

Watches & Jewellery

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Watchmakers face a bumpy ride after boom

Luxury leaders remain bullish in the face of currency fluctuations and a slowdown in Asian markets, writes *Elizabeth Paton*

In the past six months, a cocktail of wavering Asian consumer enthusiasm, currency headwinds and geopolitical instability has triggered a sales slowdown that is taking a toll on some of the biggest names in the hard luxury sector.

In April, Richemont, owner of some of the industry's leading maisons — including Cartier, Piaget, Vacheron Constantin, Officine Panerai, Baume & Mercier and Van Cleef & Arpels — issued a stark profit warning, predicting that earnings would drop by more than a third this year as the stronger Swiss franc increased production costs for timepieces.

Sure enough, the world's second-largest maker of luxury goods, after LVMH, reported in May that net income for the year to March 31 was down 35 per cent to €1.33bn, and announced a further unexpected 8 per cent decline in April sales.

The group's core markets, Europe and North America, were up 7 per cent and 8 per cent respectively to €3bn and €1.4bn. And despite regional volatility

in the wake of the Syrian and Islamic State of Iraq and the Levant (ISIS) conflicts, which had been expected to weigh on sales, Middle East operations saw a 13 per cent boost to €841m. But in Asia Pacific, the company's biggest market, sales were down 6 per cent to €4.1bn.

The group's main worries continue to be centred around Hong Kong and Macau, two of the most important markets for luxury goods, which, combined, account for a fifth of global annual watch sales. This in turn has fuelled fears of a build-up of unsold watches in Hong Kong that have been deterring retailers from buying fresh stock.

"Who knows how long this region is going to have less robust demand," says chairman Johann Rupert. "We are not saying no demand, but less boom time demand for sure."

Latest data released last week show that Swiss watch exports are up by just 2 per cent this year to date. This is a continuation of the subdued trend of 2014 of all leading watch players, analysts say, and a reflection of the sector's over-exposure to Greater China, where exports have fallen by 9 per cent since the start of 2015.

A Chinese consumer would save 39 per cent on luxury goods by flying to Paris instead of buying at home

While the political protests in Hong Kong and the residual effects of the government crackdown on gift giving have played some part in the region's subdued performance, the crucial factor has been the decision by many watchmakers, including Patek Philippe, Hermès and Chanel, to raise their prices in some parts of the world and lower them in others.

Jon Cox, an analyst at Kepler Cheuvreux, says the move "has led to a great deal of unpredictability in terms of trading, both wholesale and retail, as many big players continually adjust prices, particularly in Greater China and the US, and suppliers delay purchases ahead of price cuts in markets linked to the US dollar." He says the fluctuations have led to a migration of spending by wealthy Chinese to other parts of Asia, notably South Korea and Singapore.

In response to the weakness of the euro and the strength of the US dollar, Richemont raised prices in the eurozone and cut them in the US, Middle East and Greater China, but said that no further changes were planned for now.

"We are now where we want to be," says Mr Rupert.

The gap between the prices for luxury watches and jewellery in Europe and in China is the biggest it has been for three years, according to analysts at Bernstein. Currency swings mean that, despite the price rises in Europe, a Chinese consumer would save 39 per cent on the average purchase of luxury goods

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Seeing red Record price for Sunrise Ruby



A rare Burmese ruby, with a "pigeon's blood hue" and weighing 25.59 carats, was sold for a world auction record of \$30m at Sotheby's in Geneva last month. The Sunrise Ruby, from a

private collection of Cartier pieces, was part of the auction house's Magnificent Jewels & Noble Jewels sale. The auction achieved \$170m. An auction is like theatre — Page 12

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Arnold Schwarzenegger unveils his watches with muscle

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Shelby Cobra and Baume & Mercier join forces

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A guaranteed diamond is forever

De Beers has invested \$10m in a grading facility in Surat, India

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A passion for jet and Elizabeth Taylor

Fashion designer Anna Sui on her love of vintage jewellery

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Watches & Jewellery News

Diamond heist leads to a spike in sales of insurance

Security Companies are having to demonstrate they have well-managed risks, writes *Gill Plimmer*

Just days before the Cannes Film Festival in France last month, masked thieves entered a Cartier store on the city's main seafront road – the Promenade de la Croisette – pointed a gun at customers and staff and escaped with €17.5m of watches and jewellery.

The timing was significant. Ahead of the film festival, leading jewellers ship in their most expensive gems for celebrities to wear on the red carpet.

The Cannes robbery came soon after the Hatton Garden heist in London, when a gang of thieves ransacked 72 safety deposit boxes used by local jewellery stores over the Easter weekend.

Although both incidents were relatively high-profile and received considerable media coverage, Charles Reese, a broking director for Towergate Insurance, which specialises in jewellery, says such heists are “not infrequent”.

Thefts from safe deposits vaults are much less common than hold-ups, in part because they are more complex crimes that require extensive planning.

To gain access to the Hatton Garden Safe Deposit building near Holborn, central London, the thieves needed to disable the lift, abseil down its shaft, prise open some shutter doors and drill a large hole through the vault's walls.

So difficult was the task that, after entering the shaft on Maundy Thursday, they took a break on Easter Friday, returning on Saturday to complete the job.

Last month, eight men were charged with conspiracy to burgle following the Hatton Garden raid. They are aged between 48 and 76 and include three pensioners.

The challenge the thieves faced in breaking into the vault no doubt explains why so many of the Hatton Garden jewellers using it were uninsured.

Assetsure, the specialist insurance provider, says it has seen a doubling in the number of customers seeking insurance for items stored in safety deposit boxes in the wake of the incident.

Bob Andrews, marketing manager at Assetsure, says: “A number of people who stored their jewellery and valuables in banks or secure facilities didn't think it was possible for them to be stolen. That has all changed.”

He adds: “Not all such facilities insure the goods they store – as in the case of the Hatton Garden Safe Deposit raid. This has highlighted the fact that no security precaution is ever watertight and that, unless your items are fully insured, their value is not protected.”

Even though London is the world's biggest insurance market with cover for jewellers worldwide largely underwritten there, Mr Reese says that the Hatton Garden theft has yet to affect insurance rates.

“The London insurance market has an active international side, so one



Thieves drilled through a thick concrete wall to access a vault in Hatton Garden, London
Getty

incident – albeit a serious one – is probably not enough to make a big difference,” he says.

As a rule of thumb, it costs about 1.5 to 2 per cent of the value of the stock for jewellers to insure their goods. Over the past few years, the commercial jewellery and arts insurance market has been relatively stable.

Tracy Murrell, global client advocate at Willis Fine Art Jewellery, believes that these incidents make insurers, as well as customers, more cautious.

“Generally, the inventory market is very competitive, but as losses occur and underwriters are paying out on sizeable claims, they are going to be more selective about what they underwrite and what they charge,” she says.

“The onus is on insured parties and their brokers to demonstrate that a company has well-managed risks. The cost is influenced by the individual company's claim history and whether it is perceived by an insurer as a good risk or not.”

Ms Murrell says that underwriters are becoming more precise about understanding their clients' security arrangements and also how they manage risk.

In turn, she adds, companies need to ensure that the insurance they buy is aligned with their risk exposure and “will respond where the risks happen”.

“This includes understanding the values at risk at each stage of the manufacture, supply and retail chain, and making sure the agreed levels of indemnity are correct.”

Ms Murrell says that companies also need to understand the extent to which they can expect to be indemnified by their storage and transit providers.

“You can buy off-the-shelf coverage, but the last thing you want is to buy insurance without stress-testing that cover against likely claims scenarios,” adds Ms Murrell.

Following the Hatton Garden theft some of the stolen goods were subsequently recovered. Forensic tests are currently being run and the police hope to return the items to their owners as soon as possible.

It is not known if all the missing objects have been found and Harry Levy, president of the London Diamond Bourse, a trade association, says that for those small businesses affected by the Hatton Garden theft, the chances of

receiving compensation for uninsured items are “very limited”.

However, even if jewellers and their customers do adopt stringent precautions, Simon Aitchison, head of jewellery at Beazley, an insurer, points out that jewellery and watch thefts remain common.

“If you are a Rolex dealer, you will have been targeted,” he says. “People haven't stopped stealing.”

More on FT.com

Art deco revival Contemporary designs are drawing on the bold, geometric styles of the 1920s

Buccellati on show The Italian jeweller's collection is on display in Milan

Enlightened approach There is a growing trend for pieces inspired by spirituality

‘No security precaution is ever watertight’

Fine jewellery sales add a touch of sparkle to the luxury sector

Retail

A more informal approach and rising internet sales have boosted sales, reports *Andrea Felsted*

London's fine jewellery retail market is undergoing a makeover.

An evolving customer mix, overhauls of fine jewellery rooms at some luxury department stores and changing consumer tastes are shaking up the UK capital's high-end jewellery market, which accounts for the vast majority of the country's luxury jewellery sales.

Monica Vinader, who runs her own jewellery label, says the London jewellery market has had a “few tricky months”, with the UK general election. “That is always a bit of a shake up for everybody. But I think London is still very strong.”

London, in common with other luxury centres, has been hit by the downturn in demand from Russia. According to Global Blue, which tracks spending by overseas visitors, Russian travellers to the UK were the seventh highest spending nationality in 2014. In 2013, Russia was ranked third.

Despite the changes in spending habits, Annoushka Ducas, founder of jewellery retailer Annoushka, and before that Links of London, says she has not seen a significant fall in demand from Russian clients. Overall, Annoushka's sales from stores open at least a year are up 25 per cent so far in its financial year, which ends in July.

Alongside the change in shopper mix, the high-end jewellery retail landscape is also evolving, with Harrods among those changing their offering.

Helen David, Harrods' fashion director for womenswear, accessories and fine jewellery, says: “We are not ‘reorganising’ the departments. Rather, we are making some exciting changes to the existing layout and footprint.”

As part of the plans, Graff and Harry Winston will open boutiques over the next few months. Tiffany will also launch a boutique to carry its high-end jewellery, while Harrods will open a large secondary boutique for Tiffany in the luxury jewellery section.

The department store has appointed the David Collins Studio to refurbish the central portion of its fine jewellery



Actress Jennifer Tse (left) meets Monica Vinader in her Harrods boutique - *Getty*

section on the first floor, to bring cohesion to the entire department. It will pay particular attention to lighting, to set off the jewellery.

Ms David says Harrods has “edited” the brand mix on the ground floor, and will open a dedicated fashion jewellery area on the lower ground floor.

“These redevelopments form part of a continued programme of investment across the Knightsbridge store, as we aim to cultivate the world's finest brand-mix in the most luxurious and inviting environment,” says Ms David.

Selfridges, meanwhile, is expanding by a third its Wonder Room, which has housed its fine jewellery and watch collections since 2007. The expansion will be led by a Tiffany concept store this month, followed by the launch of two brand boutiques for Chaumet and Boucheron. It will also add a dedicated personal shopping service.

Selfridges also offers a specially adapted click and collect service for the Wonder Room, where a customer can order a piece of jewellery online and collect it in-store, trying it on in the boutique, and then changing or adding to the initial order if required.

Launched last August with Cartier, Selfridges now offers this service with most of the brands in the Wonder Room.

Indeed, another trend that is emerging is for customers to buy jewellery online. Annoushka's online sales are up 95 per cent so far this year, and it is about to launch a new website.

“There is no doubt that consumers are becoming more confident about buying jewellery online,” says Ms Ducas.

Despite the uncertainty in the high-end market, retailers are opening stores. Last year, Watches of Switzerland opened a £15m emporium on London's Regent Street.

Monica Vinader opened a store at Duke of York Square in Chelsea in November. She says that up to April, sales were 10 per cent ahead of budget. Overall, the group's sales are up 35 per cent year on year.

Demand has been particularly strong for diamond jewellery, she says, with pieces ranging from £150 to £3,000. Overall, diamond sales are up 78 per cent year-on-year, with the volume of diamond pieces sold up 107 per cent.

“It's not the very high-price point diamond pieces,” she says, but “very affordable diamonds, very wearable, very every day”.

Style trends within the high-end jewellery market are also changing.

“People are more interested in wearing jewellery in an informal way rather than special events and occasions,” says Ms Ducas.

“I think people are getting braver. [Jewellery] is becoming much more part of the wardrobe. It's more about finishing an outfit or look.”

More women are buying jewellery for themselves, she says, with 80 per cent of Annoushka's customers being female.

And in a world obsessed with images on social media, jewellery can change the look of an outfit.

“You can wear the same piece of jewellery to dress up your jeans as you can to go to a black tie event,” says Ms Ducas. “It's about the attitude.”



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Watches & Jewellery

A fantasy watch show and everyone is invited

Patek Philippe 'Grand Exhibition' brings together a collection of 400 masterpieces, writes Simon de Burton

Anyone with even a passing interest in high-end watches has probably heard of Patek Philippe.

However, mention the name to passers-by on a London street and the chances are that many would fail to associate it with horology. Quite simply, most people would never contemplate spending the sort of sums required to access the watchmaker's highly prized, highly priced products.

But in recent weeks, Londoners have found themselves exposed to Patek Philippe through a wide-ranging promotional campaign that has extended far beyond the luxury lifestyle magazines in which it usually advertises.

Advertisements carrying the name have appeared on the sides of 80 taxis, on the walls of 100 tube stations and in bus shelters from Ealing in the west to Epping in the east, as well as everywhere

in between. The idea, says Mark Hearn, the company's UK managing director, is not so much to make money as to open the rarefied world of Patek Philippe to the wider public – even to those, he admits, who might never be in a position to buy what it sells.

The event is called the Watch Art Grand Exhibition. In keeping with the "art" in the title, it is being staged at the Saatchi Gallery in Chelsea, which already has horological form as the venue of the annual winter watch show, SalonQP.

But the Grand Exhibition is different. It is the largest, most significant and most varied collection of Patek Philippe pieces ever shown in public – and it is open to anyone and everyone, free of charge.

Once inside, visitors have access to a dozen rooms across two floors of the gallery, divided into 15 themed areas in which 400 exceptional timepieces with a combined value of tens of millions of pounds are showcased.

Every type of movement currently made by the Geneva company is exhibited, along with the entire collection of watches created in honour of its 175th anniversary last year. This includes the Grandmaster Chime, a double-faced,



The Tudor Rose watch has been created in recognition of the London venue

musical watch with 20 complications, which is being made in just seven examples, each priced in excess of £1m.

The Napoleon room, meanwhile, replicates the brand's flagship Geneva salon (complete with views of a virtual Lac Léman). Other zones include a library, a museum, a rare handicrafts gallery and an "immersion room" containing an

extensive horological library, interactive technical and historical animations and a special area in which visitors can listen to the striking of minute repeater watches.

In recognition of the London venue, the company has produced a unique, yellow-gold pocket watch named the Tudor Rose. The watch is decorated

with the celebrated English emblem depicted in 19 hand-enamelled colours. The red enamel dial is set with emeralds and the crown with a cabochon, while the gold chain on which the watch hangs is set with 60 further emeralds and 60 red spinels.

Also on show are: the personal pocket watch of the company's founder, Antoine Norbert de Patek; a unique minute repeating watch made for the Duke of Regla in 1909; and Patek Philippe's first Swiss-made wristwatch,

'We are trying to showcase the craftsmanship, art and history of Patek Philippe from the very beginning'

sold to a Hungarian countess in 1868.

