

Watches & Jewellery

Monday January 20 2014

www.ft.com/reports | @ftreports

Unstoppable year of the horse

Outlook China is still driving growth in the hard luxury market, writes *Elizabeth Paton*

The once white-hot growth enjoyed by the hard luxury industry appears to be over – but the news is not all bad. Consumer appetite – particularly for fine jewellery – has remained resilient and many industry observers are predicting a bright year. Growth slowed considerably in 2013, damped by falling Chinese consumer demand – triggered in part by a recent government clampdown on corruption and ostentatious gift-giving that flattened Swiss watch exports.

The value of gold, the sector's core raw material, plummeted 28 per cent to \$1,204 a troy ounce, thwarting the end of a spectacular 12-year bull run. The silver price sank 36 per cent, while diamonds and other gemstones continue to be hampered by supply-side problems.

The macroeconomic conditions that fuelled a rush to offload bullion look set to continue in 2014 – including a rebounding global economy, buoyant stock prices, flat inflation rates and the Federal Reserve's announcement late last year that it would start tapering quantitative easing.

But investor jitters witnessed in the financial markets do not seem to be weighing heavily on the minds of wealthy shoppers with a taste for the yellow metal.

"Total worldwide sales of gold jewellery were up 20 per cent in 2013, indicating that most markets remain unfazed by the volatility we've seen since April," says Marcus Grubb,



Runaway demand: a display of watches in a shop window celebrates the forthcoming Chinese year of the horse Charlie Bibby

managing director of investment strategy at the World Gold Council.

"Although western markets have traditionally been driven by discretionary spending and personal taste, Asia – where investment remains the key motivation and sales are currently extremely strong – is moving that way too.

"People are purchasing both for short-term enjoyment as well as with long-term asset potential in mind. It's a reflection of the recovery of confidence in the global economy."

WGC data show demand for gold jewellery, bars and coins reached a year-to-date record in the first nine months of 2013 of 2,897 tonnes.

Looking ahead, weakness in the critical Indian market is expected to continue thanks to new tariffs imposed by the government on gold imports. But gold jewellery demand in China surged in December in anticipation of the lunar new year on January 31, and is set to continue in the same vein. Southeast Asian economies such

as Thailand, Indonesia and Vietnam are also expected to shine, recording double-digit sales growth in 2014.

Industry observers say that soaring demand for earrings, bracelets and necklaces, coupled with lower raw material costs, constitutes a winning equilibrium for luxury brands.

"For most luxury companies, these lower prices will sit nicely on their P & L sheets. They'll be good for gross margins, although it can take six to 12 months to appear, depending on the size of their inventories," says Thomas Chauvet, an analyst at Citigroup.

"One of the reasons the luxury sector is attractive to investors is its ability to absorb the impact of potential commodity prices and currency headwinds and pass them on to the consumer."

Watch and jewellery prices may have rocketed alongside that of gold over the past decade, but one thing executives say we will not see in 2014 is the price of those products coming down. Consumers purchase hard luxury pieces as permanent investments, offering price stability and the assurance that the value of a piece is not going to fluctuate.

Larry Pettinelli, US president of Patek Philippe, says that the perceived value of a luxury product must remain the same or greater – any decline would erode customer faith in what pieces and brand equity are worth. For this reason, the artistry of a watch is as important as the materials from which it is made.

"Precious metals certainly play a role in the pricing of a product and, like many companies, we try to buy forward based on our expected needs. However, because of the extreme amount of labour involved in time-piece production – namely the hand-finishing of the movements –

Continued on Page 2

Inside »

All eyes on SIHH

Analysts on the lookout for bright spots at the first fair of the new year



Page 2

Piaget's plan

Chief executive reveals new focus on fast-growing jewellery market

Page 3

On FT.com »

Gallery Behind the scenes at Shinola

The fine watch company bringing jobs to Detroit



LA MONTRE PREMIÈRE CHANEL

FLYING TOURBILLON

High feminine complication, this flying tourbillon decorated with the motif of the camellia, a tribute to Mademoiselle Chanel's favorite flower, beats away discreetly and almost secretly at the heart of the Première watch. Having no upper bridge, the carriage decorated with a camellia appears to be rotating in a weightless state. Limited edition of 20 numbered pieces. 18-carat white gold, set with 228 diamonds (~7.7 carats).



Watches & Jewellery News

All eyes on first show of 2014 to see what year has in store



Left: Piaget Altiplano 38MM 900P. Above: Audemars Piguet Royal Oak Concept GMT Tourbillon

Left: Baume & Mercier 43MM Clifton Chronograph. Above: Roger Dubuis Velvet Haute Joaillerie

SIHH preview Analysts are on the lookout for signs of a pick-up in activity, says *James Shotter*

After three years of stellar growth, 2013 was a year of inconsistency and uncertainty for the watch industry. Sales fluctuated month by month as the vicissitudes of the global economy and, in particular, a slowdown in Chinese purchases of luxury goods, hampered watchmakers' progress.

As such, the industry's first big event of the year, La Salon Internationale de la Haute Horlogerie (SIHH), which has kicked off the watch industry's calendar since 2009 and opens in Geneva today, will be of particular interest to those hoping to gain a first glimpse of watchmakers' plans and prospects for 2014.

In the lead-up to this year's fair, which plays host to 16 premium brands – 11 owned by Richemont, the Swiss luxury conglomerate, as well as the independents Audemars Piguet, Parmigiani, Greubel Forsey, Ralph Lauren and Richard Mille – a degree of caution has been perceptible.

"2014 is a transition year for the industry and even more so for Aude-

mars Piguet," says François-Henry Benaïm, chief executive of the 138-year-old family-owned company which is among the independent brands exhibiting.

"We don't forecast any major changes at this stage, most brands will keep focusing on their core messages, while we will be consolidating our strategy."

The mood of caution is understandable, given that Swiss watch exports in the 11 months to November were up just 2 per cent year-on-year according to the Federation of the Swiss Watch Industry, a far cry from the double digit growth the industry had enjoyed since 2010.

This lull was foreshadowed last year by an SIHH that had few genuine novelties, and analysts will be watching closely for any signs of a pick-up in activity this year.

"What will be interesting for me is the number of new launches," says John Guy, retail and luxury analyst at Berenberg Bank.

In terms of content, areas of watchmaking that have seen development

The best of the fair

Standout offerings at SIHH 2014

Audemars Piguet: Royal Oak Concept GMT Tourbillon

The Royal Oak Concept was first unveiled in 2002 as an avant-garde, 30th-anniversary tribute to Audemars Piguet's octagonal Royal Oak. Its latest descendant, the Royal Oak Concept GMT Tourbillon, breaks new ground of its own, using white ceramic not just on the bezel, crown and push pieces, but also in the movement itself.

Piaget: Altiplano 38MM 900P

If there is one thing that Piaget is known for, it is ultra-thin watches, and at just 3.65mm, the Altiplano 38MM 900P fits firmly into this mould. Ultra-thin models have come back into vogue recently, with the likes of Vacheron Constantin, Patek Philippe and Graff all releasing such timepieces over the past year. But Piaget claims that this is the thinnest on the market.

Roger Dubuis: Velvet Haute Joaillerie

The latest addition to Roger Dubuis's Velvet collection is paved with 304 diamonds adorning the dial, case-band, bezel and flange, as well as two rubies on the crown. The watch is available with both a satin and a satin-finish strap. Like all models in the Velvet collection, it is stamped with the Poinçon de Genève.

Baume & Mercier 43MM Clifton Chronograph

The appearance of this self-winding chronograph harks back to the watch industry's 1950s heyday. In addition to showing the hours and minutes, the watch shows the day and date, and, when pressure is applied to its push pieces, functions as a timer.

James Shotter

in recent years are likely to remain prominent, according to Philippe Léopold-Metzger, chief executive of Piaget, one of Richemont's stable of brands.

Ultra-thin styles have become a theatre for change, he says. "There will be a lot of activity at SIHH. We hold a lot of records; some will fall, and we will establish new ones."

He also expects to see a shift towards greater "elegance", under which he includes a focus on jewellery watches and on "skeletonisation" – removing as much of the bulk of a watch's movement as possible.

Mr Léopold-Metzger regards the development as a reaction against a period during which watches became larger and larger, to the point that some, he reckons, "looked like Star Wars". "We probably went a bit overboard," he reflects.

Two other developments worth watching, according to Mr Guy, are the materials used by watchmakers, and the balance between watches designed for men and those designed for women.

"Some brands have been making more models in cheaper materials, such as stainless steel, in an attempt to gain exposure to the growing middle class markets around the world. Others are likely to offer a more understated prestige collection in white gold and platinum," he says.

"The female market remains underpenetrated and brands such as Jaeger-LeCoultre have been focusing on building up their women's line.

"These trends have been going on for a while, but it will be interesting to see if there has been any noticeable commodity or demographic reweighting," says Mr Guy.

Perhaps almost as telling as the changes to the watches shimmering in their display cabinets will be the composition of the crowds of guests.

Watch executives expect a similar number of retailers to attend as last year. But they expect a larger number of visitors from the countries of Latin America and eastern Europe – a sign that the industry's geographic reach is growing, even as its sales slow.

ENQUIRIES: 020 8332 4532

MONTBLANC NICOLAS RIEUSSEC

CHRONOGRAPH AUTOMATIC

A tribute to Nicolas Rieussec, the inventor of the first patented chronograph. Montblanc Manufacture Calibre MB K200, second time zone with day and night display. Crafted in the Montblanc Manufacture in Le Locle, Switzerland.

MONTBLANC

VISIT US AND SHOP AT MONTBLANC.COM

No holding back in the year of the horse

Continued from Page 1

a significant proportion of our price is based on craftsmanship as opposed to the metal choice.

Despite a recent slip in diamond prices, many experts believe that strong sales of precious stone jewellery will continue unabated this year.

"Prices were predominantly stable in 2013, and we saw sales go up by around 5 per cent both in North America and China, where western-style engagement rings are really driving growth," says Stephen Lussier, an executive director at De Beers.

