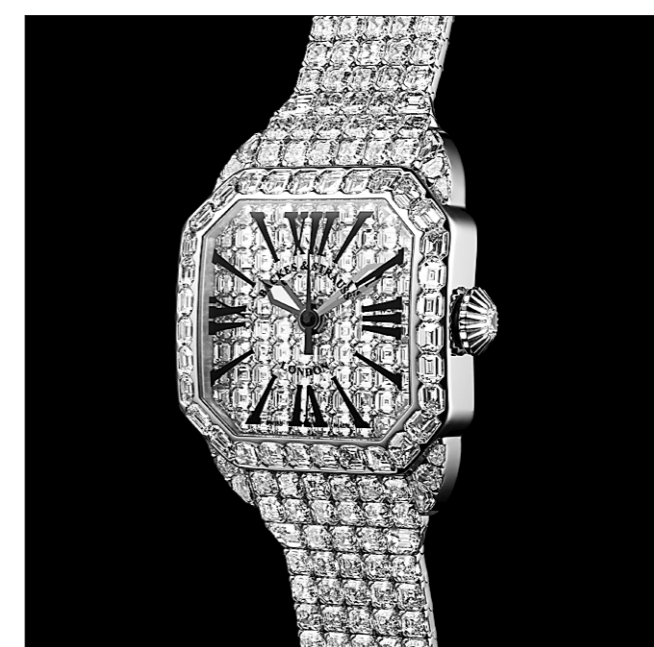
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