Mr Hearn comments: "Patek Philippe staged a similar event in Dubai five years ago, and another in Munich two years ago – but this is the first time it has held an exhibition of this size and at this level.

"The objective [of the exhibition] has never been to sell watches – we can do

that anyway, without the need for an exhibition.

"What we are trying to do is showcase the craftsmanship, art and history of Patek Philippe from the very beginning up to the present day. The thinking behind it being open to anyone and everyone without any admission charge is to give people the opportunity to be educated and informed about a watch company that many might otherwise not have the chance to discover.

"Realistically, we know that 80 or 90 per cent of the people who come to the exhibition will probably never be able to acquire a Patek Philippe watch, but the main aim is to get our name out to a wider audience and, hopefully, to provide a high quality, informative and fascinating experience which gives an insight into the workings of the last of the great, privately owned Geneva watch houses."

The Patek Philippe Watch Art Grand Exhibition runs until Sunday (June 7) at the Saatchi Gallery, Duke of York's HQ, King's Road, London SW3.

The exhibition is free to enter, and is open from 9am – 7pm today and tomorrow (Saturday) and from 10am – 4pm Sunday. No booking required.

Watchmakers face a bumpy ride after boom

Continued from page 1

by flying to Paris instead of buying at home, compared with a saving of 26 per cent last year. As of March this year, luxury watches specifically were on average 33 per cent cheaper in France than in China, against 21 per cent last year.

Executives have alluded to the uncomfortable impact these pricing shifts could have on the minds – and wallets – of high-net-worth consumers.

"Of course, VIPs are always concerned if we consider a price decrease, because you damage their assets," Wilhelm Schmid A Lange & Söhne's chief executive, said earlier this year.

But many brands do not have much choice, following the January decision of the Swiss National Bank to lift the cap on the Swiss franc in relation to the euro, leading to its sharp appreciation.

"Most Swiss watch companies have a currency mismatch between their cost and revenue base," explains Thomas Chauvet, a Citi analyst. "The move by the Swiss National Bank prompted the price rises in an attempt by watchmakers to protect margins and prevent the development of parallel markets."

Richemont, which has 8,700 employees, says moving production out of Switzerland is not an option. It says it is implementing belt-tightening measures and top executives have taken a pay cut to help them negotiate salary readjustments with other staff.

"We've got to get on with life," said Mr

strong currency for years, you are used to competition, so you build sufficient flexibility into your structures to compensate. LVMH, for example, knows how to take advantage of the situation by having contracts in euros for things such as leather watch straps, bracelets and so on."

There are bright spots to be found. Mr Cox of Kepler Cheuvreux points to a tough trading year, but notes that demand dynamics should improve as new prices come into effect and comparison becomes easier, now that a year has passed since the Occupy Hong Kong movement – and impact on the wider market – began.

To that end, Richemont has said that retailer orders had improved in May to generate flat sales at constant exchange rates and the company is looking to the future "positively". A slashing of hefty government tariffs set into play last week in China should also encourage further domestic spending.

And after enduring months of hype surrounding the launch of the Apple Watch and questions on its impact on the traditional watch market, the old guard are striking back.

Swatch is launching a model that can make mobile payments this summer, giving Apple more low-price competition. Richemont has unveiled so-called 'intelligent' watch straps that can track steps and read emails, attached to Montblanc timepieces.

And Tag Heuer has announced a partnership with Google and Android to produce a smartwatch, launching this autumn, which it claims will have 40 hours of battery life, compared with 18 hours for the Apple Watch.

As lower-priced Swiss watch exports continue to outshine those at the higher end of the pricing spectrum, these forays could offer a longer-term fillip to the industry. Mr Biver told the Financial Times this year that he thought smartwatches could ultimately help by encouraging young people to wear watches, which they do not do today.

"If they make young people start to wear watches again, there is more chance that they will want to buy a more expensive timepiece later on," he said.

"People will appreciate even more that haute horlogerie is designed to survive for generations."

Jean-Claude Biver of Tag Heuer says that countries with strong currencies are able to turn things around



Rupert. "We survived it before and I think we'll survive it again. Switzerland is still a wonderful place to do business."

Jean-Claude Biver, chief executive of Tag Heuer and Hublot as well as president of the LVMH watch division, stresses that the past has shown that countries with strong currencies are able to turn things around.

"Did the strength of the Deutschmark after world war two stop the Germans from selling cars and machinery?" he asked journalists earlier this year.

"When you have been used to a

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Watches & Jewellery Brands



Fewer than 1,000 Shelby Cobras were built during the original 1960s production run, but they were among the most successful sports cars of their day

Swiss timing and American racing make strong contenders

Partnership A tie-up with the Shelby Cobra car moves up a gear, writes *Simon de Burton*

The business benefits to be had from watch brands and car marques teaming up to target buyers with a mutual appreciation for high-end automobiles and haute horlogerie are well known.

Over the decades, such relationships have resulted in longstanding partnerships between Breitling and Bentley, Jaeger-LeCoultre and Aston Martin, IWC and Mercedes-AMG, Parmigiani and Bugatti and – celebrating their 30th anniversary together this year – TAG Heuer and McLaren.

But for watch houses that have not yet found a motoring partner, there is a problem: the pool of high-end carmakers offering the right “fit” is decidedly small, and most of the appropriate ones have been taken.

Which is why Alain Zimmermann, chief executive of the Richemont-owned Baume & Mercier brand, acted fast when he discovered that one distinguished automotive name still lacked a watch partner – albeit a name that really only resonates with sports car buffs.

Indeed, the company Mr Zimmermann chose, Shelby American, is an almost exclusively US operation and does not currently have a commercial presence in Baume & Mercier’s key markets of Europe and Asia.

Furthermore, the only other time the watchmaker has involved itself with cars was in 1979, when one of its Riviera watches was strapped to the road wheel of a BMW M1 during the Le Mans 24-hour race to demonstrate its robustness.

But while the name Shelby American might not mean much to many people, its most famous product, the Shelby Cobra, has achieved almost mythical status since it was first produced more than 50 years ago.

The late Carroll Shelby was a Le Mans-winning Texan racing driver, but a heart problem ended his competition career in 1959 at the age of 36. He went on to put his love of cars to use by setting up a performance driving school and founding the tuning house Shelby American.

In 1962, Shelby American began importing British-built AC Ace roadsters into the US and souping them up with large capacity V8 Ford engines.

Fewer than 1,000 Shelby Cobras were built during the original, five-year production run, but the model proved successful both as a high-performance vehicle for the wider market and as a racing car, achieving a top speed (in its closed Daytona Coupé form) of almost 190mph.

In 1965, a team of

Cobra Daytonas travelled to Europe and made Shelby the first (and still the only) American carmaker to win the prestigious World Manufacturers’ GT Championship, which had previously been the domain of marques such as Ferrari and Aston Martin. And it is this year’s 50th anniversary of that victory that provided the catalyst for Baume & Mercier to jump on to the car/watch bandwagon with Shelby American as a partner.

“About a year ago,” explains Mr Zimmermann, “we worked with the photographer Peter Lindbergh to produce a marketing campaign based on our ‘Life is about moments’ strapline.

“One of Peter’s photos shows a man in a classic sports car, and it was such a powerful image that we decided to explore the idea of matching the brand with a car – and the one that seemed to fit best was the Shelby Cobra.

“We approached Shelby American, discovered that this year was the 50th anniversary of the Cobra’s historic GT Championship win and realised it represented a perfect opportunity to establish a partnership.

“It is not, however, a licensing deal. We don’t need Shelby to sell our watches, but we do believe that we can enjoy a mutually beneficial partnership over an extended period of time.”

Nowadays, building and selling so-called “continuation” Cobras for upwards of \$100,000 apiece represents only a tiny part of Shelby American’s business, which is largely concerned with upgrading the popular Ford Mustang sports car.

Up until now, these have been available only in American specification. This year, however, the latest high-

performance Mustang will go on sale in Europe and will also become available in UK-ready, right-hand-drive form, which is partly what attracted Shelby to the offer of a tie-up with Baume & Mercier.

Gary Patterson, Shelby American’s vice-president of international sales, says: “We are aware that Shelby American is best known in the US, and this year’s globalisation of the latest Mustang model means we need to get our brand known to a wider audience.

“So the fact that Baume & Mercier already has a well established communications strategy in Europe and the rest of the world was certainly crucial in our decision to enter into the partnership.”

The first fruits of the tie-up are about to reach stores in the form of two Capeland Shelby Cobra chronographs, one being a £3,000 model in steel – limited to 1,965 pieces in recognition of the championship-winning year.

Cobra-inspired styling cues include a “snake’s head” counterweight on the second hand, a dial in Shelby’s signature guardsman blue and sub-dials based on the car’s instrument panel. The sapphire crystal case back, meanwhile, is engraved with a facsimile of Carroll Shelby’s signature.

A more exclusive version of the watch comes in red gold, features a sophisticated flyback chronograph movement and is limited to 98 pieces in recognition of Carroll Shelby’s famous racing number. It costs £13,300. With a 1962 Shelby competition Cobra having sold for almost \$2m in the US last month, that price seems unlikely to cause the average Cobra owner to recoil.

Brand goes back to school to find first-class clients

Education

Baume & Mercier is hoping to attract a younger generation of buyers, says *Robin Swithinbank*

In April, luxury Swiss watch brand Baume & Mercier announced it would be the “celebratory partner” of London Business School for the graduating class of 2015.

The deal is the latest in a series of partnerships between the brand and elite international academic institutions that are designed to help it gain traction with a younger generation of watch buyers, particularly those with high-flying career prospects.

“Baume & Mercier is an initiation brand,” says Alain Zimmermann, the company’s chief executive. “And we’ve got to reach young clients. Over the past 10 years, we’ve missed being connected to these upcoming clients and needed a place to meet them. The answer is schools.”

The relationship with LBS is the ninth established by Baume & Mercier as part of a global strategy. It has already partnered with institutions such as the Hong Kong University of Science and Technology, the American University in Dubai and the University of Bologna.

“We wanted to tie this partnership into our celebration campaign, which we launched last year,” says Mr Zimmermann.

“One of the first successes you celebrate in life is graduation. It’s very important for us to communicate with potential customers at the right moment. Graduation is perfect.”

At each of its partner institutions, Baume & Mercier awards top students with specially engraved watches at ceremonies that Mr Zimmermann describes as “very emotional”.

But the partnerships are intended to be more than sponsorship deals that seize on a moment. “I don’t want to be a sponsor, I want to be a partner,” he says.

“We didn’t just want to come and be a firework on the last day. We are creating touch points along the student’s life and will take part in events where we lend our expertise and insight.”

Mr Zimmermann says his brand will be involved in between three and seven events a year at each of the partner schools, ranging from workshops and business lectures to celebratory events.

LBS’s Student Association believes that Baume & Mercier’s involvement will open doors for its members.

Christina Brigati, the association’s social affairs officer, who brokered the deal, says: “London Business School’s traditional recruitment sectors are consulting and banking, but there’s been a growing interest in recent years in retail, and specifically in luxury.

“The partnership gives students an opportunity to learn more about the industry, not just about Baume & Mercier, but about the group behind it.”

That group is Richemont, which announced annual results last month. Net income for the year to March 31 was €1.33bn, down 35 per cent on the year, in line with expectations after the group issued a profit warning in April. Sales were up 4 per cent to €10bn.

Baume & Mercier is the entry-level brand in the group’s portfolio of watch companies, and the hope is that relationships made with young consumers will lead to purchases from the group’s top-end luxury brands (which include Cartier, IWC, Jaeger-LeCoultre and Vacheron Constantin), as the purchasing power of high-achieving students increases.

Last year, Baume & Mercier ran a pilot project with Ecole Hôtelière de Lausanne, the hotel management school. The partnership began after the school’s students had lobbied for greater input from luxury businesses.

Matthew Crudginton, EHL’s head of partnerships, says: “Students realise that the real-life insight from our partners is what sticks in the mind.”

According to Mr Crudginton, brands have more to gain from partnering with schools than simply raising awareness of their businesses.

“Although the school is focused on hospitality, there’s a lot of attraction from other industries that want students they can train to work in their businesses,” he says.

“We’re seeing more and more interest [in our students] from luxury brands, and particularly from watchmaking.”

Mr Zimmermann has been quick to use the reciprocal nature of his partnerships to his advantage.

At the Solvay Brussels School of Economics and Management, for example, he initiated what he describes as a busi-

ness game, in which students were invited to submit ideas about where Baume & Mercier should be in 20 years.

“We had 150 answers,” he says. “The submissions were so inspiring. It was extremely reassuring to see that in this time of connectivity, there is still space in the minds of young people for traditional watchmaking.”

Mr Zimmermann stresses that the primary benefit of these partnerships is the opportunity to link perceptions of the brand with a landmark moment in an individual’s life. “Suddenly, we are the partner of some of life’s most emotional events,” he says. “Can I measure this? Definitely not. But will I benefit from it?”

“When I see the response on the spot at the events I attend – not just from students but also family members and alumni – I see that in their minds our brand stands for something positive.

“It means that for generation after generation we will be close to people.”

Baume & Mercier’s Alain Zimmermann sees graduation as the perfect moment to communicate



The Capeland Shelby Cobra is designed to look like the car’s instrument panel

The terminator turns his hand, and muscle, to timepieces

Product launch

Inspired by his movie career, Arnold Schwarzenegger has designed a range of ‘elegant and sporty’ watches, says *Robin Swithinbank*

After a career spanning almost five decades across professional bodybuilding, Hollywood and US politics, Arnold Schwarzenegger intends to muscle in on the watch industry.

The former governor of California announced plans at the Baselworld watch fair in March for a watch brand in his name. The first products bearing the AS logo are due to arrive on the global market in the run-up to Christmas.

Mr Schwarzenegger is known in watchmaking circles as a collector, and has sported pieces by Audemars Piguet and Panerai in his films. Last year, he appeared in *The Expendables 3* with an oversized U-boat on his wrist. But this marks the first time the youngest winner of Mr Olympia and movie action hero has put his name to a brand.

“I wanted to develop watches that I love, that are also affordable – most of the watches I like are not considered affordable,” says Mr Schwarzenegger. (The Audemars Piguet Royal Oak Offshore Chronograph Arnold Schwarzenegger Legacy of 2011 retailed for \$40,200 on launch. Mr Schwarzeneg-

ger’s relationship with Audemars Piguet ended in 2011.)

“I wanted watches that could be military-style to reflect my movies, elegant and sporty – you can find plenty of brands with one or two of those things, but not all three,” he adds.

The company behind the AS brand is Magnum Indústria da Amazonia, a Brazilian manufacturer of mass-market products that is virtually unknown outside South America.

The company says it owns the largest business park in Latin America, which produces goods ranging from calculators to lighters, as well as 5m watches a year. These are allocated to dial names such as Champion, which according to the company has 4,000 models in its inventory and is Brazil’s biggest-selling watch brand.

Magnum is also the Brazilian distributor for the more familiar Bulova, Citizen and Frédérique Constant names and reports annual turnover of \$125m.