"Present exchanges at Chinese new year will continue to fuel consumption."

He adds that the two regions combined generate more than half of all diamond jewellery sales worldwide.

"There's no question that while supply is limited and increasingly hampered by problems, demand – particularly from emerging economies – continues to grow and grow."

Patti Wong, chairman of Sotheby's Asia, agrees. "The top end of the market is stronger than ever, as evidenced by our November sale of the Pink Star diamond in Geneva, which went for a record-breaking \$83m," she says.

"The focus in 2014 will continue to be on big stones of 10-plus carats with real quality and rarity."

Coloured diamonds and especially pink, blue and yellow stones will continue to attract interest from buyers in the emerging Brics markets, as will the most

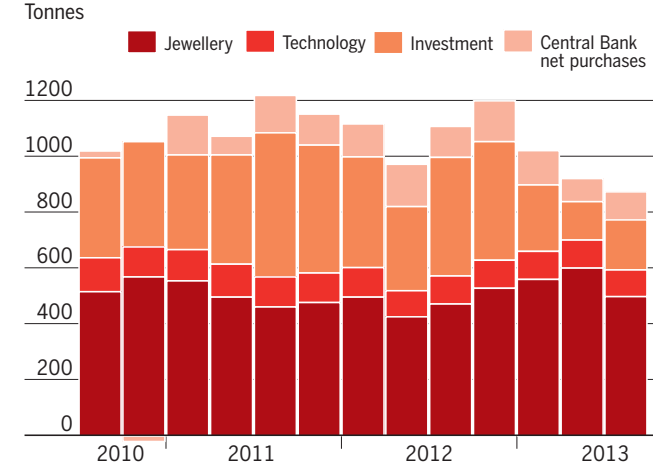
Gold price

\$ per troy ounce



Gold demand by type

Tonnes



precious gemstones such as emeralds, sapphires and rubies.

Ruby prices have doubled in the past four years as US government sanctions on Myanmar – a leading producer of the stone – remain in place. Limited supplies mean that stones are now going for anywhere between \$400 to \$50,000 per

carat for exceptional gems. "The coloured jewels market is a cottage industry – nothing like that of gold and diamonds – and consequently production regularly gets very dodgy," explains Russell Shor, senior industry analyst at the Gemological Institute of America. He adds: "When supplies

are erratic, as they are at the moment, prices inevitably rise as stone dealers hold on to their [gems] and bank on selling them at a later date."

Mr Shor believes that sales of untreated sapphires and emeralds will continue to shine in 2014, as will appetite for tanzanite, topaz, spinels and citrines.

"They are still fairly cheap," he says of this last group, "which is why many jewellers and brands of all sizes like them. They provide greater licence for artistic creativity without spiralling costs."

He adds that strong demand for jade of all hues will continue, given its popularity in China. In 2013, Asian sales of the stone outstripped those of emeralds and sapphires across all other markets combined.

Some experts remain cautious when forecasting watch and jewellery sales for 2014. They cite the risks of destocking by wholesalers, thanks to price points that are significantly higher than those for soft luxury products, and to purchasing patterns that are less influenced by seasonal fashion.

But most in the industry are upbeat. "Given the current climate, it is inevitable that returns on jewellery might not be quite as stellar as in previous years but there is still much cause for encouragement," says the WGC's Mr Grubb.

"Demand from all markets – east and west, mature and emerging – remains healthy if not thriving as the ranks of the global middle class consumer continue to swell. For now, the future of the sector is bright."

Contributors >>

Elizabeth Paton
US luxury correspondent

James Shotter
Switzerland and Austria correspondent

Andres Schipani
Andes correspondent

Simoney Kyriakou
News editor, Financial Adviser

Simon de Burton
Contributing editor, How to Spend It

Syl Tang
Founder, HipGuide

Claire Adler, Justin Cash, Jenny Dalton, Rachel Felder, Meehna Goldsmith, Jim Shi, Robin Swithinbank
Freelance journalists

Helen Barrett
Commissioning editor

Tracey Beresford, Elizabeth Durno
Sub editors

Andy Mears
Picture editor

Steven Bird
Designer

For advertising details, contact: **Charlotte Williamson**, +44 (0)20 7873 4038, email charlotte.williamson@ft.com, or your usual FT representative.

All FT Reports are available on FT.com at ft.com/reports

Watches & Jewellery News

Piaget concentrates on market for precious gems

Interview Philippe Léopold-Metzger gears up for industry's key battleground, writes *James Shotter*

After a decade and a half at the helm of Piaget, Philippe Léopold-Metzger is preparing to ramp up the Swiss watchmaker's production of jewellery, increasing the company's focus on an important battleground for the industry.

In recent years, luxury groups such as LVMH and Richemont have devoted significant resources to expanding their jewellery brands. Johann Rupert, the founder and majority shareholder of Richemont, the Swiss luxury group that owns Piaget, has said he is keen to invest in the area.

"It is obvious that today the jewellery market is expanding faster than watches," says Mr Léopold-Metzger.

"Now, the opportunity is huge for us to revamp the jewellery business, moving much more into medium and high jewellery."

"If you look at our watches, we have some that cost SFr7m (\$7.7m). The perception among the public is that Piaget is a beautiful brand, very exclusive... and this allows us to offer more expensive jewellery."

With Piaget expecting the jewellery market to grow faster than the watch market in the near term, the company's production, which analysts reckon is roughly balanced between watches and jewellery, could tilt towards jewellery.

Mr Léopold-Metzger declines to give targets and precise numbers for current output, which analysts put at about 24,000 watches a year, and about 20,000 pieces of jewellery.

However, he does concede that Piaget is running short of capacity. As a result, the group is planning to increase the space at its main base in Plan-les-Ouates, the watchmaking hub on the outskirts of Geneva, by 50 per cent. The group's ancestral site in La Côte-aux-Fées, in the northwest, will increase by 25 per cent, he adds.

This might seem like a bold move at a time when the combination of an economic slowdown and a clampdown on corporate gifts is weighing on the luxury market in China, which has powered global sales over the past five years.

Mr Léopold-Metzger declines to say how Piaget, which has a strong presence in Asia, has been affected



by that slowdown, but concedes that the double-digit growth rates enjoyed by the industry over the past 10 to 15 years may not be repeated.

Yet despite this, the 59-year-old Frenchman remains optimistic about the prospects of the industry he entered more than 30 years ago – a career path which he says was pure chance.

In 1981, after an MBA in Chicago, Mr Léopold-Metzger was back in his native land working for a US conglomerate that sold vitamins and

plastics, among other things, when an acquaintance suggested he consider switching to Cartier, the Parisian jeweller.

The international aspect of the luxury business was attractive to a man who had already worked on two continents. And selling watches and jewellery seemed more appealing than purveying plastic – so Mr Léopold-Metzger changed course, and threw in his lot with Cartier.

"I thought that working in such a beautiful environment and selling to jewellery stores would be a much nicer thing to do," he says. "And my wife would be much happier visiting jewellery stores than visiting kitchen and bathroom retailers."

After nearly two decades at Cartier – interrupted by a four-year stint at Piaget in the early 1990s – Mr Léopold-Metzger moved back to Piaget in 1999 as chief executive and has held the post ever since.

The company was initially known for making movements – a watch's mechanical heart. However, by the time Mr Léopold-Metzger took the reins, the group, which was taken over by Cartier in 1988, was better known for its glitzy, jewel-encrusted women's watches.

Mr Léopold-Metzger set about building up Piaget's capabilities in the field of men's watchmaking, as well as re-emphasising the technological prowess of the brand.

"I thought that it was necessary for us to go back into the men's business – with a difference," he says. "That's why we decided really to emphasise the ultra-thin side of the business. We always had [watches for] men, and we always had ultra-thin [watches], but we really went with a vengeance."

Thirteen years on, the fruits of this drive are clear. Piaget has 35 of its own calibres, 23 of which are ultra-thin. The thinnest, the Altiplano 900P, measures just 3.65mm in depth – a modern echo of the ultra-thin models that Piaget first produced in the late 1950s.

At the moment, says Mr Léopold-Metzger, there is no thinner watch on the market. "But it doesn't mean there couldn't be tomorrow," he adds with a self-deprecating smile.

His caution is justified. Other brands are increasingly producing their own similarly delicate models, with the likes of Vacheron Constantin, Patek Philippe and Graff all releasing ultra-thin timepieces over the past year.

However, Mr Léopold-Metzger is sanguine about the competition.

"It's always great when you are validated by your peers," he says. "The more people come to the segment, the more the segment is going to grow. Maybe we will lose a little bit of market share, but the pie will get bigger."

The CV

1954 Born in New York
1979 The French-American citizen joins Cyanamid, the US conglomerate after completing an MBA in Chicago
1981 Joins Cartier
1992 Moves to Piaget as corporate second-in-command
1996 Returns to Cartier to oversee its Asia-Pacific operations
1999 Piaget chief executive

Montblanc tries radical tactic

Pricing

Mechanical watches at competitive prices are key strategy. By *Robin Swithinbank*

Montblanc is likely to unnerve its competitors today by unveiling plans to open up the esoteric world of fine watchmaking to a wider market, as it seeks to expand its business.

Led by Jérôme Lambert, the new chief executive appointed in 2013, the German company known for its dominance of the luxury pen market is to implement an aggressive strategy, releasing mechanical watches with high-end complications on to the market at competitive prices.

At the Salon International de la Haute Horlogerie in Geneva this week, Montblanc will launch the Meisterstück Heritage collection, which includes a perpetual calendar watch in a stainless steel case that will retail for €10,000, and a gold monopusher chronograph made entirely by hand in its Villeret workshop for €27,000. Both are uncommonly low prices for watches in their category.

Mr Lambert says: "Montblanc wants to open this

creativity, as the business trebled in size, earning the Swiss brand its place in the big time. By 2013, Jaeger-LeCoultre was, he says, "mission accomplished".

Montblanc represents a bigger challenge. The company is spread over four sites across three countries and had sales of €766m in its last set of reports.

According to Mr Lambert, writing instruments make up 45 per cent of the business, leather goods and watches 25 per cent each, with the final 5 per cent attributed to jewellery and other accessories.

"The name of the game is definitely to further the *maison*, to grow it and develop the activities, some of which are blossoming," says Lambert. "With leather goods and [watches], we are still in a fundamental period, even though we started doing leather goods in 1926."

Montblanc's historic investments in watchmaking have given it an advantage in the industry, and the lion's share of the company's recent growth is attributed to its watch business. "It was a smart decision to develop the [Montblanc] *manufacture* in Le Locle, before many others were even thinking of doing a *manufacture* movement, and then to acquire Villeret," he says.

The Le Locle facility was opened in 1997, the same year Montblanc Montre SA was set up. Villeret, as it is now known, was formerly Minerva, a small, ultra-traditional watchmaker bought by Richemont in 2006 and then placed under Montblanc's management.

It employs 50 people and produces about 50 watches a year. Volumes are so low because the watches are made by hand, a pre-industrial process performed by only a handful of elite outlets worldwide.

"What we do at Villeret is a golden opportunity," says Mr Lambert. "We have 150 years of history and DNA to develop to further our goal. And it gives us a signature in movement style."

"We have very deep watchmaking expertise at Villeret," he continues. "We'll nurture this and use it for further development in other lines. That's how we'll meet our ambition to share our passion for fine watchmaking."

The challenge will be to make this approach profitable. For now, Montblanc keeps costs low by working with third-party suppliers such as Dubois Dépraz, the specialist movement manufacturer behind its new perpetual calendar. But in time Mr Lambert intends to bring all movement manufacturing in-house, a notoriously costly operation.

"We can animate the segment we're in, in a really intelligent way," he says. "We can introduce and develop useful complications and functions – classy, high-value product that makes fine watchmaking more open than it is today."



Jérôme Lambert is planning to open up the world of fine watchmaking

world of fine watchmaking to clients that have been taken away from it by the evolution of price over the past five to 10 years."

He has form in this area. At Jaeger-LeCoultre, which he headed until taking up his new post, he pioneered a pricing strategy that broke with fine-watchmaking conventions. At Montblanc, he is pushing more accessibly priced high-end watches harder still.

The new collection has been taken from concept to delivery in less than six months. In doing so, Montblanc under Mr Lambert has showed how agile a watchmaker can be.

In an industry where significant new collections can gestate for two years or more, the speed at which this collection has been brought to market is an achievement.

Montblanc is the second-largest business owned by luxury holding company Richemont – behind Cartier – and accounts for 8 per cent of the €10.15bn sales reported by the group in its last financial year.

Mr Lambert was appointed to the role of Jaeger-LeCoultre chief executive in 2002, two years after Richemont bought the company in a deal that included the purchase of luxury watch brands IWC and A. Lange & Söhne.

There he engineered a decade of rapid growth and

TO BREAK THE RULES, YOU MUST FIRST MASTER THEM.

THE ROYAL OAK CONCEPT SERIES CONTINUES TO PUSH THE BOUNDARIES OF AUDEMARS PIGUET SAVOIR-FAIRE. THIS CONCEPT GMT TOURBILLON, WITH DUAL TIME FUNCTION, FEATURES WHITE CERAMIC BEZEL, CROWN, PUSHER AND BRIDGE. NINE TIMES HARDER THAN STEEL, CERAMIC IS EXCEPTIONALLY DIFFICULT TO WORK, YET HERE IT IS FINELY BRUSHED AND POLISHED AS IF IT WERE PRECIOUS METAL.

THE COMPLEX FORM OF THE CASE IS MILLED FROM A SOLID BLOCK OF TITANIUM. THE INDIVIDUAL FACETS ARE THEN MICRO SAND BLASTED TO ACHIEVE THE DISTINCTIVE MATT GRAINING. AUDACIOUS STYLING, PEERLESS CRAFTSMANSHIP.



ROYAL OAK CONCEPT GMT TOURBILLON IN TITANIUM. WHITE CERAMIC BEZEL.

AUDEMARS PIGUET
Le Brassus

Watches & Jewellery Retail

UK missing out on luxury buyers

A relationship with no commitments

Visa laws Lobbyists say Chinese visitors are being deterred by bureaucracy, writes *Claire Adler*

Chinese shoppers are responsible for a third of the world's luxury sales, according to data by Bain & Co, the consultancy, and many enjoy treating themselves when travelling abroad. But the British luxury industry is missing out – and the UK government is waking up to the problem.

Bureaucracy is in the way. Chinese visitors to the UK and Europe are obliged to apply for two visas: one to visit 26 countries in Europe – known as a Schengen visa – and a second, separate visa for UK entry.

Research by the UK China Visa Alliance, a lobby group, found that just 6 per cent of Chinese coming to Europe bother obtaining the additional UK visa. And why would they, when the Schengen offers passage to luxury shopping destinations such as Paris and Milan without extra paperwork?

The UKCVA says that France attracts almost eight times more Chinese visitors than the UK.

Nevertheless, when they do make the trip to London's West End, Chinese shoppers spend an average of £1,688 – three times more than overseas visitors from other countries, according to data from the New West End Company, which represents businesses in the area.

In 2012, the UK played host to 179,000 Chinese visitors, who spent a total of £300m, according to figures from Visit Britain.

"Chinese tourism is vital to Brand Britain," says Mark Henderson, chairman of the London Luxury Quarter, a trade body. UK luxury industry lobbyists are acutely aware they are missing out and are trying to persuade the British government to change the visa system. Their efforts might finally pay off in 2014.

The UKCVA, founded by Walpole British Luxury, the New West End Company, Global Blue, McArthurGlen Designer Outlets and London First, has been working since 2012 to persuade the UK government of the benefits of encouraging Chinese visitors.

Last May, the alliance hosted a reception with Mark Harper, the immigration minister, at which 900 British luxury retail and hospitality businesses were invited to raise their concerns. And in October, it hosted a



Lucrative: Chinese tourists spend an average of £1,688 in Britain

reception in China for tour operators.

A pilot scheme, launched last year, allows Chinese travellers to apply for the Schengen visa and the UK visa at the same time and place. Andrew Murphy, chairman of the UKCVA and retail director of John Lewis, is hopeful the government will roll the scheme out during 2014.

"If the visa process were streamlined it could boost the economy by £1.2bn and create 24,000 jobs," says Mr

Murphy. Preliminary findings from the pilot scheme are expected soon.

David Cameron, the UK prime minister, confirmed efforts are under way to set up a permanent "joint shop window" during a visit to China last month.

The British luxury industry is banking on the visa changes to transform the scale of its operations. "Attracting Chinese shoppers is not just about footfall and revenues," says Jeremy

Gordon, director at China Edge, a consultancy. "It can boost a brand's value, whether it is fundraising, or preparing for an IPO or... sale."

His digital communications tips for UK luxury brands include creating a Chinese landing page on corporate websites and ensuring brand communications articulate clearly what a brand does best, without assuming prior knowledge.

Meanwhile, the Bond Street Association, representing dozens of Mayfair businesses, has signed up to a "China-ready" workshop series devised by China Edge to help retailers offer Chinese-friendly luxury shopping.

"This year, more than 100m Chinese residents will travel abroad seeking high-end luxury brands," says Gordon Clark, UK manager for Global Blue, tax-free shopping specialists. "These goods can be up to 30 per cent cheaper to purchase in the UK than in China even before the tax-free refund."

Tales abound among luxury industry insiders of the extravagance of Chinese shoppers. Last November, before "Singles' Day" – China's equivalent of St Valentine's day – one Chinese man bought an engagement ring from 77 Diamonds, a London-based online jeweller, despite the fact that he did not have a girlfriend. He bought the ring "just in case", the company says.

In February, Fortnum & Mason, the luxury London grocer, will for the first time host a private event and a promotion to celebrate the lunar new year – peak time for Chinese visitors.

Celebrating the forthcoming year of the horse, products with an equestrian theme are expected to spring up around London. De Beers, the world's largest producer of diamonds, has created window designs for Harrods incorporating a red background and a horse silhouette in gold and will hand out red-coloured surprise gift packages to Chinese customers.

Some brands prefer to adopt a more cautious approach. Backes & Strauss, a diamond watch specialist, has not yet focused its marketing on Chinese visitors. But it awaits visa changes with interest. "We expect a significant impact on our UK sales to Chinese visitors at Harrods and our other UK locations," says Vartkess Knadjian, its chief executive.

Timepiece rental

Members' club Eleven James wants to do for fine watches what NetJets did for private air travel, writes *Syl Tang*

Have your eye on an Audemars Piguet Royal Oak but cannot quite afford it? Now you can hire it, following the launch last year of Eleven James, a luxury watch rental site and membership club.

The company is hiring out timepieces from IWC, Patek Philippe, Rolex and Vacheron Constantin, among other sought-after labels, and believes its business model will work.

Randy Brandoff, founder and chief executive, says: "When I was the first employee of Marquis Jet [the aviation services company] in 2001, we were at the start of a new trend now called luxury collaborative consumption."

Mr Brandoff left the aviation industry as chief marketing officer of NetJets, a private jet hire company, at the end of 2012 to see if he could apply the same model to watches. The name Eleven James, he says, is based on the 11 specially adapted gadgets presented to James Bond by Q, the M16 boffin, in the spy thriller films.

Membership fees range from \$249 to \$1,599 a month depending on the retail prices of watches borrowed and the frequency with which members swap timepieces. Members will also have access to monthly events, such as trips to the Super Bowl or Art Basel.

Mr Brandoff raised seed financing from strategic investors with plans for expansion capital in 2014.

But some analysts are sceptical. David Sadigh, founder and chief executive of Geneva-based Digital Luxury Group, which publishes the World Watch Report, has fielded market enquiries over the years and considered the market's the potential. He says: "This tops out at 100,000 potential members worldwide maximum, so it's impossible for it to become a global trend."