Despite the Brazilian provenance of the brand, Magnum’s intention is to make the watches in Switzerland, using a mix of Swiss quartz and mechanical movements. One of Mr Schwarzenegger’s requirements was that his watches should be Swiss-made, posing a challenge for Magnum, which is working with Switzerland for the first time on this project. The company’s Swiss design partner is Studio Divine, which has worked with TAG Heuer, Audemars Piguet and SevenFriday.

Robert Graziano, the president of



Schwarzenegger: ‘Most of the watches I like are not considered affordable’

Magnum, expects to appoint a Swiss manufacturing partner by mid-July. Prices for AS watches are due to start from \$565 and go up to \$2,790.

Mr Schwarzenegger was involved in the design and branding processes. “I sat down with the team from Magnum early on and explained my vision,” he says. “Magnum was able to deliver everything I wanted – an affordable, durable watch that looks ballsy.”

At Baselworld, more than 100 references were unveiled, prompting some critics to suggest the collection lacked direction. Despite this, there will be 105 models in the range, broken down into three lines, to reflect Mr Schwarzenegger’s time in bodybuilding, movies and politics.

“Arnold knows exactly what he wants

‘I wanted [to create] an affordable, durable watch that looks ballsy’

and likes,” says Mr Graziano, who co-founded Magnum in 1990. “He gave us ideas and we came up with some designs. Once we presented the designs, there were certain things he felt strongly about and we made the changes he wanted.

“The logo, for example – initially he didn’t like what we came up with, so he guided us and we changed it. There is so much of Arnold in our designs.”

The designs are bold. In the Hero collection of movie-inspired watches, there is a piece with a crown protector made in the shape of a grenade pin, recalling the 1980s violent thriller *Commando*.

Another has a red piece of glass over a section of the dial, much like the eye of the cyborg Mr Schwarzenegger played in the 30-year-old *Terminator* franchise, which returns with a fifth instalment this summer. Mr Graziano believes AS watches – which will be 55mm in diameter – will appeal to men between 20 and 55 who are “self-confident, entrepreneurs, natural leaders”.

In year one, the target is to distribute the brand in 20 territories, including the US and UK. “We intend to implement a 360-degree marketing approach and we have a \$4m, year-one marketing budget,” says Mr Graziano. “Arnold Schwarzenegger will be our brand ambassador, which will give us our unique selling point.”

UK retailers have so far been reluctant to invest in the brand, having only seen prototypes. Privately, some have questioned the price point, with most of the collection set to sit between £500 and £750, a notoriously tricky bracket, and one made more complicated by the arrival of Apple Watch.

Mr Graziano says: “We previewed the collection during Baselworld and it was very well received. We have many potential distribution candidates in most European countries. We’re in the process of choosing the right partners.”



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Watches & Jewellery Technology

Sophisticated clients continue to search for handcrafted luxury

Montblanc

Adapting products for the digital age proves a creative strategy, says *Sarah Murray*

Managing a 100-year-old company known for handcrafted fountain pens, watches and other luxury goods is no easy task when the tablet is the new writing instrument and watches have become minicomputers.

Montblanc's response has not been to move into digital devices but to adapt its products to meet demand for technological innovation.

Of course, in one sense, what the company offers is an experience that is still firmly rooted in the past. "We want anyone who comes through the door at Montblanc to have an experience similar to visiting your tailor 100 years ago," says Jérôme Lambert, the company's chief executive.

However, Mr Lambert, who before joining Montblanc was chief executive of Jaeger-LeCoultre, the Swiss luxury watchmaker, believes that the digital era is creating opportunities for the company.

He argues that instant access to information and social media is creating more sophisticated customers, who still value the personal experience of buying luxury goods in a store.

"You might have thought that with a good website and a few guys you could organise the market for your company. But it's the opposite," says Mr Lambert. "The amount of information means clients' attention to detail is growing."

And, while maintaining a highly personalised service in its stores remains a priority, the company has not shied

away from the digital era. Montblanc has an iPhone app, as well as a presence on everything from YouTube and Facebook to Pinterest and Twitter.

In fact, Mr Lambert sees digital information as prompting a rise in buyers' understanding of complex products and an increased level of interest in the technical aspects of the company's watches and pens.

One example is the Orbis Terrarum, which launched this year and introduced a new complication with its multi-layered dial of sapphire crystal showing the continents as if viewed from the North Pole, encircled by the names of the 24 cities representing the world's time zones.

Under cutouts of the continents, a disc shows day and night, while the 24 time zones rotate with the movement's mechanism causing the continents to change colour as day turns to night and making it possible to tell what time of day or night it is anywhere in the world.

Mr Lambert believes that this kind of sophistication is something buyers are



Jérôme Lambert: company offers an experience rooted in the past

looking for. "In our industry you often hear such sentences as 'It will never sell' or 'The client will not understand'. We believe that was maybe the case 15 years ago, but this has changed. For me that's where there's a real disruption."

Meanwhile, the company has also had to decide how to respond to the advent of products such as the Apple Watch and other digital wearables.

The challenge that digital technology presents for any company in the business of haute horlogerie lies in the fact that innovations materialise as rapidly as the rate at which consumers want to upgrade to new products.

"One of the key fundamentals of luxury is its value and its long-lasting nature," says Mr Lambert.

"And when you go to technology, the first thing people tell you is that every 18 months, its value halves. So you see two curves that are moving in the opposite direction."

For the company, the solution was not to move into the realm of digital devices.

Instead, Montblanc has developed new versions of traditional products. For example, its StarWalker pen allows users to switch between writing on paper and writing on touchscreens.

And instead of developing a digital watch, the company turned to the strap as the vehicle for its first foray into wearable technology. The e-Strap is an interchangeable watch strap that can connect to certain smartphones.

Mr Lambert welcomes the advance of technology and the challenges it brings to companies, such as Montblanc, to up their game.

"Embracing doesn't mean fusion," he says. "I find that where there is a new paradigm, there is an opportunity for creativity."

A leap into the future Every second counts



Hoptroff will be the first to insert a leap second into its quartz and atomic models

At the end of this month watchmaker Hoptroff will take a leap into the future.

On June 30 at 23:59:59 their watches — both quartz and atomic — will be the first to insert a leap second at the correct moment.

"The earth's spin speeds up and slows down erratically, so every few years, astronomers have to add a leap second to time to keep it correct," explains managing director Richard

Hoptroff. "We added the capability in tandem with our automatic daylight saving adjustment, but this is the first opportunity to see it happen for real."

The leap second's adjustment information will be sent to the watch in advance via a Bluetooth connection from the owner's mobile phone.

"You only need to have connected to the watch some time in the past few months," adds Mr Hoptroff.

Introducing the smart strap

Connected devices Brands are innovating and developing devices with different applications to take on the Apple Watch, reports *Syl Tang*

Even before the Apple Watch went on sale on April 24th, the company had sold more than 1m pieces during the first hours of pre-ordering.

While these analysts' figures came as no surprise to technophiles, the watch community has been less enthusiastic.

Many attendees at SIHH (Salon International de la Haute Horlogerie) in January — Richemont's annual conference — had dismissed the impact of a smart watch.

However, at least one SIHH brand was prepared for the changing tide: Montblanc. On display at SIHH and currently being promoted is a "smart" watch strap the company has introduced within its line of TimeWalker watches.

Alexander Schmiedt, global managing director of watches at the company, says: "Montblanc believes each item should be a lifetime companion; that you will love it even more in 30 or 40 years, focusing on the craftsmanship and quality."

"But... the smart technology life cycle is the exact opposite. In 12 months, it's on to the next generation and in two years you can throw it away."

At press time, a prototype had yet to be made available, but the strap, known as the Urban Speed e-Strap, will use a Montblanc app to work with select Android and iOS smartphones.

It will offer a digital display of: activity tracking; email, text and social media notifications; music and camera remote control; and Find-Me functions (for locating a cell phone).

For 2015, the e-Strap, which charges every five days via a micro-USB cable and comes with two years' of app updates, will be available to buyers of new TimeWalker watches on five models priced from €3,000 to €4,500.

Although the company would not confirm a release date, it suggested that the strap would be a standalone offering in 2016 at a €300-€400 price point.

Another mid-priced luxury watchmaker that believes watch lovers might want some piece of the technological pie is TAG Heuer, which announced a partnership with Google and Intel in mid-March.

Jean-Claude Biver, chief executive of TAG Heuer, says: "If you're a luxury brand with an entry price that is high but still reachable, say \$1,200-\$1,500 — at that price level you should consider the technology."

"Where the entry price, such as for



Frederique Constant Horological Smartwatch and below the Alpina Horological Smartwatch

Hublot, is \$10,000, you can forget the connected watch, because no one buys a watch that will become obsolete.

"OK, there might be a few lunatics, but it's not the market."

Of those watches priced up to SFr2,000 (\$2,150), the majority of which are quartz, experts estimate that 40-50 per cent of these 20m pieces will be "smart" within two to three years.

TAG, which plans to reveal a prototype this month, will begin delivery of its first smart watch in October, priced at approximately \$1,200.

It will be followed next April by a second model with different applications. While few details were available, TAG has indicated that the watch may offer functions connected to its marketing and fan base. TAG sponsors the Monaco Grand Prix, Formula E and the Indy 500.

A watch brand's financial ability to spend on research and development or partner with a technology group will be instrumental in what consumers decide to purchase.

Early last month, IWC Schaffhausen announced plans to release the IWC Connect, another strap-driven offering, which will initially be available alongside the IWC Big Pilot's



Watch this year. Although also owned by Richemont, the brand has chosen a different technology partner from Montblanc.

The success of these offerings may depend on who is willing to create apps.

At the Apple Watch launch, brands such as Starwood and BMW rushed to offer iOS apps that unlock guest rooms and cars.

Sports companies, such as ESPN, plan to zip sports scores on to the wrist and financial services groups such as Citi will provide account balances and usage notifications.

However, analysts believe that battery life will be the deciding factor.

Jon Cox of Kepler Cheuvreux, the financial services company, says: "We can't have a computer on our wrist because of the power issue. For the time being the Apple Watch is an upmarket fitness band and only has 18 hours of power, so you have to take it off at night. That makes it difficult to monitor fitness."

Frederique Constant and its sister brand Alpina are hoping to address battery life with their entry into the smart market. In February, they announced a partnership with Fullpower Technologies, an intellectual property and technology licensing company.

Fullpower has formed Manufacture Modules Technologies (MMT), a joint venture with Union Horlogere Holdings, and has launched the MotionX Horological Smartwatch Open Platform for the Swiss watch industry.

The platform puts motion tracking into five Constant and eight Alpina styles with a dial that displays the percentage of the wearer's fitness goal reached each day and the level of sleep attained. A connected app, accessed on an individual's phone, allows health goals to be set.

"We don't think that consumers want to charge a third device in addition to their cell phone and laptop. That's the Achilles heel of the e-Strap and other offerings," says Peter Stas, chief executive of Constant and Alpina.

"This watch stays charged for two years. Activity tracking on the wrist is much more accurate than on a phone. That's much more the direction we're interested in going."

Fullpower is offering the MMT platform to other watchmakers and hopes to make 100,000 pieces in 2015.

Ultimately, the success of the smartwatch (and strap) will depend on consumer demand.

However, Mr Schmiedt is confident that the high-end watch market will not be affected.

"Nobody buys a watch at this level [\$5,000-plus] just to know what the time is. So in this way the smartwatch will never affect that."

If the Apple Watch fails then the smartwatch will fail

Review

Robin Swithinbank discovers he would rather have an orange than an Apple Watch

These are peculiar times for watch industry critics. For years, the job has been all about Switzerland — with honourable mentions for Germany, Japan and even the UK — but of late the focus has been on smartwatches, which are not Swiss at all.

And when I say all about smartwatches, of course I mean the Apple Watch. Smartwatches have been a buzzing gnat in the ear for years, technology that no serious watch person would ever give the time of day to. But Apple is changing the conversation.

This is despite the fact that many critics will tell you the Apple Watch is not really a watch at all. Imagined in Silicon Valley and made in east Asia, it is a very clever computer, which, among many other things, sits on the wrist and tells the time.

Comparing its chips and pixels with the balance springs and escapement wheels of a conventional timepiece is like comparing apples with oranges.

But it is a watch — at least the watch industry certainly seems to think so. Ask IWC, Breitling, Montblanc, Bulgari, Gucci, Frédérique Constant et al why they have made "connected" watches this year and they will all say smartwatches are the next big thing.

We will all be wearing them before we know it, says the conventional wisdom — and you have to be in it to win it.

Or will we? Samsung made the world's first watch phone in 1999, though few remember that. Sony has been trying to recapture its Walkman glory days with smartwatches for years, with a supporting cast that includes fellow tech groups LG and Pebble, but it has made almost no impression on the market.

Admittedly, sales of smartwatches rose 82 per cent last year, to \$1.29bn, according to data gathered by Smartwatch Group. But that figure is eclipsed by global smartphone sales, which research agency GfK says hit \$381bn last year. We are sold on smartphones, but the jury is still out on smartwatches.

So a lot hangs on the Apple Watch. If it fails, the smartwatch fails. Slice Intelligence estimated that 957,000 Americans pre-ordered Apple Watches on launch day in April, dwarfing the 720,000 Android Wear watches sold in the US for 2014, according to Canalys.

Analysts think Apple will sell anywhere between 10m-45m watches before the end of the year. Bearing in

mind that Smartwatch Group's research shows that the 89 companies in the mix before Apple joined the fray managed to sell 6.8m watches between them in 2014, that is a serious shot in the arm.

However, Apple probably will not have to do it all alone. Before the year is out, watchmaking icons Swatch and TAG Heuer are due to plug in too. TAG's solution comes with backing from Google and Intel, which should mean it is taken seriously.

But if smartwatches are going to catch on, it will be down to the younger generation. A fresh-faced "Appleite", in the company's Regent Street store in London, told me she had never worn a watch before, because it was a "sole purpose device". A watch that only tells the time is not enough any more — not least because now there is a watch that can also pay for your coffee and make voice-activated phone calls.

Apple lent me one of its watches at its launch and it is astonishingly good at most of what it does and a brilliant piece of engineering. The notification centre is a neat smartphone bypass that I found less disruptive than I had expected and it made taking phone calls while tying my shoelaces a doddle. Even the battery life was all right — I managed three days on a single charge on one occasion and averaged two.

Smartwatches were a buzzing gnat in the ear for years, but Apple Watch is changing the conversation



But the activity tracker and its hourly reminder to stand up drove me to despair. The maps are flawed and I cannot think why you would choose to read an email on a screen not much bigger than your thumb, digital crown or no. And you cannot tell the time without raising your arm to your face — which in many situations is totally inappropriate.

What is most troubling, though, is the idea that someone might waive an entry-level Swiss mechanical at say £500 for a piece of technology that will be obsolete by teatime.

Hamilton, Tissot and Oris will bring out watches in the next few years, but these will not make those they are making today redundant. And that is because these brands are not currently considering how to integrate a camera into the next generation of their product, or make maps work.

And for that reason, I will take an orange over an Apple any day.