"Watches aren't the same as bags. Most handbags' lifetime value is short, so rental makes sense. But the lifetime value of a watch is 50-100 times longer."

"NetJets isn't just about avoiding ownership – it's access to the same

service without the pain, thus solving a problem. With [watch hire] the only opportunity is to wear without buying it."

Added to this, he says, is the potential for embarrassment in social situations. "What happens when you wear an expensive watch is people ask you about it, and you tell a story. 'It was my father's... It's my wedding watch.' So what do you say when you rented it? True, watch people will die to buy a new watch – they will never rent one, since from a status standpoint it's difficult to justify."

Others fear Mr Brandoff may be miscalculating the psychology of men's attachment to their watches. Al Tehrani, a GIA-accredited watch and jewellery expert based in New York, says the current Eleven James model that allows members to hold on to timepieces for two-month rotations will not work.

"This would have to be structured like a lease, in that you can keep a watch longer than six months. Men like to have a longer relationship with

'Men love clubs. Guys hang out with other guys who love the same things'

their watch. They put it on their nightstand, look at it and remember: 'I wore it here, and I wore it there.'

Mr Brandoff, however, is under no illusions that he is chasing the "Panerists" of the world (as Richemont's tight-knit group of Panerai collectors is known). Rather, he says, Eleven James is chasing commitment-phobes or consumers with a history of impulse purchasing gone wrong. A younger generation of customers used to access rather than ownership might well follow Mr Brandoff. The company plans to open in Asia, Mexico and Russia, from which it is already fielding requests.

"I'm not pretending I know everything about watches," he says. "It would ring hollow to any true collector. I'm reaching out to the right people."

"What I do know is clubs. Men love clubs. Wine clubs, beer clubs, golf clubs... Guys take things they love and hang out with other guys who love those things."

F O L L O W Y O U R O W N S T A R



EL PRIMERO CHRONOMASTER 1969

Acknowledged as the world's best chronograph, it is a descendant of the legendary El Primero first unveiled in 1969 and proudly bears the iconic colours of the first high-frequency automatic column-wheel chronograph calibre. Beating at a rate of 36,000 vibrations per hour, this daring feat embodies the exceptional expertise of the Manufacture.

ZENITH
SWISS WATCH MANUFACTURE
SINCE 1865

WWW.ZENITH-WATCHES.COM

'The best of what Geneva can offer' – in a city that never sleeps

Macau

Luxury brands have set up shop in Asia's gaming capital, writes *Jim Shi*

Macau, the special administrative region of China and undisputed champion of the global gambling industry, is going through a period of unprecedented growth.

In the process, it is attracting the biggest players not only in the world of gambling, but also in watches and jewellery.

Given a Chinese population eager to place bets, and a gambling revenue of \$45bn in 2013 – an increase of nearly 20 per cent on the previous year – it is easy to see why. And Macau's gamblers have an appetite for luxury goods.

"Our customers come to Macau to indulge themselves," says Jean-Marc Pontroué, chief executive of Roger Dubuis, a Geneva watchmaking company. Macau is his brand's premier market and in the past two years the company has opened three boutiques there.

Its smallest branch – in Wynn Macau, a luxury resort – is also its best-performing. "In a very small area you have the best of what Geneva can offer," says Mr Pontroué.

"We offer a lot of complications and differentiated aesthetic products, which appeal to this clientele," he adds. "Customers who can afford this type of complication know Dubuis. They expect to come to Macau to see and buy what they are already aware of."

Mr Pontroué points to a growing demand for niche brands: "It's not for every brand, but for our type of positioning – niche and with strong credibility in the high end – this is one of the cities where we are going to pay a lot of attention to opening further stores."

As the boom reverberates across the Pearl River Delta, the Chinese government is responding quickly.



Boom time: Macau's fast-growing casinos can also help gamblers to buy fine jewellery

A bridge from Macau to nearby Hong Kong is being built to alleviate pressure on the fleet of ferries that in 2013 brought a significant proportion of 17m Chinese tourists to the region.

Peter de Kantzow, an Australian entrepreneur, plans to launch a fleet of seaplanes to escort high rollers to Macau from China's Shenzhen airport as early as next year.

Guillaume Maspétol, managing director for north Asia at Jaeger-LeCoultre, says: "The only constraint [for retail space] may be to find a good location, since many luxury brands are already open everywhere."

For shoppers seeking fine jewellery and rare stones, casino owners will often tap into their relationships with auction houses, according to insiders.

"We have good contacts with the casinos for those who want to buy the very best items," says Vickie Sek, director of Christie's Asia jewellery and jadeite department.

Arnaud Bastien, president and chief executive, Asia, at Graff Diamonds, which has a boutique at Wynn Macau, believes limitless gambling opportunities ensure strong business potential that can only be helped by the brand's visibility on the mainland.

Kong," he says. "We are keen to ensure we continuously capture this tourist market."

China's recent economic slowdown appears so far to have had little impact in Macau. But the risk for luxury brands lies not only in policy changes and any potential repeat of China's 2008 restrictions on the number of mainland visitors, but also in the territory's limited growth in hotel rooms, a result of infrastructure delays and building labour shortages.

"Luxury watch compa-

'These customers are regulars, and concierges serve them as would their financial advisers'

nies cannot ignore Macau. However, we doubt it will ever become a meaningful watch market," says Thomas Chauvet, a senior equity analyst at Citigroup.

He adds: "With gambling, not shopping, the primary occupation of mass-market Chinese tourists in Macau, Hong Kong offers more steady growth opportunities."

Moves to rely less on high rollers, combined with the Rmb20,000 (\$3,300) restriction that a "premium mass-market" tourist, who has no access to casino-linked

credit lines, can take out of the region, have resulted in the number of pawnshops more than tripling in the past 10 years to about 170, according to Chou Chin-Leong, president of the Macau General Chamber of Pawnbrokers. Rolex, IWC and Cartier watches are traded like baseball cards in these shops.

"Unofficial funding channels are likely to gain more importance, as the casinos are keen to attract more premium mass gamblers," says Gabriel Chan, an analyst in Hong Kong for Credit Suisse Group.

But there are still enough VIP high rollers in Macau to generate healthy business for brands such as Girard-Perregaux.

"These customers are regulars, and concierges serve them as would their financial advisers," says Michele Sofisti, chief executive, adding that it is not unusual for a private viewing to be organised in a hotel suite.

Then there's the ego factor. High rollers tend to spend generously to "show off".

Their friends will also then buy so as not to lose face, says Mr Sofisti, who sold 15 Girard-Perregaux timepieces in the first three weeks after opening his Four Seasons boutique last September.

As Wilhelm Schmid, chief executive of A. Lange & Söhne, puts it: "Macau is good for business, not brand building."

Watches & Jewellery Raw materials

Uncertainty fuels price rise for Colombian gems

Emeralds Slipping production cannot meet demand, writes *Andres Schipani*

A Colombian mine owner, speaking on condition of anonymity, takes a little white paper packet out of his shirt pocket and opens it. He hands out three 9ct gems – each carat, he says, is valued at \$50,000.

“There you go, you have \$1.35m in your hands,” he says, adding that the deep, butterfly-green tone that glows under a beam of light is “unrivalled”.

“That’s the price people are now willing to pay for Colombian emeralds,” he says. “Worth it or not, the truth is that they are unmatched. There’s nothing better because Colombia is still the mecca of great emeralds.”

The intensity of the natural green of the Colombian emerald is certainly unique. But emerald mining in the country has a bloody history. A decades-long turf war between rival groups for control of the lucrative business left thousands dead. Recently, the prospect of a return to violence has alarmed the Colombian government.

Last November, Pedro Nel Rincón Castillo, also known as Pedro Orejas, a powerful emerald trader in the north-central Colombian state of Boyacá who is now in jail, was injured in a grenade attack that reportedly left four people dead. Soon after, he said a “peace pact” had been broken.

Days later, close to the site where some of the world’s most prized emeralds are produced, Juan Manuel Santos, the country’s president, ordered his government to prevent



Intensity: emerald mining in Colombia has a bloody history with some fearing a return to the ‘green wars’ for control of the lucrative business

Reuters

violence among gem businesspeople.

He warned that Colombia, one of the world’s largest producers of emeralds, which has experienced an economic comeback in recent years after decades of violence, cannot suffer yet another “green war”.

Since a peace deal among emerald miners in the early 1990s, it is said that about a dozen powerful clans have stayed in control of some 80 per cent of Colombian exports. This

represented about \$128m last year, say local exporters who have the US, Switzerland, Thailand, India and, increasingly, Hong Kong as their biggest clients.

But conflict analysts in Colombia warn that battles could resurface after the death from cancer last year of Victor Carranza, the “emerald tsar”, who brought a relative peace to the industry. Mr Carranza, who was believed to control at least 40 per cent

of the country’s emerald business and who claimed gems “called to him”, warned in a 2012 interview of the possibility of a new rift, saying “the peace [pact] we signed... is cracking, it’s damaged”.

Some exporters and producers say the situation around certain emerald mines is tense. That threat, combined with slipping production, might be a reason behind the rise in the price of Colombian emeralds, which spiked 30

per cent last year alone, according to industry experts, and is expected to increase by at least 25 per cent this year. What is more, miners have to dig ever deeper, requiring more sophisticated equipment and formal investment. Some producers say this could become increasingly complicated, although a part of the Muzo mine already has foreign investment.

Colombian emerald exports have been falling, partly because mines such as Muzo and Chivor are becoming exhausted, adding to the rarity of the gems, say experts.

“The emeralds fetching the highest prices come from Colombian mines, and one of the reasons is that getting your hands on good gems is proving erratic,” says Ricardo Kling, president of Bauer, a century-old jeweller and one of Colombia’s largest.

According to data from Colombia’s national mining agency, production has dropped in recent years, from some 5.2m carats in 2010 to 3.4m in 2011, hitting a low of about 1.2m in 2012. However, there was a rebound last year to some 2.6m.

Some in the industry say that environmental licences and tax issues have added more pressure at a time when Colombia has been losing steam against rival producers such as Zambia and Brazil, which are catching up.