The writer is a journalist and watch critic and editor of Calibre watch magazine

Watches & Jewellery

Bulgari Diagono
Magnesium
Wrist Vault

FT graphic Source: Bulgari

Bulgari's 'intelligent' luxury watch

The reaction of the traditional watch industry to the arrival of the Apple Watch and other forms of connected wristwear has been decidedly varied.

But perhaps the most unusual counter to the perceived threat that smartwatches pose to clockwork comes from Bulgari's Diagono Magnesium Wrist Vault, which claims to be "the first intelligent luxury watch".

Still a concept, but — according to a Bulgari insider — certain to become reality, the Wrist Vault has been developed with Swiss digital secure storage specialist WISEKey and uses a cryptographic chip inside the case to hold personal data.

An invisible antenna, also mounted within the watch, can then connect with a smartphone using near field technology (NFT) to transmit a "digital certificate" securely from the Bulgari Vault application previously downloaded on to an iOS or Android smartphone. Only the owner of the watch has access to the data, which Bulgari says will be stored with "banking-level" security.

The idea is that the watch could be used for everything, from storing codes to transmitting payments and even remotely opening car doors. NFT is said to be a very secure form of data transfer because it works only when

the paired devices are close together.

In the event of the phone being lost or stolen, any data — which will be stored on a "cloud" inside a Swiss military bunker — can be instantly destroyed, but later retrieved by the rightful owner using an encrypted back-up in the watch.

The Diagono Magnesium timepiece selected as the basis for the device is already on sale at a relatively modest £3,120 in its standard form. The piece has a 41mm steel case and is equipped with a centre made from a combination of lightweight magnesium and polyether ether ketone and has a bezel made from scratch-resistant ceramic.

The striking, grained finish of the case middle and dial is created using a material called Motorlac. This is more commonly associated with high-performance engine building, where it is used as a friction-reducing coating capable of withstanding high temperatures and extremes of expansion and contraction.

Motorlac is available in a range of distinctive colours, including the copper brown, anthracite grey and deep-blue hues that make the Bulgari Diagono Magnesium one of the most unusual-looking and attractive watches to have emerged from this year's Baselworld show.

Simon de Burton

'I have a piece of gold in my hands'

Interview
Antonio Calce, Sowind chief executive, will promote the brand's history, says
Anthony DeMarco

Considerable personnel moves among watch and jewellery companies were in evidence at Baselworld recently, but none was as radical as the changes at Sowind Group.

From top to bottom, there were new faces in the exhibition booths for the group's two luxury brands — Girard-Perregaux and JeanRichard.

Antonio Calce, the former chief executive of Corum, an independent Swiss luxury watch brand, was appointed Sowind chief executive in January, replacing Michele Sofisti, who had held the position for the previous three years.

Kering, the French luxury and lifestyle holding company, owns a 50.1 per cent stake in Sowind, with Sowind founder Luigi Macaluso and his family owning the remaining capital. The company does not disclose separate sales and profit figures for Sowind, but says that watches made up 4 per cent of its luxury revenue in 2014.

Mr Calce (pictured below) has two very different brands under his charge. Girard-Perregaux, which dates from 1791, operates on the loftiest levels of haute horlogerie, producing high-end complications such as its Three Gold Bridge Tourbillon. In 2013, the brand was awarded the Aiguille d'Or at the Geneva Watchmaking Grand Prix for its groundbreaking Constant Escapement LM timepiece.

JeanRichard is a lifestyle watch brand that built its identity around the slogan "Philosophy of Life". It has partnerships with people and groups in a variety of fields, ranging from tightrope walker Nik Wallenda, chef Luca Manfe and the Arsenal football team.

Mr Calce says that his primary focus is on Girard-Perregaux with the goal of enhancing its value. "I have a long-term vision and a short deadline to deliver," he says.

"I have a piece of gold in my hands and I need to capitalise on its history and heritage. Everybody has to know what Girard-Perregaux is. This is my main goal for the next few years."

Mr Calce is developing what he describes as "product families", watches at tiered pricing levels based on Girard-Perregaux's high-end models. He believes that too much product is priced at the high end.

"We will pursue the development of manufactured high-end products," he says. "However, we need to develop families around existing collections with different price segments."

"We will adapt our offerings by enlarging our collections. For example,

currently our Three Gold Bridges is only available in haute horlogerie with the tourbillon.

"We are working on models with different price segments that include other complications to give clients the opportunity to wear a Girard-Perregaux watch with that iconic design element."

Among the models that are under development are two-gold and one-gold bridge timepieces, he says. The brand has already introduced a piece from the 1966 collection made in steel, instead of gold.

Mr Calce is enthusiastic about working with Ateliers Baudouin, a little-known, high-end case manufacturer that Sowind Group acquired in 2007 and uses to create Girard-Perregaux cases. Mr Calce considers the manufacturer a part of the brand's heritage that he admires and wants others to know about.

"I am a person dedicated to the product and to craftsmanship," he says. "I am totally committed to undertake this new challenge for a company that deserves deep respect in the watch industry."

Communication is a large part of Mr Calce's strategy for both brands. For Girard-Perregaux, he plans to use the brand's museum in La Chaux-de-Fonds, Switzerland, which he says is underutilised, as a way to explain the company's history. This will include travelling exhibitions.

For JeanRichard, the current focus is on the popular Terrascope collection. At Baselworld, the brand launched a Terrascope GMT and an all-black carbon Terrascope.

Mr Calce has been in the watch business for 21 years. Most of that time has been spent with Richemont Group's

Officine Panerai and Piaget brands in various high-level positions, and most recently he was at Corum.

Now that he is once again working for a big group one of the things he appreciates is the opportunity for synergy. For example, Sowind shares distribution in the US with luxury watch brand Ulysse Nardin, recently acquired by Kering.

Mr Calce says that there will be further opportunities for this kind of collaboration, although he refuses to elaborate.

He believes that the main challenge facing the Swiss watch industry lies in communicating the Swiss pedigree.

"It is important to let people know that when you buy a Girard-Perregaux, Swiss-manufactured timepiece, you buy a piece of art that is durable. It is not a trend. It is the acquisition of craftsmanship, of an exclusive product."

This extends to smart watches and other "wearables", which some see as a threat to the watch industry. Unlike several Swiss watch companies, Mr Calce has no plans to introduce such a device for either brand.

"We have a different vision of the timepiece. When [our clients] choose a Girard-Perregaux, they choose codes of elegance and tradition. A mechanical watch has a heart."



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Watches & Jewellery

‘Lunch with the Queen was a true career highlight’

Interview
Arnaud Bamberger
Cartier UK

The executive chairman planned to stay only two years at Cartier UK – 23 years later, he is retiring, writes *Simon de Burton*

London's luxury goods firmament will lose a bright star in a couple of months when one of its best-loved fixtures is to retire.

Arnaud Bamberger, the Anglophile Frenchman who has become so well integrated in to English society that he drives a Bentley, lunches with the Queen and shoots at Blenheim Palace, is stepping down from his role as executive chairman of Cartier UK in August. He had arrived “for a couple of years” in 1992.

During his eventual 23 years at the helm Mr Bamberger, who will be 70 when he leaves, has achieved what he set out to do in blowing the dust off the Cartier brand in the UK and returning it to a position worthy of its “king of jewellers and jeweller of kings” sobriquet. Cartier says that Mr Bamberger has helped more than treble turnover.

His career with the company dates

back to 1975, when his cosmopolitan flair was recognised by Cartier's then-president, Alain Dominique Perrin, who hired him as export director at a time when the company was trying to regain some of the sparkle it had enjoyed in its heyday 50 years before.

Mr Bamberger travelled the globe in the role, then moved to New York where he opened 15 US Cartier stores in eight years before returning to Paris to work as worldwide retail director responsible for 175 boutiques. Then, at the nadir of the early 1990s recession, he was asked to move to London and “shake up the brand”.

“Cartier was already a famous name in the UK, but the challenge lay in the fact that it had become something of a sleeping giant,” he recalls.

“My job was to put it back into people's minds as the jeweller it was in the 1920s and 1930s.”

He set out to reconnect the Cartier name with aristocrats, members of high society and any other movers and shakers he deemed appropriate by associating it with the sort of events he believed his target audience might like to attend.

These events ranged from the Chelsea Flower Show to the Goodwood Festival of Speed, where Cartier holds its annual *Style et Luxe concours d'élégance*.

One of the most successful tie-ups, however, has proved to be with the elite world of polo, which Mr Bamberger first

involved Cartier with in America.

“The association with polo really helped to rejuvenate the brand in the UK and restored some of its aura,” he says.

“In the old format of the Cartier International Day, we had as many as 30,000 people attending – although I must admit, they were not all polo fans. Many came for the Chinawhite club” [exclusive nightclub].

Nowadays, Cartier sponsors the Queen's Cup matches at the Guards Polo Club each June – an event that has enabled Mr Bamberger to continue a long acquaintance with the Queen which is recorded in the numerous photographs of himself and Her Majesty which are spread around his Bond Street office.

“I first met the Queen 23 years ago and I feel very honoured to be able to say that I am probably one of the French guys who has met her the most,” says Mr Bamberger, who was awarded the Légion d'honneur in 2009.

“In fact, I enjoyed one of the most memorable days of my life three years ago during Royal Ascot when my wife Carla and I were invited to a small lunch with the Queen and Prince Philip at Windsor Castle. It was one of the true highlights of my career.”

He attributes his successful (and commercially important) integration into English society to the simple fact that he has always been sure to “make



Bamberger with the Queen at the Cartier Queen's Cup, one of the leading polo tournaments

an effort” – and that he appreciates the way the English behave.

“My French colleagues often ask me how I have managed to meet so many English people and to develop so many friendships – and my first response is to say that I make the effort to let people know that I really like this country.

“I also love the fact that the English can be so self-deprecating and know how to make fun of themselves. I have learnt to be that way, too.”

Additionally, his love of shooting has earned him access to some of Britain's greatest stately homes – and

their suitably wealthy owners, who know whom to contact when the need arises for a special wrist watch or piece of jewellery.

But, says Mr Bamberger, while his mission to promote Cartier was successful, today's business is very different from how it was when he arrived in the early 1990s.

“We are once again back in the high jewellery game and have returned to a position where our design and creativity are what we are known for.

“What has also changed radically is London itself. It has become a worldwide centre for captains of industry and a real draw for people from places such as the Middle East and Asia, making it one of the most international cities in the world and one of the truly great shopping destinations.”

But what does retirement hold for a man who has spent more than half his life in the luxury fast lane?

“I shall remain as honorary chairman of Cartier UK, but I'm very much looking forward to dedicating more time to my wife and children, more time to travelling for enjoyment rather than business and more time to improving my golf handicap,” he says.

“One thing I shan't be doing however, is leaving England. I might always be a frog, but hopefully 'les rosbifs' will continue to be nice to me, because I love it here. After all these years, I feel totally at home.”

My challenge was in 'awakening the sleeping giant'

Manufactured, assembled and decorated — in 28.5 seconds

Swatch The company is building a second Sistem51 plant and may lift production of its robot-built watches to 2m units a year, says *Robin Swithinbank*

Swatch has confirmed plans to double the manufacturing capacity behind its Sistem51 watch, in a move that is expected to increase annual production of the groundbreaking product to 2m units a year.

Construction is under way on a second plant that is due for completion in spring 2016, on the company's Boncourt site in northwest Switzerland.

The development is a clear indication of Swatch's belief in the profitability of its pioneering project. Sistem51 is the only watch in the world made and assembled entirely (bar the strap) by automated machines. It first went on sale in the UK in August last year, priced at £108.

The plant will mirror the existing Boncourt factory, a 17,500 sq ft eco-facility with 15,000 sq ft of manufacturing space. A percentage of the floor space is given over to other watchmaking activities run by ETA, the Swatch Group-owned specialist movement manufacturing division, that helped Swatch develop Sistem51's innovative calibre.

Although figures published by the Swiss watch industry do not detail individual brand activity, it is widely believed that this year Sistem51 will become Switzerland's number one mechanical watch by volume.

In 2014, the Federation of the Swiss Watch Industry reported that exports of Swiss made mechanical watches were up 9 per cent to 8.1m, an increase that Sistem51 is in part responsible for. With annual production set to reach 2m by 2017, Sistem51 could soon account for almost a quarter of Switzerland's mechanical watch exports.

Such volumes are only made possible by the automated system that produces Sistem51, which was developed by one of Swatch Group's subsidiary companies specialising in machine manufacturing. Swatch has never declared its investment in the facility, although in 2013 the group reported a 19.5 per cent growth in the value of its property, equipment and plant rising to SFr2.5bn (\$2.46bn).

There are more than 400 machines inside the existing factory, some of which have up to 12 modules. These are in operation for 24 hours a day, five and sometimes six days a week, across three, eight-hour shifts. The production line produces 4,000 watches a day.

Swatch says that the theoretical time it takes to manufacture, assemble and decorate a single movement is 28.5 seconds, a counter-cultural admission in an industry that places great value on the time involved in creating its product.

Sistem51 was introduced for Swatch's 30th anniversary in 2013. The original quartz “second watch” was launched in 1983 and sold 50m units in its first five years, netting Swatch's founder Nicolas



Assembly line for the Swatch Sistem51 watch (below right)

It is the only watch made and assembled entirely (bar the strap) by automated machines

Hayek a fortune that he used to invest in and revive flagging Swiss watch companies such as Omega, Longines and Breguet. In 2007, three years before his death, Mr Hayek's wealth was estimated at \$3.2bn by Forbes, making him the world's 273rd richest person at the time.

The Sistem51 project has all the economic hallmarks of its quartz ancestor. It will be expected to boost Swatch Group's operating profits, which stood at SFr1.75bn in 2014, and give the company much-needed leverage in takeover deals.

The watch industry is dominated by a small number of powerful groups, including Richemont, LVMH, Kering and recently China Haidian, making the industry more competitive than ever.

Swatch's ambitions have met with mixed fortunes in recent years.

In 2007 it entered into a 20-year joint venture with Tiffany that ended acrimoniously in 2013 when a Dutch court ordered Tiffany to pay Swatch Group

\$448m (£274m at the time) plus \$9m in legal fees. In 2013, it completed a \$1bn takeover of New York jeweller Harry Winston, a deal that has since helped it offset the negative impact of the overvalued Swiss franc.

Sistem51 sales to date have not been made public, but it has been a critical success thanks to its 90-hour power reserve and Swatch's insistence that it will never need maintaining – an unheard of claim in mechanical watchmaking where moving parts are said to need cleaning and lubricating every few years.

It may also have a significant impact on the watch industry.

“Sistem51 is no more than a premium Swatch,” says James Gurney, director of SalonQP, London's annual fine watchmaking fair.

“Its construction, however, may have lessons for more expensive watches, particularly as the market adjusts to the arrival of connected watches,” adds Mr Gurney.



Phillips eclipses rivals as it returns to Geneva sale

Auctions and collecting

Patek Philippe and rare vintage pieces dominate the four-day spring event, writes *Simon de Burton*

The Geneva watch auctions that take place in May have traditionally been dominated by luxury brands, Antiquorum, Christie's and Sotheby's. This year however, Phillips has rejoined the fray.

Although the auction house had not staged a specialist horological sale since the early 2000s, it managed to eclipse the opposition last month with a SFr29.6m (\$31.2m) total that almost doubled that of its nearest rival.

The undoubted key to its success lay in the return to the rostrum of gavel-swinging wunderkind Aurel Bacs, the former Christie's star who left the house in 2013 to set up a consultancy which has since partnered with Phillips to facilitate its return to watch auctions.

With hindsight, Phillips was always going to hit the ground running. Mr Bacs is considered an horological pied piper. High-end buyers and sellers tend to gravitate to him, assured by his reputation for being able to put the right watches in front of the right people at the right money.

To give his return some added pizzazz, Mr Bacs made the inaugural Phillips sale a two-day affair, starting with a themed auction dedicated to the Rolex Day-Date, the brand's most prestigious model, conceived in 1955. The 60 rarities sold for a total of SFr6.1m, with the highest sum – a record SFr473,000 – being paid for a so-called Big Kahuna variation, one of only two known to exist in platinum.

But the Glamorous Day-Date sale proved little more than a warm-up exercise. The following day 164 watches grossed SFr23.46m and saw records established for any steel wrist watch at auction – SFr4.6m for a 1927 Patek Philippe chronograph – and for any Rolex at auction – SFr1.3m for an “albino” Rolex Cosmograph Daytona that once belonged to rock star Eric Clapton.

Two other watches also broke the seven-figure barrier, vindicating the decision of Edward Dolman, Phillips chairman and chief executive, to bring the house back into what is a highly competitive market.

He said: “Considering that the Phillips watch department was only launched in November, it pays the greatest testament to the team and to the stewardship and reputation of Aurel Bacs and [his wife] Livia Russo to have achieved so much in so little time.”

The Phillips triumph was a hard act to follow. Antiquorum was first up with an offering of 504 lots that fetched a total of SFr6.5m, the highlight being an example of Patek Philippe's Reference 2499 perpetual calendar model, considered by many to be among the most collectable of all vintage watches.

With the added attraction of having a



Aurel Bacs at the Phillips auction

dial signed by the retailer Tiffany, it sold for SFr471,500, while a highly complicated Louis Audemars pocket watch, which was presented to a Spanish count in 1920 by King Alphonse XIII, realised SFr351,750.

A perhaps more recognisable celebrity connection came in the form of a Jaeger-LeCoultre Reverso that originally belonged to the celebrated US general Douglas MacArthur and which was engraved on the back with his initials. It made SFr87,500, quadruple its estimate.

Christie's achieved the best overall result after Phillips, grossing SFr15.4m and achieving a 99 per cent sale rate from 314 watches offered. Typically, Patek Philippe pieces dominated, with a 2006 Sky Moon Tourbillon – one of the brand's most complex models and now discontinued – selling to a private collector for almost SFr1.1m.

The Christie's sale also saw records for a Patek 'Nautilus' at SFr845,000, an

The key to its success lay in the gavel-swinging wunderkind Aurel Bacs

Audemars Piguet minute repeater from 1951 which sold for SFr605,000 and a 1930s Rolex chronograph, which exceeded its presale estimate by 10 times to fetch a price of SFr341,000.

It was then left to Sotheby's to round off Geneva's four-day watch auction extravaganza with an offering of 326 lots, a sizeable 93 of which failed to find buyers – resulting in a disappointing 71.5 per cent sale rate. All of the top 10 sellers were Patek Philippe pieces, with the highlight being a collectable Reference 5207P tourbillon with perpetual calendar and leap-year indication that made SFr586,000.

To discover if Phillips' dominance of the market will continue, auction followers must wait until the flagship Geneva sales in November. Between now and then, the lull in international watch sales, which starts after Bonhams New York and London sales, on June 9 and 10 respectively and Sotheby's New York Sale on June 11, might at least give Phillips' competitors the opportunity to regroup and decide how to fight back.

Jewellery

Fine jewellery follows the fashion

Traditional brands and independent designers courted the younger customer at the Couture Show, writes Rachel Garrahan

The wares on offer at last week's annual Couture Show in Las Vegas reflect the growing importance of a sophisticated female buyer who is making fine jewellery part of her everyday wardrobe.

Traditional jewellery retailers, in common with multi-brand fashion boutiques such as Dover Street Market, have recognised the potential of this customer and are offering a trend-conscious selection.

The shift is also blurring the line between traditional brands and fashion fine designers. Pomellato and Kwiat were among the larger companies in Las Vegas launching products targeted at a younger consumer seeking everyday pieces, and there was a strong showing from fashion-centric brands such as Delfina Delettrez and Lynn Ban, who have previously only shown at Paris Fashion Week.

"For the luxury consumer, jewellery is now a big part of their purchase," says Gannon Brousseau, director of North America's leading fine jewellery design trade show.

Lane Crawford, the luxury department store in Hong Kong, is shifting its focus from a traditional jewellery selection to designer fashion fine jewellery that better reflects the needs of its luxury customer. The shop's jewellery section is moving closer to ready-to-wear and will become a more integrated part of the buying experience.

Pamela Love is one of the designers



Winning entries in the Couture Design Awards (clockwise from top left): Tomasz Donocik earrings; Nikos Koulis ring; Plevé bracelet; Reho necklace; Spinelli Kilcollin ring

that will be part of its new selection. The New York-based designer, who originally developed a successful sterling silver collection, was at Couture for the first time, to raise the profile of her year-old fine jewellery line. The collection is already available at stores including Barneys in the US and Colette in Paris.

Ms Love came seeking partners among specialist US jewellery stores as well as buyers from the UK, Japan and the Middle East. She says response was strong and hopes to secure six to eight new accounts as a result.

She is one of the designers seeing a trend among the hundreds of

independent jewellery retailers across the US that are adapting their product range. "These are often family businesses and the second generation is recognising the need to cater towards a more fashion-forward customer," she explains.

Some of the winning entries in the show's Design Awards reflect this aesthetic, including Nikos Koulis's alternative engagement ring and Tomasz Donocik's Blade Runner-inspired earrings, both of which are a modern reinterpretation of art deco. Both designers are stocked at Bergdorf Goodman.

Variations on the earring and the pearl remained popular at Couture and there was considerable focus on the neck, from chokers to lariats and long

pendant styles. In terms of gemstones, turquoise was notable across the market, as were unusual colour combinations.

Maria Lemos of London-based showroom Rainbowwave, says she came looking to develop US business for her designers, who include Ileana Makri and Venyx. She also met many international buyers who she would normally see in Paris at Fashion Week.

Nadine McCarthy-Kahane of Stone and Strand, a fine jewellery retailer based in New York, came to Las Vegas with a targeted approach. "Experience tells us that our designers need to have a strong story online that will immediately resonate with the buyer," she says.

The challenge facing the industry, she adds, is how to meet consumer demand for new product alongside the constraints of a handmade, luxury product like jewellery.

"Today's customer constantly wants something new. There is no immediate solution, but the retailers are going to have figure it out."

With the slowdown in the formerly booming Russian and Chinese markets, many international brands are looking to the US, with its large, diverse and sophisticated jewellery market, to fill the gap.

Fabergé brought its playful interpretation of fine jewellery to Couture for the first time, seeking US partners as part of its global expansion.

Many independent designers were at Couture, in search of opportunities. Dutch designer Bibi Van Der Velden has focused on developing her business in the US for the last couple of years. Already available at a number of American stores including Bergdorf Goodman and Reinhold in Puerto Rico, she continues to find opportunities for selling her luxe but playful collection.

"The US market is like a Pandora's box," she says.

Excite and mix it up for the new consumer

Trade shows

Retailers need to adapt and innovate if they are to appeal to changing tastes, says Rachel Garrahan



On display: the JCK trade show

JCK, the largest of the Las Vegas jewellery week trade shows, is well aware of the need for retailers to focus on changing consumer buying habits, says Yancy Weinrich, senior vice-president of its organiser JCK Events.

She believes that some traditional US jewellery stores have been slow to adapt their product selection and marketing strategy to the emerging female self-purchaser.

"You need excitement in stores," says Ms Weinrich, pointing to Roberson's Fine Jewelry in Little Rock, Arkansas, which targets female customers with its selection of merchandise and regular in-store events.

She adds that stores need to buy across different price points and categories: "Once there was a real separation between fashion and fine jewellery, but the modern woman is now mixing it up, wearing a \$15,000 watch with a \$125 bracelet."

JCK has restructured its floor plan to try to accommodate this shift and next year will add a further section, The Bridge, focused on base metal, lower-price-point jewellery.

Technology is another area in which Ms Weinrich believes it is crucial to develop expertise. Stores need to

develop their ecommerce offering, she says, and must get to grips with smart jewellery and watches after the buzz around the launch of the Apple Watch.

With the jewellery market reporting a slow start to the year, Andrea Hanson of Luxe Intelligence, a sales showroom that represents 20 designers at JCK, agrees. "Without merchandise innovation in stores, the consumer is even more likely to abandon the jewellery category in search of a travel experience or technology," she says.

Hartmut Kraft, head of the North American division of Kering watches, believes that an authentic brand experience is the only way to drive growth in the US's saturated men's high-end mechanical watch market.

Kering's luxury watch brands, Ulysse Nardin, JeanRichard, and Girard-Perregaux, were among the exhibitors at JCK's Swiss Watch show and Mr Kraft says technical innovation and expensive advertising campaigns are not enough to ensure sales and brand loyalty in the saturated US luxury market.

"The [high-end mechanical watch] brands that will succeed in the US are the ones that can provide a unique experience to the buyer that cannot be bought anywhere else," he says.

A champion of the young, the innovative and the independent

Profile

Gannon Brousseau, director of Couture, has opened the show to non-traditional retailers, says Elisa Anniss

Gannon Brousseau, the 35-year-old director of the Couture show, which held its 20th event in Las Vegas last week, chooses his words carefully when describing the event.

Couture is not a trade show he says, it is more "a community" a word he uses frequently to describe the buyers and vendors who attend this upmarket, carefully edited jewellery event.

Previously, he adds, jewellery brands targeted Russia and mainland China, but there had been a shift in the mindset of these brands.

"With the US economy rebounding, the currency fluctuations in Europe and instability in Russia, brands are refocusing their efforts on the US market. We are certainly seeing this with vendors [at Couture]," he says.

As for the retailer side of the show, he adds, Couture's strategy is to target regions around the world – Japan and South America – as well as specific stores. He pays close attention to Couture's designers and vendors when deciding which retailers to approach.

Harrods, ECI, Dover Street Market and Fenwick already attend from the UK, although the appeal is even greater for exhibiting UK-based showrooms such as Valery Demure, Rainbowwave and Rock Vault designers.

"The US is a different market from other regions in the world. It is very large and primarily composed of independent retailers. There's scope and there's scale because of its size," he adds.

Mr Brousseau joined Couture in April 2012. Before that he was the sales director for Emerald Exposition's entire jewellery portfolio at its trade shows ASD MarketWeek, JA New York and also Couture.

From 2006 to 2010 he cut his teeth at ASD, which he describes as "the polar opposite to Couture, selling everything from military surplus to unbranded silver".

Mr Brousseau has a clear understanding of exactly where Couture sits in a shifting jewellery universe. He has encouraged younger, innovative designers and new retailers to attend the show.

Meeling Wong, president North America/managing director jewellery at Georg Jensen, says it was refreshing that Mr Brousseau did not come from the industry.

"He makes it known that he is open to listen and open to receive – which was much needed when he first took over."

She believes that from an exhibitor's point of view, it had been a good idea of Mr Brousseau to open the show to non-traditional retailers, especially because the retail landscape had considerably changed.

"He has also made great efforts to seek and welcome new designers and new retailers and has successfully

'The US is a different market . . . there is scope and scale due to its size'

assembled an impressive portfolio of jewellery designers, established and emerging," she says.

Creativity is at the heart of Couture's Design Atelier, which was established before he arrived. Mr Brousseau and his

team, together with members of the Couture community, vet applicants who join the show via Design Atelier. They look for "an original voice and a unique point of view".

Mr Brousseau describes the work of these independent designers as "designer fine jewellery" – because, he says, "it is designed by artists".

He adds: "With designer fine jewellery the industry has not done a good job of educating the consumer about the artist and the processes behind the brands."

Mr Brousseau admires the way that the fashion industry has turned its finest creators into stars. Tom Ford and Giorgio Armani have become instantly recognisable faces and Mr Brousseau sees no reason why a jewellery designer, such as Stephen Webster, should not enjoy the same kind of recognition.

"I think it's important to promote these artists and learn from the fashion industry," he says. He points to the Council of Fashion Designers of America as an organisation he would like to strengthen ties with, given that jewellery does not have an equivalent unifying voice.

With an increased emphasis on design and more women buying jewellery for themselves, Mr Brousseau believes that today's consumers want to know more about the designers, their inspiration and the behind-the-scenes processes.

The success of Couture's official Instagram account @by_couture, launched 18 months ago, confirms that this appetite both exists and is growing he says.

"We use Instagram as a vehicle to spread the word about designer fine jewellery and luxury timepieces. We feature a different designer each day, and each month we have a different community member take the control of our account in our #Couturetakeover series . . . and post images on our behalf."

Mr Brousseau's innovative take on Couture has won widespread support from exhibitors.

"Gannon listens to and engages with the exhibitors. He is aware that the industry is changing, bringing with it a new type of jewellery buyer and retailer who are key to the survival of an industry show," says Stephen Webster, who has exhibited at Couture for 16 years.

"Since Gannon took over the reins, my team consider it more than just a show we take part in once a year, it's a community we enjoy belonging to."



Innovative take: Gannon Brousseau



Mila Kunis photographed by Peter Lindbergh



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GEMFIELDS

Watches & Jewellery

A guaranteed diamond is forever

De Beers To reassure its customers, the company has invested \$10m in a grading facility in India, writes *Simoney Kyriakou*

If a jeweller could put a price on peace of mind, it might not be far off \$10m. At least, that is how much De Beers has invested in its latest International Institute of Diamond Grading and Inscription, in Surat, India.

The institute will process, select and grade Forevermark diamonds – a diamond brand from the De Beers group. These will then be inscribed with a unique serial number, which Stephen Lussier, chief executive of Forevermark, says is De Beers' guarantee that each Forevermark diamond is "beautiful, rare and responsibly sourced".

Of all diamonds mined globally only 1 per cent are selected for Forevermark.

Currently, De Beers' Antwerp base handles 400,000 diamonds a year; the Surat facility, with its 100 newly trained staff, is expected to process 500,000, with the ability to take handling across both centres to 1m a year. At full capacity, Surat will be able to process \$500m worth of Forevermark diamonds a year.

Mr Lussier says that establishing the institute in India made sense geographically. Surat is the world's largest cutting and polishing centre for diamonds, dealing with nine out of every 10 stones mined globally.

To meet growing demand for its Forevermark diamonds – in 2014, the brand passed its 1m diamond milestone – De Beers has invested in intellectual property, training and technology. For example last month it took a 33.4 per cent equity stake in Synova, the Swiss laser micro-jet tech developer. The deal will allow Synova to develop a laser to cut and shape diamonds.

But before diamonds can be shaped, they must be selected. To do that a team of experts from Surat has been trained in Forevermark selection and grading at the De Beers UK technologi-

cal development centre in Maidenhead, before returning to lead the new facility.

The team has also been shown how to use De Beers' proprietary inscription technology. On each Forevermark diamond, a serial number is inscribed on the stone's table facet.