Still, according to Mr Kling, global demand for the Andean country’s green gem, historically sought-after by elite customers in the Americas, Asia and the Middle East, is on the up because it is the “preferred” one.

“Now, big jewellers such as Chopard, Van Cleef & Arpels and Cartier are making more pieces featuring emeralds, and that says a lot,” he notes.

For Eduardo Chiquillo, a Colombian emerald exporter with a growing client base in Asia, “more and more people are willing to pay more and more for fine, very fine stones”.

‘More and more people are willing to pay more and more for fine, very fine stones’

Calls for consumers to back ethical revolution

Silver

Origin of materials must be queried, says *Simoney Kyriakou*

The revolution in ethical gold and diamonds is about to encompass silver.

Ethically sourced and environmentally sensitive precious stones and metals have seen a steady rise in global demand since the turn of the millennium.

A Fairtrade scheme for gold gained traction in 2011, and last year a Fairtrade silver scheme was launched in the UK.

Many jewellers have switched to silver from traceable sources and away from the largely unregulated, artisanal mining industry or suppliers using environmentally unsound methods of extraction.

But ethical silver is still in gold’s shadow, despite efforts by the Fairtrade Foundation and the Alliance for Responsible Mining to boost traceable metals, says Greg Valerio, founder of Cred, an ethical jeweller.

The sticking-point is cost. Most artisanal miners are not environmentally conscious, largely because silver is relatively cheap. They make what little money they can from gold and, because silver is a byproduct of gold mining, it is difficult to persuade them to adopt cleaner, more costly processes.

The supply chain, too, is tarnished, Mr Valerio says. The price of silver, currently \$19.4 a troy ounce, is still far below gold, whose lustre diminished over 2013 but is still priced at \$1,226.2 an ounce. Why pay more to source and import ethical silver when margins are already tight?

There is also a lack of awareness among consumers about the importance of buying sustainable silver.

Alan Frampton, who bought Cred from Mr Valerio in 2009, says he is surprised that buyers are discerning about the provenance of their food but not their jewellery. He is hoping to lead by example: “We want to know where our silver has come from, especially as mining is still a dirty business.”

Slowly, Fairtrade is helping producers improve the way they extract and purify silver. Mr Valerio says: “In 2004, I visited Oro Verde, a pioneering small-scale mining initiative in Colombia that does not use cyanide and has a traceable supply chain. This catalysed the launch of Fairtrade Gold.”

From this scheme, which relies on panning and diving for sediment, have emerged four Latin Ameri-

‘We want to know where our silver has come from... as mining is still a dirty business’

can Fairtrade gold mines and nine African pilot projects producing both gold and silver. The hope is that Fairtrade mines will make it easier to source ethical silver while improving the lives of miners.

Ute Decker, the architectural jeweller, has used Fairtrade gold since 2011, but until recently could not find ethical silver – the closest alternative, she says, was a recycled material, although the traceability of the original pieces was questionable. She is switching to Fairtrade. “It is much better to create an artisanal piece that has helped support other artisans,” she says.

Jon Dibben, a fine jewellery designer whose special-edition collars can cost about £50,000, says demand for silver jewellery could

grow this year, as fashion-conscious customers turn to it “psychologically” for its price and versatility.

He says: “It only costs maybe £40 more to design bespoke pieces out of Fairtrade metal than non-specific metal. So why not go Fairtrade?”

High-end retailers are also taking their corporate social responsibility over silver seriously.

Anisa Kamadolli Costa, vice-president for global sustainability and corporate responsibility at Tiffany & Co, says: “We believe our customers trust us to ensure the jewellery we craft was extracted and created in an ethical and responsible way.”

Tiffany has traceability and control throughout the supply chain, she says. In 2012, 83 per cent of the silver used in its own manufacturing facilities came from one large-scale mine in the US, with 17 per cent from recycled sources.

Other jewellers are starting to use ethically sourced precious metals. Garrard, the world’s oldest jeweller, signed up to sell Fairtrade gold.

Danish jeweller Georg Jensen openly states its commitment not to support human rights abuses in the supply chain. But Mr Frampton says more should be done to get consumers on board.

He and the 27 other jewellers that have signed up to the Fairtrade gold scheme have made 2014 the year to challenge consumers to inquire about the origin of the metals they are purchasing, so that more pressure can be put on suppliers.

The Fairtrade Foundation is campaigning among faith groups in the UK, using Fairtrade wedding bands as bait to promote ethical jewellery.

Mr Valerio is optimistic: “This is a vanguard movement and the British public will get it.”

Silver extraction A risky process

In the 1500s, Spanish mines in the Americas used mercury to extract a purer form of silver from gold and other metals.

The silver in the ore would form an amalgam with mercury and be extracted more efficiently after blasting with tonnes of water.

Today, cyanide has replaced mercury in most mines around the world, but mercury is still used by many artisanal

miners. Both substances are dangerous to human health and high levels of mercury and cyanide are often found in water and farmland near gold mining communities, according to the Fairtrade Foundation.

Up to 90 per cent of workers around the world involved in mining are artisans, the foundation estimates. Those workers produce about 15 per cent of the world’s gold.

SK





OFFICIAL WATCHMAKER

CONFEDERAÇÃO BRASILEIRA DE FUTEBOL





TONDA 1950
 Rose gold
 Ultra-thin automatic movement
 Hermès alligator strap
 Made in Switzerland
www.parmigiani.ch

PARMIGIANI

FLEURIER

LES ATELIERS PARMIGIANI
 BEIJING, LONDON, MOSCOW, SHANGHAI

LES STUDIOS PARMIGIANI
 BEIJING, DUBAI, Gstaad, KIEV, MACAU, MUNICH, PORTO CERVO, SAO PAULO, SINGAPORE, TIANJIN

Watches & Jewellery

Brands add value with charity partnerships

Ethics Watchmakers are forging convincing CSR relationships.
By Robin Swithinbank

Corporate social responsibility (CSR) is often dismissed as a featherweight concept dreamt up by marketing men. But in the watch world, which grows richer by the year and is increasingly forging links with non-profit organisations, it can produce significant results.

Recent efforts prove the point – and highlight the wide variety of watchmaker's approaches to CSR.

In September 2013, 33 unique fine watches donated by brands went under the hammer in Monaco at the Only Watch auction in aid of research into Duchenne muscular dystrophy, raising more than €5m.

In October, Rolex announced Olafur Eliasson, the artist, and Michael Ondaatje, the novelist, would be among the experts taking part in its 2014-15 Mentor and Protégé Arts Initiative, an arts mentoring scheme that has drawn high-profile names since 2002.

And the Audemars Piguet Foundation has worked on 75 projects in 34 countries to raise awareness of environmental issues, with a focus on protecting forests.

Whatever the motives, the imperative for luxury watch brands to "give something back" by lending support to charities is an increasing priority. But are consumers convinced?

Some experts say the luxury industry's involvement in charitable and social projects can create consumer confusion. "While individuals can be both 'selfish' and 'selfless' depending on the circumstances, they can never be both at the same time," says Carlos Torelli, associate professor of marketing at the Carlson School of Management, University of Minnesota.

Catherine Walker, a researcher at the Directory of Social Change, a UK independent research charity, and author of *The Company Giving Almanac*, says: "The concept of CSR clashes psychologically with the motivations for buying luxury goods, and needs to be carefully managed."

But she adds, "Any CSR is better than no CSR, and while in order to



Bletchley Park Hut 6 in 1941: Bremont's charity 'Codebreaker' watch includes materials salvaged from the site

change things you'd need people to stop buying luxury watches, and give more money to developing countries, it may be easier to persuade them to give a small percentage of their purchase price to good causes."

Certainly some non-profit organisations are happy to enter into such arrangements with luxury watch brands. Médecins Sans Frontières, the humanitarian aid organisation, last year partnered with Nomos Glashütte, the German watch house. MSF receives a donation of 100 euros, pounds or dollars from the sale of each of 6,000 limited edition watches sold by the company in Germany, the UK and the US. Proceeds from this tie-up will be added to an initial €200,000 donated to MSF when the scheme was first run in Germany.

"Partnerships with luxury brands are quite new for MSF," says Antoine Bogaerts of MSF's fundraising team. "It helps us to reach people who we might not have had the opportunity to address before."

He adds that £100 can go a long

way. The sum will pay for 37 full sets of emergency wound dressing supplies for treatment in the field, or 25 wool blankets to protect displaced people from the cold in winter.

Nomos Glashütte acknowledges that luxury products have no relevance in crisis situations, but says this should not prevent it from supporting the aid agency. "Since mechanical watches were not on MSF's priority list for emergency aid, we figured that funds and additional awareness for their organisation was the best we could do," says Uwe Ahrendt, the brand's chief executive.

Luxury watch retailers are also involved. Half of the donation made to MSF under the Nomos Glashütte scheme will come from retailers. One of the participating UK retailers is Watches of Switzerland.

"This project has given us an opportunity to support an organisation whose mission and values we believe in, and to behave in a socially responsible way," says Justin Stead, chief executive of Aurum Holdings, parent

company of Watches of Switzerland, Goldsmiths and Mappin & Webb.

Stephen Urquhart, Omega's president, believes brands benefit from CSR because projects often reflect the mood of consumers. Omega's latest CSR project is with the GoodPlanet Foundation. It will help fund two ocean-based projects near the Indonesian island of Sulawesi.

"Companies in all industries are aware that their potential customers are socially aware and are attracted by companies that share their passions, whatever they might be," he says.

Although it has become a hackneyed phrase, the merits of "doing good" are enough motivation for some brands. "We believe it's everyone's responsibility to be respectful of the environment," says Zahra Kassim-Lakha, Jaeger-LeCoultre's global head of strategy.

"For us, that means environmental protection, commitment to human values, and the preservation of knowledge and skills."

Jaeger-LeCoultre, for its part, is involved with the Unesco World Heritage Centre and (Red), the Aids charity, as well as the UK-based Prince's Foundation for Children and the Arts.