The number – approximately 1/5,000th the depth of a human hair – is so small it cannot be seen, even with an eyepiece. It can only be seen with a De Beers viewer, which bounces light off the table facet's surface.

De Beers is now rolling out its viewers to a select few of its 16,000 retail partners in 24 countries.

"Not every retailer has the right environment for a viewer," says Mr Lussier. Those who do, however, could pay between \$10,000 and \$30,000 a year for the equipment, marketing and training in how to use the machine.

Mr Lussier says that staff in Surat have competitions to see how quickly trainees can find the inscription: 12 seconds is the current record. Grading, certifying and marking diamonds for assurance is not a new idea. The Gemological Institute of America has been carrying out laser inscriptions and certification for years.

"This inscription can provide proof of ownership," says Thomas Moses, executive vice-president and chief laboratory and research officer for GIA. "The marking is only visible at 10 times magnification and is located in the girdle of the diamond," he says.

However, Mr Lussier believes that inscribing in this fashion does not provide the same level of security. A diamond could be stolen and cut up, with the inscription erased, he explains. An engraving on the girdle could be shaved off, he adds, however, a nearly invisible

Mark of approval: the unique serial number on a Forevermark diamond can only be seen with a De Beers viewer



inscription cannot be removed without altering the quality of the stone. There are also aesthetics to consider. Mr Lussier says that some engravings on the side could lead to visible inclusions and reflections, or affect the way in which the jeweller can set the stone.

However, diamond specialist Eden Rachminov, founder of the Israel-based Fancy Color Research Foundation, says that while an incised serial number could, at certain angles, reflect like an inclusion inside a fancy coloured stone, it would be unlikely that the aesthetics of a pure white diamond would be compromised.

"Most high-quality stones are unique and carry a certification from the GIA, so the buyer should not need a special machine to give them certainty over the stone's authenticity

'The marking is only visible at 10 times magnification'

and provenance," says Mr Rachminov.

He is doubtful whether other diamond dealers would want to create something similar. "This is more about branding than adding value to the end-buyer," he adds.

According to a spokesman for the World Diamond Bourse platform in Antwerp, customers are becoming increasingly precious about their jewels and want reassurance that when they send their diamonds to be cleaned the same stone is returned.

The spokesman added: "Customers needing greater levels of confidence and trust may value this sort of inscription technique to prove that they have their own diamond in their hand."

A sixth sense for the unique and the exceptional

Shops and Retail

London's Dover Street Market has developed a reputation for identifying and nurturing fresh talent, writes *Hettie Judah*

Dover Street Market (DSM) has long interwoven art and commerce.

At the London multi-level retail store recently, queues snaked down the street before opening time – one for a limited edition pair of sneaker shoes, the other for the Apple Watch. Visitors were greeted in the dedicated front-of-house taxidermy display by a macabre set of eels suspended in specimen jars. Beyond, presented in table-mounted vitrines and wall cabinets, is the jewellery, the work of some 40 designers from around the world.

There is no plush velvet, no hierarchy of value or prime position, no visible branding of any kind. Instead, the pieces are arranged on Perspex blocks in a clean grid pattern, within which the arrangement is changed weekly.

"People are challenged when they

come, and ultimately find things," says vice-president Dickon Bowden, who works alongside concessions and jewellery manager Mimi Hoppen and a wider team in finding and meeting jewellers and selecting stock.

The jewellery department started in 2006 with a collection of eight pearl necklaces by Rei Kawakubo, creative director of Comme des Garçons and co-founder (with husband Adrian Joffe) of DSM.

"We created some displays and the necklaces sold almost immediately," says Mr Bowden, who has been with the store since it opened in 2004. "It happened organically: we saw that it worked, so we opened our eyes to see what was out there."

The jewellery department has grown steadily. Currently, it occupies about a quarter of DSM's ground-floor retail space and is likely to expand with the store's move from Dover Street to Haymarket at the end of 2015. Some 50 pieces – less than 10 per cent of the stock – are available online.

In Mr Bowden and Ms Hoppen's gentle terms, the store's jewellery-buying strategy sounds unstructured, but in less than a decade DSM London and its sibling stores in Ginza and New York

have acquired an exceptional reputation for spotting and supporting fresh talent in the sector. Repossi – carried by DSM since 2007, when creative director Gaia Repossi was 21 – now has some 55 listed points of sale. Both Delfina Delettrez and Jessica McCormack have opened standalone stores in London's Mount Street quarter since being picked up in 2007 and 2009 respectively.

DSM is celebrated for its artist-led displays and close relationship with designers and something akin to a sense of family underpins the DSM ethos. When William Welstead comes in to show new pieces he casually pours a bag of loose diamond Nizam beads on to the scorched wooden tabletop of the store's Rose Bakery.

Structured around historic gemstones, Mr Welstead's jewellery is among the store's most traditional. Its fiercer shop-mates include the bristling Byzantine fantasia of Hunrod, and Betony Vernon's fetish accessories, as well as lyrical designs such as Sophie Bille Brahe's innovative ear jewels.

There is nothing here approaching a house style or aesthetic through-line, more the unspoken principle that the pieces cannot be found elsewhere. Thirty per cent of the stock are one-off

works; even when designers have their own store nearby, the DSM pieces will be different. "The sole criterion is that the design has something to say. People come here to find something exceptional," says Mr Bowden.

Mr Bowden first saw Ms Delettrez's work at her Paris showroom, Mr Welstead was introduced by a client. Etienne Perret was discovered at the Couture Show in Las Vegas and Lia di Gregoria approached the store directly.

The routes into DSM are as varied as the display grids are uniform. But for all the creator-centric buying philosophy, the process of selecting precisely which individual pieces will go into the store is rigorous. DSM's relationship with jewellers may be long, but it can also be narrow, with the in-store presence as limited as three or five works.

The team's sixth sense for selecting, commissioning or collaborating on *l'objet juste* has made the department an obligatory port of call even for representatives of leading jewellery houses.

It is founded on a search for equilibrium rather than mere commercial appeal. As Mr Bowden confesses: "There are some things that sell once in a blue moon, but they are important in terms of the aesthetic mix."

A sense of family underpins the DSM ethos. There is a lack of barriers and bureaucracy

Retailers seem happy to let designers take the financial strain

Retail practices

Independent jewellers are being crippled by stores' consignment deals, writes *Elisa Anniss*

For Valery Demure, the jewellery entrepreneur, consignment is a big subject. "Sustainability and sweatshops are talked about with passion, but nobody dares to talk about how jewellery designers struggle with today's retailer demands," says London-based Ms Demure.

Her agency represents leading names in designer fine jewellery, including Fernando Jorge, Delfina Delettrez and Monique Péan.

In recent years, luxury e-tailers, department stores and multi-brand boutiques around the world have become eager for new, fine jewellery brands, often describing the fresh ideas, novel techniques and

unexpected materials as a retail "sweet spot".

And yet some have also brought with them crippling practices such as return to vendor (the retailer buys the piece, but if unsold, it is returned to the jeweller and the retailer is reimbursed or receives a credit). And consignment – the most common practice of all.

Selling on consignment, where the retailer pays the wholesale price after the sale, returning any unsold pieces, has become a highly contentious matter for jewellery designers.

For unless the designer is independently wealthy, running an established business where cash flow is no longer an issue, or cushioned by start-up money, it is the inde-

Valery Demure: 'Retailers must share the risk'



pendent jeweller, not the retailer, who may crumble under financial strain. Melanie Georgacopoulos used to run a fine fashion jewellery label. Now head designer at Tasaki, a Japanese jeweller, she describes how common retail practices left her disheartened. She became irritated that most retailers did not appreciate consignment and did not offer anything in return, such as media coverage.

"I now appreciate that consignment is and should be part of an order, as a small percentage, because it enables stores to stock more pieces from a small designer, hence more visibility for the designer and less investment risk for the store," she says. "But I think that if the stores aren't buying, they simply don't put that much effort into selling."

Sally Leonard, a jeweller-turned-business consultant who works for the London enterprise agency Centa, notes: "At the moment, everyone wants to cut costs and shops know that many designers are desperate. I tell my clients they have to make some tough decisions, to treat stockists as marketing to help build their profile and that selling to five to 10 stores is more than enough to drive sales."

"They can hold out for an order or decide they can afford to consign. And it is worth it, especially if it is an organised consignment to a store that fulfils its invoices and pays every month. But in the end, the most profitable transaction is to sell to the client directly."

Gannon Brousseau, the director of Couture, the jewellery trade show, says consignment is a difficult situation for the industry and a concern of his. "Designers invest a substantial amount of money in their collections and want to know their retail partners are investing in them too. I wouldn't be surprised if there is a shift in the coming years. Quite frankly, there has to be.

"With online becoming more important to designers' success, I believe [that increasingly] they will pick their partners more carefully and only work with those who truly support and believe in their brand."

They may choose to consign with some, but it will be a mutually beneficial relationship where both parties are investing in one another's success. Conventional distribution is changing and will continue to in the years ahead."

For Emma Madden, of London jewellers Shimell & Madden which launched at Dover Street Market in March, consignment has always been the norm.

"I see it from both sides. Usually, retailers support you by using their PR to help you grow and then once you are selling you are in a better position to negotiate," says Ms Madden.

Since it is the designers who set prices, she knows of some who quote higher wholesale prices when asked for sale or return. "It [consignment] allows shops to carry more stock and makers to exchange stock."

Ileana Makri, who has opened a store

The sparkle, the radiance and the appeal . . . of a synthetic stone

Lab-grown or synthetic diamonds are having an impact on the natural diamond industry.

While imitation diamonds in the form of cubic zirconia have existed for decades, technological advances are increasing the number of high-end, lab-grown gems. It is now harder than ever to tell the difference between a natural diamond and one grown in a laboratory.

Synthetic diamonds trade at between 20 and 50 per cent less than the price of natural diamonds. But when not disclosed as lab-grown, they threaten to undermine the reputation of the natural diamond industry, which relies heavily on trust and has faced questions about reputation, associated with "conflict" diamonds.

As a result, industry leaders have agreed on a need to stimulate demand for natural diamonds and at the same time ensure consumer confidence.

In March, miners including De Beers, Alrosa, Petra Diamonds, Gem Diamonds, Dominion Diamond and Rio Tinto met in London to discuss marketing and the threat of undisclosed lab-grown diamonds. They have said little about their plans.

Stephen Lussier, chief executive of Forevermark at De Beers, says: "Targeted investment is required to ensure diamonds maintain an appropriate share of advertising voice, because this will help maintain their unique luxury positioning and underpin demand."

He adds: "We are committed to developing our own promotional initiatives, but we believe serious proposals including participation and contributions from across the diamond value chain are worthy of discussion."

Lab-grown diamonds are cultivated from a carbon plate known as a seed, which is placed in a low-pressure microwave chamber. Hydrogen and methane gases are then introduced and a microwave generator pumps energy into the chamber, igniting a glowing plasma ball. Carbon molecules rain on the seed, layering on top of it and fast-tracking the natural crystallisation process. The process takes six to 10 weeks.

Undisclosed lab-grown diamonds have surfaced in certification laboratories in

China, India, Israel and Belgium. In 2012, 600 undisclosed synthetic diamonds were found in a parcel of 1,000 stones at Antwerp's International Gemological Institute. Both the dealer and the supplier had believed the stones were natural. The lab-grown diamonds included impurities to resemble the imperfections typically found in natural diamonds.

In February, the Surat Diamond Association discovered 110 synthetic diamonds in a packet belonging to two traders.

The natural diamond industry also faces challenges from changing tastes. The 2014 De Beers Diamond Insight Report said that while the industry derives practically all its value from consumer demand for diamond jewellery, natural diamonds are facing competition from other luxury goods.

Bruce Cleaver, De Beers' head of strategy, says: "We need to understand changing consumer preferences and the competition from other luxury categories to ensure we keep the diamond dream alive."

In 2012, the World Federation of Diamond Bourses founded the World Diamond Mark Foundation to stimulate demand for natural diamonds. Member retailers pay an annual fee to be a World Diamond Mark authorised diamond dealer. There are currently 150 authorised dealers and the organisation aims to have 20,000 retailers on its books by 2020.

Ernie Blom, president of the World Federation of Diamond Bourses and vice-chairman of the foundation, says that the World Diamond Mark Foundation has awakened the diamond industry to the necessity of generic promotion.

But some believe the growth of lab-grown diamonds will prompt demand for investment stones. Ehud Laniado, principal of Mercuri Diamond, says: "Lab-grown diamonds appeal to the lower and middle classes and young consumers who view them as a high-tech, green product."

"Provided lab-grown diamonds remain accurately presented to the market as such, natural diamonds will always be in demand by the world's wealthiest and most discerning customers."

Claire Adler



Home-grown: a synthetic diamond — Bloomberg

Watches & Jewellery



Clockwise from top left: Erickson Beamon butterfly necklace; Kenneth Jay Lane bracelet; Attilio Codognato snake bracelet and Kenneth Jay Lane brooch. Left: Anna Sui wears items of her favourite jet jewellery



A passion for jet, vintage and Elizabeth Taylor

My favourite pieces

Fashion designer Anna Sui loves the flea market finds and her lucky ring. As told to Rachel Felder

I think my love of jewellery was inspired by mom, because she always had such beautiful pieces. She gave me my good luck ring that I've worn at every fashion show: it's a piece of [her] jewellery that I just loved and right before I started to do fashion shows she gave it to me.

I think that jewellery can symbolise that: that love you have for your mom or your mom for you and I love it when it's passed down. I used to wear it on my hand, but so many people squeeze your hand, that I would freak out. Now I put it in my pocket in a box, or sometimes I

wear a necklace pouch and it's in the pouch.

Most of my jewellery is vintage. When I look at new jewellery, it doesn't have the same depth. I bought my first piece of vintage jewellery in [her home town of] Detroit when I was in high school at a resale store. I still wear that piece.

I have about 15 pieces of jet jewellery. I don't like to think of it as mourning jewellery: I like the craftsmanship and the intricacy of it, I love that some pieces were hand-carved. I'm very attracted to it — they are such beautiful objects.

Most of my jet pieces are from the early 1990s, from an antique dealer in Gray's Antique Market in London called Allison Massey. She's the one that I learnt about jet jewellery from — she was very, very knowledgeable. She even had little books to buy so you could read up on it. I would save up my money and when I went to London that was my first stop. It wasn't open on the weekend so I

always had to make sure I was there on a Friday or a Monday so that I could go there. I acquired most of my pieces from her. At one point I was so obsessed that I went on vacation to Whitby to see the museum there; inside is a jet workshop where you can see what the working conditions were like. They were very cramped, working at little tables with fine tools where they would carve the objects.

The jet jewellery is what inspired all the packaging for my cosmetic line and my first perfume bottle. It's really based on all these pieces — they are so recognisable. I think that's really what made the brand such a success.

Miriam Haskell designs started me collecting vintage jewellery. I used to buy her pieces in the late 1970s and 80s from a woman at a vintage [sales] building in New York who looked like Gloria Swanson; she would wear a beauty mark and she had pictures of

Gloria Swanson in her booth. She had so much Miriam Haskell — I had no idea what it was but I was just dazzled by it. I love that the pieces are hand-assembled and somebody thought up the shapes and designs.