For smart-thinking companies, CSR activities can create opportunities to enrich a brand's values. In June, the British brand Bremont launched Codebreaker, a watch made in partnership with the Bletchley Park Trust, which maintains the site where Alan Turing, the cryptanalyst, and his colleagues broke the Enigma code during the second world war.

The watch enhances Bremont's profile as a British company by incorporating wood from Bletchley's Hut 6, metal from an Enigma coding machine rotor and paper taken from punch cards used by the codebreakers. Bremont paid the trust an undisclosed figure at the start of the project, which it intends to recoup through watch sales.

"If you walk around Bletchley Park, it's falling down. It needs money, it needs support," says Giles English, Bremont co-founder. "We can help do something. Their PR operation is small-scale and we can add weight to it. In return, they're giving us an amazing story."

FT.com/watches-jewellery
How luxury watchmaker IWC is helping to preserve the Galápagos Islands

Good luxury Industry tie-ups



Hublot The watch company has collaborated with Depeche Mode, the pop group, on a limited edition watch. Part of the proceeds are donated to Charity: Water, a non-profit organisation that delivers safe drinking water to developing countries.

Graff Diamonds Laurence Graff, the company's founder, set up the Facet Foundation in 2008 to support education and healthcare projects in sub-Saharan Africa, where many of the company's stones are mined.

Bulgari The Italian house has raised more than \$25m since 2009 for Save the Children. A version of its B.Zero1 ring engraved with the charity's logo is sold for \$420, from which Save the Children receives a \$90 donation.

Nomos Glashütte The quirky German brand has created a series of limited-edition watches to raise money for Médecins Sans Frontières, the French humanitarian NGO, with a target to raise \$1m.

Bremont In 2012, the British watch brand's Victory timepiece to raised funds for the National Museum of the Royal Navy. This year, it released the Codebreaker to raise funds for the Bletchley Park Trust.

Robin Swithinbank and Justin Cash

Salerooms to go back in time as another vintage year is predicted

Auction houses

International experts tell *Simon de Burton* where they think the smart money will go

The main watch auctions staged during the past two months of 2013 reflected a collecting market in rude health. The three big Geneva sales conducted by Antiquorum, Christie's and Sotheby's grossed more than \$50m between them.

Prospects for 2014 watch sales – the first of which will be staged by Antiquorum Hong Kong on February 22 – appear to be rosy. But for a true international picture, we asked six specialists to provide their thoughts on the year ahead – and to predict which watches will attract high prices.

John Reardon, Christie's New York:

"The momentum from last year's record season has encouraged sellers to offer prized pieces for sale, and new bidders are lining up to try buying at auction for the first time. In addition, our commitment to private sales in the watch area [ie, non-auction sales] is growing exponentially and the world of retail is now meshing with that of the saleroom.

"In both areas, the market for mint condition vintage and modern timepieces seems to be getting stronger, in particular for Rolex, Patek Philippe and Vacheron Constantin pieces."

Paul Maudsley, Bonhams London:

"Last year proved to be the strongest ever for the department, with £14m of sales worldwide, up from £12.5m in 2012. From a UK point of view, we have to accept that the very best vintage watches – such as complicated Patek Philipps and so on – exist here only in tiny numbers and rarely become available for sale.

"There is no doubt that today's buyers are both more knowledgeable and have a greater willingness



Sought after: chronographs from Rolex and Longines

to learn, which means they are being more careful in their purchases and often waiting longer for the right watch to come along.

"I would suggest that Longines chronographs from the 1940s and 1950s might take off. They are beautifully designed and engineered but currently undervalued."

Julien Schaerer, Antiquorum Geneva:

"There is no doubt that 2013 was another interesting and successful year but, in my opinion, the results were mixed – due, in part, to uncertainties in the Chinese market, which may have affected the international buying habits of Asian collectors.

"On the face of it, the vintage Rolex market is looking very strong – but really it is only for the super-rare Daytonas, early chronographs and moon phase pieces. Patek, too, is set to remain strong for the really rare references, but I envisage some weakening in broader terms.

"This year we will see people looking for alternative dial names. Vintage Zeniths, for example, are

enjoying a trickle-down effect from the successful revival of the brand, and certain models of Vacheron Constantin, such as steel versions of the Gérald Genta-designed 222, are likely to perform well."

Sharon Chan, Sotheby's Hong Kong:

"The growing number of participants in our sales

"This year we will see people looking for alternative dial names, such as vintage Zeniths'

suggests the Asian market will continue to grow, partly because the brands have been increasing their marketing budgets in Asian cities in order to educate collectors.

"I anticipate a slow change in focus from modern to vintage – generally, Asian buyers like only excellent-condition watches, even if they are vintage.

"It is becoming more and more difficult to consign

rare watches due to an increase in competition, and the fact that some collectors are exchanging pieces among themselves before we get to see them.

"I do, however, predict a further increase in female buyers at auction. Many have gone beyond buying for fashion and are now looking at functions and collectability."

Geoffroy Ader, Sotheby's Geneva:

"The huge demand for the best Rolex pieces will continue. In the 20 years that I have been in the business, demand for vintage Daytonas has always been high – in that time, the right ones have risen in value from \$5,000 to \$100,000, and I don't see why they should start to go down.

"The market for modern watches will remain strong, but more and more buyers are demanding excellent-condition pieces with boxes and papers. The best pocket watches, meanwhile, will still make record sums but average ones will continue to make average prices. The demand just isn't there.

"As for big money Patek Philippe pieces, they are becoming more and more difficult to find. The people that have them are reluctant to let them go, just as they are with the *crème de la crème* of pieces by makers ranging from Audemars Piguet to Universal."

Stefan Muser, Dr Crott auction house, Mannheim:

"China's anti-corruption campaign has resulted in huge numbers of unsold new watches in the country, and that is bound to affect the residual market.

"Vintage watches, however, will continue to perform well in the saleroom. I envisage collectors looking to take advantage of currently undervalued models – such as Longines chronographs from the 1950s and 1960s, and probably rectangular-cased Patek Philipps from the 1940s and 1950s.

"The trend for huge case sizes is not going to last. A lot of my clients are returning to wearing watches of around 35mm – they are just more comfortable, more elegant."

Watches & Jewellery Watchmaking



Detroit home to a different kind of production line

Shinola New face on the scene is taking time to learn slowly and build its business in a city steeped in craftsmanship, writes *Simon de Burton*

Lakiska Raybon used to spend five days a week in one of Detroit's dimly lit auto shops, where the air was filled with oil fumes and the clank and scream of machine tools stamping out car parts from solid metal blanks.

The 36-year-old mother of three still sits on a production line in "Motor City", but since May 2012 she has found her work far more rewarding – because she now assembles timepieces in her own, pristine work space in the tranquil surroundings of a light-filled watch factory.

Mrs Raybon was among the first nine employees to be recruited by the fledgling Shinola dial name, which was created through a collaboration between Dallas-based Bedrock Manufacturing, the parent company, and Ronda, the Swiss watchmaker.

Taking the name of a long-defunct brand of US shoe polish, the company moved into the fifth floor of the old General Motors Argonaut building, where it occupies a 60,000 sq ft space. "People often raise their eyebrows when they hear that we chose to start

a new watch brand here, because they only think of the Detroit that is facing huge financial challenges and infrastructure problems," says Steve Bock, Shinola's chief executive and a former executive with Fossil watches.

"But the idea was to find a city steeped in craftsmanship and innovation, which Detroit clearly is. It is also somewhere with a future as a very different, perhaps smaller city – and hopefully Shinola will be an important part of that."

From those original nine employees, Shinola's watch division (it also makes bicycles, journals and leather goods at separate sites) has grown to a staff of 58 working on the production side.

The team is led by Stefan Mihoc, a master watchmaker who graduated from watchmaking school in his native Romania in 1985 before moving to Detroit in 1996, where he spent 10 years making tools, dies and punches in an automotive machine shop. After being laid off in 2006, he set up his own watch repair business before

being tracked down by Shinola.

"It was very surprising to hear that someone wanted to set up a watch factory here in Detroit, but I jumped at the chance because it gave me the opportunity to do the work I trained for and that I really love," says Mr Mihoc.

Since Shinola's official launch at last year's BaselWorld watch show, Mr Mihoc has overseen the production of about 50,000 watches costing between \$648 and \$1,160 apiece.

They are assembled on the Detroit production line using quartz movements shipped from Ronda in Switzerland, with Chinese cases, dials, hands and crystals and US-made leather straps. The target for 2014 is 150,000 units, and there is even talk of one day producing Detroit-made watches with mechanical movements.

"Right now, however, we are very much at the beginning," says Mr Bock. "The key to success will be to learn slowly, not to rush in."

FT.com/watches-jewellery
See more images from behind the scenes at Shinola in our gallery

Clockwise: the Argonaut building, watchmakers at work, precision tasks, a Shinola worker, dial tasks, a demand skill Fabrizio Costantini



Hydro-powered HYT takes fluid-system technology to the next level

H1 Titanium deconstructed



- 1 Capillary tube filled with fluorescein
- 2 Coloured liquid reservoir
- 3 Viscous and transparent liquid reservoir
- 4 Hand-wound mechanical watch movement

FT graphic

Watchmakers have spent decades perfecting the art of keeping liquids out of watch cases, writes **Simon de Burton**, but one of the industry's more avant garde brands is now working to keep them in.

"Hydro mechanical horology" has been pioneered by HYT, the niche company that broke new ground with the launch of its H1 watch in 2012. The main feature of the H1 is that it displays the minutes not with a conventional hand but with "an aqueous liquid filled with fluorescein" – fluorescent, coloured water – which

moves slowly around a capillary tube. The water is contained in one reservoir, while another reservoir holds a "transparent viscous liquid" (in other words, oil), with both reservoirs linked to a pair of piston-driven bellows.

These are connected to a hand-wound mechanical watch movement with a 65-hour power reserve, which drives the bellows to push the unmixable fluids in opposite directions around an 11cm long, borosilicate glass capillary with an internal diameter of just 1mm. The position of the fluorescent water indicates

the minutes, while the hour is shown by a single, conventional hand. When the water reaches the six o'clock position, having made a full circuit of the tube, its pump compresses while the pump for the oil extends. The water is pushed back and the whole process begins again.

Frivolous as the idea may seem, it has taken more than a decade of research and a team of 30 technicians to perfect HYT's liquid display, first mooted by its inventor, Lucien Vuillamoz, in 2002. It came about thanks to the involvement of Patrick Berdoz, an investor, and

Vincent Perriard, an industry veteran who as president of Concord, the Swiss watchmaker oversaw the creation of a timepiece with a liquid-filled power reserve display.

HYT's watches are vastly more sophisticated, so much so that a sister company called Preciflex was created so that the fluid system could be patented. Such technology does not come cheap. The H1 is available from £34,000 in titanium, while the next-generation H2 model, due to go on sale next month, will have a starting price of £93,000.

Watches & Jewellery Trends



Quirky reinvents the ordinary

Electronics Get a Nimbus and you need not take your mobile phone to bed, says *Syl Tang*

Now that most of us check the time with a quick glance at our mobile phone, the ordinary, single-function household clock is at risk of becoming an endangered species. But not if Quirky, the crowd-sourcing invention company, has anything to say about it. Enter Nimbus.

Nimbus, which resembles a digital dashboard, is a four-dial desktop device that displays the time but also tracks other data. Connected to a user's phone via a Quirky app, the clock can monitor and display digitally available information such as weather, traffic, unread emails, Facebook likes, Twitter mentions, sports scores and share prices.

Ryan Pendleton, inventor of the Nimbus, says he had the "aha moment" in 2012, when his clock radio broke. "I commute an hour for work and live in a place where it snows," he explains. "I realised I wanted something that combined when I have a meeting [in my calendar], with weather and traffic to tell me what time to leave in the morning."

Mr Pendleton, who manages IT for a public school system in the US Midwest, tried to program his own mobile phone app. But he struggled to overcome unanticipated hurdles, such as the alarm clock not sounding on a phone drained of its battery.

While searching e-commerce sites during development of the product, Mr Pendleton came across tech-friendly Quirky. In April 2013, the company decided to move forward

Evolution: the Nimbus clock monitors four elements of all the information available on a mobile phone

with production of his "clock", which hit stores last month.

Reinventing the ordinary seems to be the Quirky ethos. Its "hero product" is Pivot Power, a flexible power strip. It also manufactures an egg tray that monitors how many eggs are in the fridge along with their expiry dates. A rake becomes a tool that also mashes leaves into the rubbish bag. Barbecue skewers come with levers to slide food on to your plate.

Bret Kovacs, Quirky's head of strategic partnerships, says of the Nimbus: "What we know as the clock has evolved. In a world with too much information, this provides some discipline. You can go on your phone and see 80 widgets but this monitors four things. I was using my phone as my alarm clock - my wife was sick of it so we made a conscious effort to remove our phones from the bedroom. I can still monitor what's important."

However, not everyone is a convert. "My first reaction is, 'How ironic,'" says Shalini Misra, professor at the School of Public and International Affairs at Virginia Tech. "Technology is often marketed as innovation to solve our information overload problem, but actually exacerbates it. Whatever is not measured is considered not to be of value," she says.

"Facebook 'likes' make what's new [more] important than saying hello to your children. Further, we know from research on interruptions and disruptions that every fragment of information from digital sources adds to taxation of our working memory."

The pros and cons of adding more ways to look at more data are widely argued by cognitive scientists. Tom Stafford, lecturer in psychology and cognitive science at the University of Sheffield, theorises that we are merely forgetful of information we know to be easily retrievable, but are able to remember where to locate the information again. In other words, data are not eating our brain.

And clocks may be only the first step towards digital homes, says David Sadigh, founder and chief executive of the Geneva-based Digital Luxury Group, the publisher of the World Watch Report. "We now have software that checks your sleep and tells your iPhone to match your cycle to the time you want to wake up," he says.

He adds: "I just moved to a new house, and it took me two hours to understand the heating. What if this connected device can help me reduce energy use in my house because it tells me when to leave and saves me time and energy costs?"

Indeed, the Nimbus clock is part of a partnership Quirky has formed with the US conglomerate General Electric to target the connected home market.

Nimbus can tell the user what time to leave home, while Spotter, Quirky's motion detector, is capable of triggering the Pivot Power Genius, turning the lights on and off. And if your plans don't quite go like clockwork, the app allows you to turn power on and off in your home from anywhere in the world.

'Crossover' designers attract new collectors

Retail

Furniture makers and architects are getting in on the act, writes Jenny Dalton

A new breed of jewellery buyers is in search of pieces created by designers from the wider applied arts.

A recent Sotheby's auction, where a design by Alexander Calder, the sculptor, sold for almost \$2m and pioneering examples such as a jewellery collection for Tiffany & Co by Frank Gehry, the US-based architect, has alerted collectors to the appeal of crossover jewellery design - both for its form and investment potential, according to Louisa Guinness, a London-based dealer of jewellery created by 20th-century artists and designers.

"I am noticing a buzz now," she says. "It is interesting and funky and cool jewellery, which is not trying to enhance the beauty of the person wearing it. It's trying to say something."

Since Ms Guinness started trading 10 years ago, she has watched a market develop for pieces by designers such as Ron Arad and Ross Lovegrove, who specialise in furniture.

Last year, her gallery exhibited at PAD (Pavilion of Art & Design) in London, at Art Basel and for the first time at Design Miami, where jewellery dealers, such as Brussels-based Caroline Van Hoek and US-based Mark McDonald, made up 15 per cent of galleries on show.

At Design Miami, a series of bracelets by Gijs Bakker fetched \$37,000. The Dutch product designer and co-founder of Droog, the design

house, was presented by Van Hoek.

At the first Collective event in New York, a fair selling vintage and contemporary furniture and design, jewellery was crucial to its broad appeal - attracting customers who then bought furniture, or vice versa, says Steven Learner, the event's founder.

The result, says Ms Guinness, is a customer base different from that of conventional jewellery. "There's increasing crossover between design and art fairs. I'll get people coming in from Frieze [a London modern art fair] or Design Miami, and they won't have heard of us. Then there are

did not have the weight of advertising campaigns, or brand images, only an important designer or artist creating a piece for an exhibition. The 'design jewellery' market gives more freedom to creators and is therefore more interesting."

Tomoko Azumi, a furniture designer based in London, agrees. Ms Azumi, who has created a collection of faceted silver jewellery for Terence Woodgate under his Eiger label, says her challenge was that "the function of jewellery is to express a character and feeling in something so small, rather than a practical function."

While Eiger is concentrating on everyday pieces, Mr Woodgate hopes that limited editions will develop as his designers suggest ideas that cannot be developed using mainstream techniques.

Where is the value in such pieces? Arlene Bonnant, an art expert and director of Caspita - a new Swiss jewellery brand, which has Zaha Hadid, the architect, as its first art guest designer - says jewellery from a recognised design name is dependent on the value of that person's oeuvre growing over their lifetime and beyond.

"For me, there's only JAR [jewellery designer Joel Arthur Rosenthal] whose work has increased in value over his lifetime, but it is possible, especially if there is technological advance or something special about the work," she says.

Johanna Flaum, a specialist auctioneer at Sotheby's, adds that while the future value of such pieces is impossible to evaluate, "the market is finally recognising the finest artist jewellery as beautiful works of contemporary art as well as masterpieces of design."



the collectors who are collecting jewellery just as they would art."

The market has been boosted by Galerie Kreo, an influential Parisian gallery that has commissioned jewellery designs from Hella Jongerius, an industrial designer, Jaime Hayon, who specialises in interior design, and the Bouroullec brothers, who specialise in furniture.

"It's an exclusive market," says Didier Krzewinski, owner of Kreo. "We

Costume brands in search of growth venture into fine arena

Aspirational products

Designers' use of precious materials creates new version of core business, writes Rachel Felder

One of the biggest trends in the fine jewellery market does not involve a new style of earrings or unusually coloured diamonds.

Instead, designers normally associated with costume jewellery have launched fine jewellery lines, working for the first time with precious stones and metals and often charging prices that are, understandably, well above those of their standard offerings.

For costume jewellery brands, the impetus to expand into the fine realm is simple: it is a comparatively easy way to increase their reach.

"It's critical for designers and their companies to find growth," says Marshal Cohen, chief industry analyst at the NPD Group, which tracks the retail sales industry. "It's easier to create another version of your core business than it is to do something totally different. They're playing off the product and the consumer base that they have and creating an aspirational product to do it."

In many cases, these lines have a spunkier sensibility than consumers would expect to find at, say, Tiffany & Co.

Alexis Bittar's fine jewellery collection, launched last autumn, tweaks vintage-inspired pieces with settings that suggest eagle claws and barbed wire, albeit in 18-carat gold, while Aurélie Bidermann's line includes a gold apple core charm dangling from a paper clip. Jewellery design duo Dannijo's new gold pieces, Fine by Dannijones, look like items one might see on Shoreditch twenty-somethings.

Tastemaker brands such as Zara Simon and CC Skye are also about to launch fine jewellery lines.

The trend includes mainstream brands such as Swarovski, which introduced fine jewellery in China in late 2012. The company has two boutiques there dedicated to the collection, as well as 10 shop-in-shops in its traditional stores. The line is about five times more expensive than Swarovski's costume pieces, starting at Rmb5,000 (\$827).

Francis Belin, Swarovski's senior vice-president of sales and operations in Greater China, comments: "If you want to grow and be a key player in the jewellery market, not being in fine jewellery at all is a handicap."

Although his brand's precious pieces do not feature logos, many are designed around motifs with which it is associated, such as a swan. Swarovski and its peers are offering essentially fashion jewellery crafted from investment-calibre materials.

In China, the jewellery market is growing: it was up 5 per cent in 2013, according to a recent report by Bain & Company.