It's different now — I don't buy Miriam Haskell any more. At the time I was buying it, it was a lot of money to me, but once people started collecting it, you just couldn't touch it any more.

I bought most of my Kenneth Jay Lane pieces at the [now defunct Chelsea] New York Flea Market. It used to be such an amazing flea market — every time you went you could find something. The flea market is totally about the hunt to me. You never know what you're going to find. Sometimes it's a bonanza and sometimes it's "mmmm", but that makes you appreciate it more.

I knew of him because some of my favourite jewellery in old Vogues from the 1960s were his stuff and when I

started finding it in the flea market, that was really exciting. I loved his 1960s pieces, and when I started doing some styling I thought: "Oh, let's go up to Kenneth Jay Lane." That's when I met him — they let me go through all the old pieces. I just love them — they're "it" to me.

What I love about Kenneth Jay Lane is that it's as gorgeous as [precious] jewellery but it's faux, so you don't have to worry about it so much, although I treasure it just as much as the real thing. Erickson Beamon has done the jewellery for my shows since the beginning. One of my favourite pieces is a butterfly necklace — it's been made for me twice, for two different seasons in different palettes.

I have a piece from the [2013 Christie's] Elizabeth Taylor auction: It's a bracelet [by Venetian jeweller] Attilio Codognato: I worked in Italy and whenever I went to Venice, I used to visit

him, that's why I knew what it was. In the auction I don't think they knew what it was, it was just "snake bracelet". Liz Taylor and Richard Burton were only in Venice once for the Venice Film Festival and he bought that for her as a present. I remember reading about it in a book.

I wear it — you have to slide it on your hand. I've worn the snake's head up and down, depending on what my sleeve is doing.

I'm a big Elizabeth Taylor fan — seeing her jewellery was just fascinating. When I went to the auction it was really exciting. The auction estimates were not insane. There was the Bulgari diamond [piece] and I tried that on — and I thought: "That's what I want". The estimate was, of course, not what it went for — it went for about a million dollars and so watching the bidding on it was "No way". The snake bracelet is my consolation prize.

Berber traditions find favour with western designers

Morocco

Corals, amber, coins and handcrafted silver are the hallmarks of the region, writes Liza Foreman

Within the grounds of the Jardin Majorelle in Marrakech lies the Musée Berbère. Its rooms are filled with rare silver designs — a horde of Berber jewels.

With a permanent collection of 1,200 jewellery pieces, the museum owns what Björn Dahlström, the curator, describes as one of the most significant collections in the world.

Three hundred pieces are on display, while a selection from the museum's collection is part of a travelling exhibition. Currently, 80 pieces from the Berber Women of Morocco tour are at the National Library of the Kingdom of Morocco in Rabat.

An image for the exhibition shows some of the pieces and demonstrates how they should be worn. Reefs of chunky corals hang like the spine of an animal wrapped around the neck of the mannequin. Other necklaces made from unpolished stones and handcrafted silver adorn the look, alongside angular plates that cover the collarbones and were used traditionally to pin garments together. Finally, there is an ornate silver headpiece embellished with cut glass.

An ensemble like this might be paired with larger-than-life earrings, according to photographs in the exhibition, which also displays some of the Berber collection which Yves Saint Laurent, the fashion designer, and Pierre Bergé, his partner in life and in business, started almost 50 years ago.

The Jardin Majorelle was once the home of the artist Jacques Majorelle, and is now the property of the Fondation Pierre Bergé-Yves Saint Laurent.

"Ours is a small museum, so we tour to make it more accessible," says Mr Dahlström.

"It started in the 1960s, when Yves Saint Laurent, who was born in Algeria, began coming to Morocco. Yves Saint Laurent and Pierre Bergé donated their collection to

the foundation when it opened, and we have enriched it considerably since."

Not long after Yves Saint Laurent and Pierre Bergé set out on their jewellery quest, fashion designer Tory Burch's parents travelled to Morocco. The New York designer drew upon this history for her fall-winter 2015 "Marrakech meets Chelsea" collection.

"I have always been fascinated by Marrakech. My parents honeymooned there 50 years ago and returned often," says Ms Burch. "I loved hearing stories about their trips and found it to be a great source of inspiration."

"Our design team was influenced by the construction and design of vintage pieces from the region," she adds.

"The details we incorporated into our mixed-metal designs — discs, chains, fringe and semi-precious stones — were inspired by vintage pieces from Morocco, a country deeply rooted in Berber culture."

Meanwhile, Dore Stockhausen, the Australian silversmith and jeweller, recently led a tour through the High Atlas and into the Sahara in Morocco.

Participants make jewellery with the help of craftsmen en route. Like the Berbers, Ms Stockhausen uses certain traditions such as enamelling.

"I encourage participants to look at this rich culture, art and landscape to inform their designs," she says. Fragments of antique jewels found during the tour, along with beads, leather and cactus silk are combined into the designs.

Rita Lazauskas, an artist and curator and director of Amazigh Cultural Tours Morocco, which organises the trips,

Moroccan inspiration: Tory Burch pendant necklace (top) and Tory Burch triple finger ring (below)



says: "We try to use the same simple techniques and tools employed in Morocco, such as forming sheet silver with simple decorative punches and hammers."

The tour comes as Moroccans — and some contemporary jewellers — are beginning to rediscover their heritage, much of which was lost with modernisation in the 1970s, says Mr Dahlström.

Women wore traditional jewellery designs at weddings until the 1970s and Mr Dahlström says he has seen many new designers using elements from the tradition.

"While you cannot wear such heavy pieces today, some techniques and materials are being incorporated into designs — such as fibulae [brooches] being used as pendants," he says. "This jewellery was once produced everywhere and worn all over Morocco. The artisans were mainly Jewish and many left after the creation of Israel, and the savoir-faire has been lost."

Berber jewellery is made in multiple territories, but all the Jardin Majorelle collection is from Morocco.

"Many young Moroccans and Algerians are wearing modern or smaller versions of older pieces," says Cynthia Becker, an associate professor of history of art and architecture at Boston University and a specialist in the arts of the Berber in northwest Africa.

"Some older-style pieces, similar to those made until the 1960s, are still made in Beni Yenni in Algeria and Tiznit in Morocco — and are produced for weddings. But most women prefer not to wear the heavy silver jewellery of the past and prefer gold," she says.

She counts silver, cloisonné, coral, amber and coins as the main hallmarks of Berber jewellery. "Women wore a basic jewellery kit in the past, including a silver headpiece, fibulae, two or four bracelets and a necklace," she says.

Ms Lazauskas says the remaining Berber jewellers tend to work from home, relying on co-operatives and traders to sell their work. But she adds that there are schools in Fez and Essaouira which practise traditional techniques.

"The Amazigh [Berber] traditions are struggling to survive," says Ms Lazauskas.

"If you research Moroccan Amazigh jewellery, it will say it all happens in Tiznit, Taroudant and Essaouira, but we found that there was very little left there."

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Watches & Jewellery



David Bennett: 'Important collections, when they appear, will require us to develop a specific strategy suited to the owner' — Charlie Bibby

'An auction is like theatre — you must hold people's attention'

Interview David Bennett has presided over many record-breaking sales at Sotheby's, says *Camilla Aparca*

In April, Sotheby's Magnificent Jewels sale in New York was one of the first auctions to be held through its new platform partnership with eBay, the online auction site.

Of the 294 lots sold, four priced at more than \$1m were bought by online bidders, either via eBay or Sotheby's online bidding platform, BidNow.

"I think we're rapidly moving into the new age," says David Bennett, who was named worldwide chairman of Sotheby's International Jewellery division in March. "I think jewellery is going to become more and more important for the auction business and also for our digital world."

For the moment, only New York sales will be offered on eBay, but the auction house is hopeful that selected sales in Europe and Asia will follow.

Sotheby's jewellery division is growing. Its worldwide turnover climbed from \$190m in 2009 to \$602.5m last year, its record high. The division is now the auction house's third largest department, accounting for some 10 per cent of annual turnover.

"Jewellery is something that, generally, everyone possesses; it has a far more diversified ownership than art, for example," says Mr Bennett.

"Because of that, it offers a natural first-entry point into our overall business. Its universal appeal is clear from the high traffic we see to the jewellery pages of our website and the phenomenal enthusiasm there is for jewellery on social media."

An authority in the field of gemstones and jewellery, Mr Bennett is known as the 100-carat man, having sold seven,

100-carat exceptional diamonds. He has led many record-breaking auctions, including the 'Graff Pink' a rare 24.78 carat 'fancy intense pink' diamond that was sold for \$46.2m, in November 2010, at that time the highest price ever paid for a gemstone or jewel.

He presided over the sales of the collections of opera singer Maria Callas and film star Ava Gardner and was instrumental in the sale of the collection of another film star, Gina Lollobrigida.

Last month, he put together and presided over a record-breaking sale in Geneva that realised \$160.9m, including the 25.59ct Cartier Sunrise ruby that sold for \$30.3m.

It surpassed the previous world record for the price for any ruby by more than \$20m, another of Mr Bennett's salesroom triumphs.

During a career spanning more than 35 years at Sotheby's, Mr Bennett has witnessed what he refers to as "the globalisation of the auction business" and identifies the 1987 sale of the Duchess of Windsor's jewels as "the real watershed".

"The presale exhibition in New York attracted such unprecedented large crowds that the queue to get into our galleries on 72nd street was a mile long," he recalls. "The world's press came; we had exhibitions around the globe, and satellite-connected auction rooms. . . . It injected a huge amount of vigour and enthusiasm into the jewellery business internationally and sparked a new interest in jewellery as an art form."

Deciding what goes into an auction — and creating sales with as much variety as possible — relies on quality and how

CV A life in the saleroom

1974 Joins Sotheby's as a cataloguer.

1979 Takes first auction. 1984 Assumes directorship of London jewellery department.

1989 Moves to Geneva: appointed director of European jewellery sales and begins to sell record-breaking diamonds and jewellery collections.

2006-2014 Chairman for Europe and the Middle East. Co-authors *Celebrating Jewellery* (2012).

2015 Appointed worldwide chairman of Sotheby's International Jewellery Division.

attractive the pieces are, but it also depends upon what is on offer he says. Having good contact with clients is as vital as good knowledge of the field, he adds.

"You can have the possibility of turning up the completely unexpected."

"One famous collection we sold recently was the culmination of a relationship built over more than 15 years, which involved visiting the individual in a European capital on numerous occasions.

"What began as a business relationship ended up becoming a friendship, in such a way that when the decision was made to sell the collection,

I was already very much involved in the decision-making process [which pieces to sell and which to keep]."

Mr Bennett says that the decision to sell jewellery is rarely based purely on financial considerations. There is usually a strong element of emotional involvement such as death or divorce.

"Important collections, when they appear, will require us to develop a specific strategy suited to the owner. I spend a lot of time working on this."

"Clients often need to be advised on the marketplace and timing. . . . Very often, I visit a consignor a number of times before a final decision is taken."

Mr Bennett has considerable input on the content and order of a sale and negotiates many of the top lots.

"The sale has to have a certain pace. You need to maintain a rhythm by attempting to orchestrate moments of drama. . . . It has a lot to do with carefully placing lots that are likely to be hotly contested, spacing them out and building excitement."

Enthusiasm, charisma and knowing when to change the pace of the proceedings are all vital components of being a good auctioneer, says Mr Bennett.

"I feel it is important to be aware that an important auction can be like a piece of theatre."

"People are sitting, sometimes for a couple of hours at least, and one needs to develop a kind of sixth sense as to how to keep their attention and maintain that sense of excitement."

"I consider that a very important element in the success of a major jewellery auction."

Masterclasses in appreciating the finer things in life

Education

Collectors are honing their expertise and learning about stones, writes *Amie Tsang*

"People haven't seen jewellery as an art form," says Joanna Hardy, a Christie's jewellery expert. But things are changing, she adds.

While jewellery may not have reached the high figures attained by art, prices are rising. For example, a 35-carat Kashmir sapphire ring was sold for \$7.3m — (\$209,689 per carat) — at Christie's Magnificent Jewels sale in Geneva recently.

As interest in jewellery increases, auction houses are responding and offering a series of masterclasses.

"For anyone who is about to start buying jewellery or stones, I think the market for diamonds is all around us," says Bonhams jewellery director Graeme Thompson.

Mr Thompson is running an introduction to buying diamonds masterclass in Admiralty, a central Hong Kong business district. "It's everywhere we go, whether we're walking down the street, or at auction. . . . we see huge adverts all around us," he adds.

Mr Thompson tells his masterclass why the ubiquity of diamonds means that buyers will turn to this "safety blanket" when it comes to making their first investment. He then goes on to discuss what affects diamond prices, as his guests sip champagne and eat canapés.

One of the audience, Agnes Ho, has not missed any of Bonhams' masterclasses since they started. She is eager to round out her knowledge of jewellery and learn about elements that she is not too familiar with.

"I know about diamonds, but not other stuff like gemstones, jadeite. It intrigues me because of the increase of value, but I don't believe in investing unless you like them."

"Of course," she adds, "you like to know that your pieces have gone up in price — I've done something right."

Ms Ho explains that she finds learning about jewellery relaxing after a day's work. "Business I know inside out," she says — she works in private equity. "For something like this, I can [use] Google, of course, but this can put it into perspective. It's very stimulating."

Although Mr Thompson is running the diamond class, external speakers are also brought in so that clients have access to independent expertise too. Bonhams intends to roll out more masterclasses in mainland China.

The people who attend Christie's masterclasses, which the auction house runs globally, often have their own jewellery collection and want to know more about what they have in their possession, says Ms Hardy.

And of course, she adds, "there are people who want to further their collection, people want to know what they're buying."

The proliferation of information on the internet has also made people more aware of the jewellery that is available, she says.



Learning curve: a class at Bonhams

"People are individual. . . . and I think they don't want just to put on the twinset and pearls. At one time, you put the same jewellery on with whatever you were wearing. That was very typical in the 1980s and 1990s. But that's really changed."

There is also greater awareness of where the jewellery comes from. "People appreciate that the earth is not going to churn out another Kashmir sapphire; that mine is long extinct. People are really appreciating that the world is not a supermarket; it won't keep bringing out these stones," says Ms Hardy.

She says that a significant proportion of those attending her classes are financially independent women, who want to spend their wealth wisely. While the age range has dropped, with some in their mid-30s, the average age of participants is about 45-50.

Classes at Christie's include behind-the-scenes visits so that customers can see craftsmanship in action. Gemstones are recommended as a starting point because they are such an integral part of jewellery.

While Ms Hardy and Mr Thompson want attendees to feel more confident, they are wary of encouraging clients to go out immediately with their new-found knowledge and a handful of banknotes. Ms Hardy recommends in the first instance that people do not just buy for the sake of investment. "You'll never enjoy it. You should buy what you love, but when you have a discerning eye, you can really appreciate its beauty."

Mr Thompson is similarly wary — he starts off his diamond masterclass with a warning. "I think as a buyer or a private individual. . . . you do it for the love of the jewel — you don't necessarily want to start buying jewellery with a view to increasing the value."