"Our Chinese customers are becoming more and more affluent," says Mr Belin. "They're very much in tune with international

brands. Quite a few of them were asking: 'When are you going to be getting into fine jewellery?'"

Eddie Borgo, a New York-based designer, says he was asked the same question. In response, he created a handful of 18-carat gold-based pieces last year - a Cleopatra-themed group for Chinese retailer Lane Crawford and a limited edition of six numbered cuffs for Neiman Marcus in the US.

While his costume collection is vast, his strategy is to limit the distribution and number of styles of the precious creations.

"What I didn't want to do was cannibalise the costume business with the fine business," he says. "I wanted to run them as separate entities. For us, the answer really is in the exclusivity of the pieces."

Drawing a line between high and low collections, even though there may be customer crossover, has proved a successful tactic.

Anna Sheffield launched her fine jewellery collection in 2011 after building a solid customer base for the Bing Bang costume line. Last year, her fine jewellery sales nearly tripled and are now four times more than costume sales. She recently opened her first boutique, showcasing precious jewellery, in Manhattan.

One factor in the transition into the fine arena may be the price of gold, which dropped substantially last year. Still, the greater investment in metals and gems has some brands starting small.

Dannijo, for example, in November launched its fine collection exclusively on its website to keep down overheads and the number of pieces it needed to produce initially. "We were very conservative with our numbers," says Danielle Snyder, who founded the brand with her sister, Jodie.

"Fine jewellery's more expensive; the raw materials add up quickly."

Some items sold out on the first day and a second collection of more pieces is planned.

Mr Bittar spent six years building brand recognition and opening boutiques in affluent areas before launching his fine jewellery collection, which includes pieces with diamonds, sapphires and amethysts. "A retailer needs everything in place: the packaging, the brand manifesto, the staff to support it," he says.

Economic conditions are conducive to fine jewellery's appeal. "Now the economy is recovering, we expect the jewellery industry will see rising revenue," says Caitlin Newsom, retail analyst at IBISWorld, a research company, that forecasts US industry revenue will rise for the next five years. "Timing is everything," says Mr Cohen. "Trying to do this four years ago would have been a waste of time."

"Now, aspirational mid-market consumers are feeling pretty confident, and they are only going to gain in confidence as economic recovery continues."



GRAFF

THE MOST FABULOUS JEWELS IN THE WORLD

WWW.GRAFFDIAMONDS.COM/BUTTERFLY



Exclusive: Swarovski fine pendant, right, and a winged scarab cuff, part of Eddie Borgo's fine jewellery collection, below

Watches & Jewellery Profile

Lost world of the tsars lies behind dazzling new designs

Russia Moscow-based Konstantin Chaykin is reviving an industry that flourished until the 1917 revolution, writes *Meehna Goldsmith*

Collectors do not necessarily regard Russian watches as a first-class product, and Moscow is not usually considered a centre of excellence in the *haute horlogerie* world.

Konstantin Chaykin, a Russian-born watchmaker, intends to change that.

He points out that before the Russian Revolution of 1917 and the subsequent Soviet era, high-quality, complicated timepieces were produced in the capital.

"Communist ideologists tried to wipe from people's memories everything that was good before the revolution of 1917," he says. "Sadly, this also affected clock- and watchmaking."

As evidence of his city's forgotten tradition, he points to timepieces built by Terentiy Ivanovich Voloskov, by the Bronnikov family and by Ivan Kulbin, who presented a clock to Empress Catherine II of Russia.

At his workshop, Mr Chaykin produces about 250 pieces every year, costing between \$16,000 and \$165,000.

He aims to appeal to buyers in Europe, Asia and the Middle East, as well as in his native country.

He is serious about the "Russian made" description, producing most of the parts in his workshop with the rest sourced within the country.

He even buys the hairspring, a tricky part to manufacture, from Raketa, a supplier based in St Petersburg.

Though Mr Chaykin can construct high complications such as the Tourbillon 55, he prefers to invent novel

complications that play with representations of time.

"Timepieces with a Russian soul contain a different worldview, a different perception of time," he explains. "Hence they are different – different from, let's say, Swiss timepieces."

The Decalogue Rega counts the ancient Jewish units of time *halakim* and *regaim* as well as the modern 24 hours. The *helek*, which means "part" in Aramaic, equals 3 1/3 seconds, while the *rega*, "the twinkling of an eye" in Hebrew, is 44 milliseconds, which makes it the smallest measured unit of time in a watch.

The Quartime divides a day into morning, day, evening and night, integrated into a traditional dial. It features a revolving indicator that completes a quarter of a circle every six hours; apertures show the passing hours and segments of the day.

Last year, Mr Chaykin launched the Cinema, a camera-shaped watch that includes a 20-second animated film on the dial activated by a crown on the bezel.

The Cinema offers not only an image but also the sound of an old movie projector as the horse and rider "gallop" in the frame.

Mr Chaykin's accomplishments have been recognised by his peers. He is the only Russian watchmaker to become a member of the prestigious Académie Horlogère des Créateurs Indépendants.

"He is able to make very aesthetic and unique watches," says Svend Andersen, one of the founders of the AHCI.



Russian-made: (clockwise from above) the Cinema, the Carpe Diem, Moscow's streets before the 1917 revolution, Konstantin Chaykin

Young virtuoso who brings fresh approach

Konstantin Chaykin, 39, was born in St Petersburg. He is, he says, a self-taught horologist, discovering an aptitude for mechanics when he began restoring clocks and watches in the city of his birth a decade ago.

He produces his own movements and invents new complications in his Moscow workshop. He is known in the industry for complicated movements and an original approach to illustrating time, such as the Shabbat clock that incorporates the Jewish/Hebraic calendar and the Hijra watch with an Islamic calendar and moon phase display.

In 2010 he became a member of the Académie Horlogère des Créateurs Indépendants.

Mr Chaykin's most recent creation is the Carpe Diem, which represents the abstract concept of time using metaphors from western mythology.

Chronos, the Greek god of time, sits on an off-centre dial that shows the hours against a starry night sky. One of his hands holds a scythe, while the other leans on an hourglass that tracks the minutes through the appearance of flowing sand.

Mr Chaykin created the illusion using a shutter system, for which he received a patent.

Carpe Diem also includes a skull and date indicator, which employs astrological signs instead of numbers. Since opening his workshop, Mr Chaykin has created 26 calibres and been granted 17 patents.

"Konstantin's work in recent years has really amazed me," says Max Büsser, the founder and owner of MB & F, an independent Swiss watch manufacturer.

"On a design perspective, we

are not on the same planet, but he manages to instil a real sense of whimsy and childhood awe in his creations.

"Something makes his watchmaking art so personal and unique in a world where real creativity has become all too rare."

Mr Chaykin hopes to maintain the momentum he has sparked in Russian horology.

There are no professional watchmaking schools in Russia, so he has decided to tackle the problem by training young enthusiasts through an apprentice system at his atelier in Moscow.

"We are creating traditions," says Mr Chaykin. "Step by step, cog by cog, here in Russia we are creating our own watchmaking school and raising our own generation of world-class watchmakers."



ADVERTISEMENT

VICENZAORO

THE INTERNATIONAL HUB FOR THE JEWELLERY MARKET

The world jewellery industry's new calendar year kicked off on Saturday, January 18, when the VICENZAORO Winter 2014 opened its doors to buyers, company representatives and media from all over the world. Organized and hosted by Fiera di Vicenza, the six-day event is the leading gold and jewellery trade fair, and features some 1,500 international exhibiting brands.

VICENZAORO has developed into a global touchstone for the jewellery sector, using cutting-edge techniques and programmes that enable industry players to optimise their development prospects, and make it easier for companies to work together and to integrate into the chain of distribution. Its agenda this year is packed with events that complement commercial activities. They include the presentation of new collections, and a series of seminars that examine trends and innovation in the art of jewellery design and fashion accessories, as well as economic, legal and social developments that are likely to impact on the industry in 2014 and beyond.



VICENZAORO Winter 2014 is taking place until January 23, against an increasingly robust global market. The keynote address at the opening event was entitled *Ecosystem Italy. "The Future. Now."* It outlined development opportunities for the industry and the strategic role of Fiera di Vicenza, and in particular emphasised the importance of maximising collaboration and interaction among businesses in the jewellery sector.

The Italian jewellery industry paralleled other large "Made in Italy" sectors with a proven capacity to generate products of the highest quality, but with a preponderance of companies that are often not large enough to take full advantage of the current global situation.

Fiera di Vicenza aims to support the companies, through a consolidated and highly developed platform that exports worldwide the format that it has developed at home, as well as know-how in the promotion of "Made in Italy" gold and jewellery. The organisation enjoyed great success in 2013 in Dubai, Mumbai, Las Vegas, Hong Kong and San Paolo, showcasing more than 700 Italian companies producing jewellery and jewellery-dedicated technology. Its international strategic marketing plan for 2014 means it will be at more than 20 jewellery trade events globally.

www.vicenzaoro.com

ULTIMATE DISCRETION



PIAGET ALTIPLANO

The world's thinnest automatic watch
White gold case, 5,25 mm thick
The world's thinnest automatic movement
Piaget Manufacture Calibre, 2,35 mm thick

PIAGET

www.piaget-altiplano.com



PIAGET - 169 New Bond Street - London O20 3364 0800
PIAGET HARRODS - Knightsbridge - London O20 7225 6535

Cartier



ROTONDE DE CARTIER ASTROCALENDRAIRE PERPETUAL CALENDAR FLYING TOURBILLON 9459 MC

THE ROTONDE DE CARTIER ASTROCALENDRAIRE TIMEPIECE IS A NEW FINE WATCHMAKING ACHIEVEMENT THAT REINTERPRETS THE PERPETUAL CALENDAR AND FLYING TOURBILLON COMPLICATIONS WITH AN INNOVATIVE AND CREATIVE DISPLAY. ESTABLISHED IN 1847, CARTIER CREATES EXCEPTIONAL WATCHES THAT COMBINE DARING DESIGN AND WATCHMAKING SAVOIR-FAIRE.