Later he explains that he wants people to feel more comfortable in their knowledge before buying. "You can't just drive in and spend a whole load of money. I think an auction is a good place to start familiarising yourself to understand what it is you're after. Definitely take smaller steps, ask lots of questions, go to a variety of places."

Nonetheless, Ms Hardy thinks greater understanding is beneficial all round.

She says: "They [participants] enjoy the journey of developing an eye and the knowledge. That's a great asset to everybody. Jewellery will be appreciated by a wider audience. You see different jewels being worn, being offered — the market will respond to that."

Exhibition reveals China and Cartier's shared influences

Sichuan Museum

The Making of Art show was two years in the making and pairs antique pieces from the jeweller with eastern works of art, reports *Ming Liu*

Shortly before Chinese new year in February, Cartier opened its first stand-alone boutique in China — in Chengdu, the capital of Sichuan Province.

The opening marked the jeweller and watchmaker's 36th outlet in China, but the three-storey, 1,000 sq m space — in the heart of a metropolis that is home to some 25,000 millionaires — was only one of several spring celebrations.

In April, the Sichuan Museum unveiled The Making of Art exhibition, a showcase of more than 300 historic Cartier creations, paired alongside 87 works from the Sichuan Museum, the largest public museum in southwest China.

The Cartier pieces hail from the maison's globetrotting Cartier Collection, a 1,500-strong assemblage of one-off works that Cartier has been acquiring since 1983. Museums around the world

have since invited Cartier to showcase these precious antiques — the British Museum, New York's Metropolitan Museum of Art and Moscow's Kremlin, among them. The Chengdu show, two years in the making, marks not only the 30th such show, but also the fifth to be staged in China.

Each exhibition is independently curated and unique. In Chengdu, 13 historic creations are being shown for the first time, including a magnificent 1934 necklace, with 27 imperial jade beads and a calibre-cut ruby clasp, that was owned by the Woolworth's heiress Barbara Hutton. Cartier picked up the gem at Sotheby's last year for \$27m, setting a record for jadeite and the house in turn.

The Cartier Collection is "about sharing culture," says Pierre Rainero, Cartier's image, style and heritage director, who adds that the exhibitions bring Cartier's rich, 168-year history to the largest number of audiences possible.

The exhibition, which runs until 28 July, has seven sections, with four distinct themes. The first is a historic narrative of Cartier style, from Garland designs to art deco creations and culminating in the revival of gold in the 1960s. Works date from an 1850s yellow gold and amethyst parure (set of matching jewellery) to a 1980s tiger necklace.

Although jewellery, watches and clocks dominate, various objects further showcase Cartier's range,

such as bejewelled evening bags from the jazz age. Displays devoted to the lavish collections of Cartier clients — including Napoleon III's wife, Empress Eugenie, Elizabeth Taylor and Gloria Swanson — add celebrity glitz.

However, it is the exhibition's "A Dialogue with the World" section where China and Cartier's shared design influences come to the fore.

A collection of mother-of-pearl inlaid jewellery cases showcases Cartier's use of traditional Chinese techniques. Elsewhere, works of Chinese art are crafted into objects for western tastes, such as in Cartier's interpretations of snuff bottles, paintbrush holders and one-of-a-kind chinoiserie clocks. China's decorative motifs also spurred the creation of an individual Cartier style, such as a 1928 carved coral and emerald Chimera bangle, which pays homage to an eastern green-and-red palette, but with Cartier using emeralds in place of jade.

Song Haiyang, curator and jade



Pieces from Cartier's collection, a butterfly (1945) and dog (1912)



expert, who has curated three of the five Cartier Collection shows in China, says: "The ideas and craftsmanship behind these western treasures reference and fuse Chinese characteristics."

The allusions are not limited to China. Mr Song has selected Japanese, Egyptian and Mughal-inspired designs, including a necklace with 2,390 diamonds.

The jeweller's famed 1928 Tutti Frutti bracelet is also displayed. The bold coloured, multiple-stone-set piece is "Indian-inspired in that we mix traditional stones such as rubies and emeralds," says Mr Rainero, "[but] with blue sapphires, it is totally Cartier and not Indian any more."

The show's final sections shine a light on local culture, naturalism and the museum's own works. Sichuan province is known for its natural beauty, a fact Mr Song complements with Cartier's extensive use of flora and fauna.

Many of the designs are as noteworthy as the personalities who wore them, for example a

platinum and diamond rose clip brooch created for Princess Margaret in 1938.

Cartier's floral clocks and carved agate animal figurines also feature and segue into the final room of museum works. Among the oldest pieces here are 12 gold objects from the Song Dynasty (960-1279) — including carved *buyao*, or dangling hairpins. A selection of about 20 jade pieces are also on display — decorative jade pendants and belt hooks among them — most of which date from the Qing Dynasty (1644-1911).

There are also educational displays. Centuries-old jewellery and decorative art techniques — including silversmithing and Shu brocade, which originated in Sichuan — are explained.

The show's intention is to "open a window for understanding how the art of jewellery-making developed," says Xie Zhicheng, the museum's vice-director. The show looks at "China — and indeed the eastern world's — influence on global design, trends and innovation."

The museum expects more than 200,000 visitors to the exhibition. "They're always a blockbuster," says Cartier's chief executive Stanislas de Guercize.

"There are always queues [in China] — people are fascinated. . . . It's opening the gates to incredible treasures."

Watches & Jewellery

'It is a new retail category — accessible'

Interview David Chu of Georg Jensen has refocused the business and hopes to win a younger audience, says *Jessica Diamond*

David Chu, chief executive and chief creative officer of Danish brand Georg Jensen used to live three blocks from the Madison Avenue Georg Jensen store in Manhattan.

"I would walk past it every day and occasionally go in," he says. "Sometimes I'd see beautiful product, but I'd never see any changes. It was presented like a museum."

Two years ago, Mr Chu was given the chance to take control of the brand.

The chief executive of Investcorp, the private equity firm, and a longstanding friend, called Mr Chu, knowing that his record as founder of US sportswear company Nautica and as creative director of Tumi luggage had both proved commercially successful.

He wanted to discuss buying Georg Jensen and invited Mr Chu to visit the brand's headquarters in Copenhagen. Mr Chu was impressed and shortly afterwards, in November 2012, Investcorp's bid of \$150m was successful.

Since his appointment in early 2013 Mr Chu has refocused all areas of the business. "I stepped back for about six months observing everything from product lines to senior management to retail spaces," says Mr Chu.

"The Danish management was good, but had failed to take it to a global position, so I started hiring the best international talent." He appointed a dedicated director to each product category — jewellery, watches, silver, men's accessories — and divided the business into three territories — North America, Europe and Asia.

This year saw Georg Jensen return to Baselworld following a five-year hiatus. At first glance, the product presented did not look very different from previous offerings, with minor



David Chu intends to invest heavily in retail space

adjustments made to the cases of the iconic Koppel and Vivianna watches launched by the brand in 1977 and 1969 respectively. Instead, Mr Chu concentrated on the inner workings of the timepieces.

"We started planning a year ago to develop our watch offering, by incorporating ETA and Soprod movements," says Mr Chu. "It's important that our watches are Swiss made with Swiss movements."

The independent movement maker Dubois-Dépraz is also used in the new semi-complications within the Koppel range. Mr Chu's plan is to focus on design, while maintaining the quality and precision needed to position Jensen watches among credible competitors.

Historically silver jewellery has been the mainstay of the Georg Jensen business since it was founded in 1904. Consequently the largest jewellery

offering retailed for less than £1,000. Mr Chu decided to move the price point to more than £1,000 by introducing more gold and precious stones. Results are already visible with gold jewellery sales now representing more than 50 per cent of all jewellery sales, with an average retail price of \$1,500.

A new collaboration, with ethical mining company Gemfields, also ensures a reliable and constant supply of emeralds and rubies, incorporated into pieces that were shown at Basel, including Runa, a high-end jewellery collection with large cabochon emerald beads that retails from \$232,500.

Mr Chu believes the market for this price point is scattered globally. "We see purchasers in London, Tokyo, Taiwan and Sydney . . . And interestingly, those who buy a \$150,000 piece of silver hollow-ware from us, are also buying high-end jewellery."

"The price is accessible — we've created a new retail category."

The jewellery proposition has been cut from 570 models to about 300. A collaboration with jewellery designer Jordan Askill, based on a repetitive silver butterfly motif will launch in September 2015.

"It's in our DNA to collaborate with other designers," adds Mr Chu. Marc Newson has designed a Georg Jensen limited edition silver tea set that is due to launch in October 2015 and further design projects, with several high-profile names, are in the early stages of development.

In the next three years, Mr Chu intends to invest heavily in retail space, with plans for a dozen stores this year. Recent openings in Oslo and Munich and the refurbishment of the Copenhagen store will be followed by the relocation of the London flagship from Bond Street (where it has been for 80 years) to the more niche environs of nearby Mount Street.

Mr Chu is unfazed by the potential drop in footfall, believing the new area offers a more suitable clientele.

"Jensen isn't a luxury brand in the same way as Graff or Louis Vuitton. We're more about design and I think this move will attract a younger, cooler audience." Additional London outlets in the Royal Exchange and retail village Westfield have also opened in 2015.

Mr Chu is also planning a lifestyle and retail concept in Beijing at the end of September 2015. A thousand square metres of space within a traditional hutong (narrow street) will be renovated to provide retail space to include watches, jewellery, men's accessories, silverware and a café.

Called the House of Jensen, Mr Chu hopes to roll it out across Asia, knowing that this new territory for the brand is central to its success.

He is cautious but optimistic about the future. "When we bought the company, we took all the debt out — we're debt-free, and we'll inject more money this year and next. I want double-digit growth every year — about 10-20 per cent. Sometimes, it does feel like a 110-year-old start-up, but most importantly, the team is really fired up . . . and we're all on the right track."

Story of a piece The Empress Eugénie pearls

In 1854, a year after she married Napoléon III, Eugénie de Montijo struck a magnificent profile on canvas.

Dressed in a vivid yellow gown, the last empress of France had chosen a particular pair of earrings from her extensive collection to wear for Franz Xaver Winterhalter's oil portrait: two natural grey pearls, each suspended from a 3.01ct old mine brilliant cut diamond and mounted in silver and yellow gold.

The painting was unveiled at the 1855 Exposition Universelle on the Champs-Élysées and is currently on display at the Metropolitan Museum of Art in New York.

Now the earrings will be offered for sale by New York jewellery house Siegelson at Masterpiece Fair in London, (June 25 - July 1), with an 'asking price' of about \$10m.

Following the fall of the Second Empire, the defeated Napoléon abdicated. It is thought the family relied on the sale of the jewels that Eugénie smuggled to England when she fled from France.

Around this time the earrings were acquired by George Crocker, vice-president of the Southern Pacific Railroad, for his wife, Emma Rutherford Crocker.

The pearls passed to the Crocker's daughter and were acquired by another American industrialist, Henry R. Benjamin. His wife wore them on Christmas Day 1925 and their daughter, Anne Rogers Benjamin, selected them for her 1941 "debut" in New York. She married Robert Raymond Barry, a Republican member of the House of Representatives. Their daughter was the last owner of the pearls before they came to Siegelson.

Camilla Apcar



Heirs to a dynasty recount a passion for Rome and gems

Books

The Bulgari brothers have produced a history of the city and jewels that inspired them, says *Giulia Segreti*

"There is great pride in the past and [in] what has been done by past generations," says Nicola Bulgari, the vice-chairman of Bulgari, the jewellery maker, referring to his father Giorgio, his uncle Costantino and his grandfather Sotirios.

And it is that shared past that Nicola and his brother Paolo, chairman, together with author Vincent Meylan, reveal in their book *Roma, Passion, Jewels*.

For the first time, the Bulgari heirs unveil the human side of the luxury empire, founded in 1884. They recall the many milestones in the company's rise to success, both in Italy and abroad.

Initially conceived as a simple collection of mementos, promoted by Bulgari's heritage section, to be given to the maison's best clients, the project expanded and became a book, celebrating the brand's opulent history.

"[The book] has provided me with a unique opportunity to talk about precious stones as I see them and to retrace the story of the company through them, the extraordinary people who have featured in my family's life and the thousand sources of inspiration for our jewels," says Paolo.

The book is in the form of two interviews: with Paolo on Via Condotti in Rome and Nicola on Fifth Avenue in New York.

The Bulgari jewellery empire was started by Sotirios, a Greek immigrant silversmith, who left his country for Italy. He opened his first shop in Naples, but was soon burgled and left the city for Rome, where he arrived penniless. After saving money by selling silver from a friend's street trolley, he leased a small shop on Via Sistina. As success grew, he opened many other boutiques, including the one on Via Condotti.

After visiting Paris in 1908, Sotirios' son Giorgio, inspired by the classical Parisian school of jewellery and with the support of his brother Constantino, bravely moved into fine jewellery.

Sotirios died in 1932, leaving the empire in the hands of his two ambitious sons. Giorgio's numerous trips to



Memory lane: Nicola (left) and Paolo Bulgari reveal the story of the brand

Paris in the 1950s helped Bulgari's signature grand jewellery, set with flamboyant coloured gems, win appreciation, first in western Europe and then in the US, Russia and Asia.

Rome is the setting for most of the brothers' vivid memories. The city is the heart and inspiration for both the family and the business and is where the company began.

"Rome is about an emotional factor, aesthetics, affection . . . so many things. Everything was born here," says Nicola.

In the book, the city is the elegant backdrop to parties, meetings, jet-set occasions, family gatherings, work and the second world war. During the war, their uncle Costantino and his wife hid persecuted Jews in their flat and their parents welcomed Greek prisoners fleeing from concentration camps.



Roma Passion Jewels
by Vincent Meylan
Electa, €40
144 pages
Published 2015

The brothers recall the days of the so-called Dolce Vita of the 1960s, when Rome attracted many foreigners, mainly wealthy Americans, and gained international visibility as it became the setting for many Hollywood movies. Bulgari thrived in parallel, with magistrates, heiresses, nobility and Holly-

wood celebrities buying its jewellery. But more specifically, the legendary boutique in Via Condotti became the place where many went — even just to be seen. "It was a curious gem, that had to be visited", explains Nicola.

The brothers' stories often describe friendships: with arts patron Count Vittorio Cini; socialite Dorothy di Frasso; director and screenwriter Luchino Visconti; and conductor and pianist Sir Antonio Pappano — and many beautiful women, including Italian actresses Sophia Loren and Anna Magnani.

But it is Elizabeth Taylor who is most associated with Bulgari. "She used to meet discreetly with Richard Burton in the small salon [in the Via Condotti boutique] which has a private entrance. Very often he would buy her a present: emeralds, diamonds," says Paolo.

However, although celebrities enliven the tales of the Bulgari brothers, it is the family that is the book's true protagonist. "Family is important; it gives an added value [to the brand] and a stronger meaning," says Nicola.

Bulgari was bought by Bernard Arnault's LVMH in 2011 for \$5.2bn. In 2013 Italy's finance police seized assets worth €46m belonging to Bulgari in an investigation over alleged tax evasion. The family denies any wrongdoing and a trial is due to start in October.

The Bulgari brothers are still involved in the business following the sale of their controlling stake to LVMH. Paolo designs high jewellery while Nicola advises on heritage and patronage.

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