

# Watches & Jewellery

Saturday September 7 2013

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## High stakes battle for clients and components

Service and expertise behind the counter are more important than ever, along with appeal to a younger generation, says *Peggy Hollinger*

The world's luxury watchmakers have survived the upheaval caused by the quartz crystal, the digital watch and the mobile phone's constant clock. This week they faced another challenge with the launch of Samsung's new smart watch, a combination of fashion accessory, timekeeper and communication device.

The Swiss makers of the mechanical watches that dominate the luxury market are not worried that technological revolution will sweep away hundreds of years of expertise.

But they acknowledge that they may have to adapt to new conditions, as companies such as Samsung, Sony and, soon, Apple with its iWatch,

enter the fray. "There is no direct consequence for 80 per cent of the industry," says Jean-Claude Biver, chairman of Hublot, the Swiss watch group. "Nevertheless, we will suddenly have some interesting and powerful newcomers in our business. One must always read the consequences of such moves."

The luxury watch industry is emerging from a difficult period. Beijing's anti-corruption campaign has hit sales hard, as Chinese consumers – among the industry's most important clients – shied away from flaunting expensive wristwatches for fear of sparking official disapproval.

But the market, at least at the higher end, is showing signs of recovery, according to Luca Solca, analyst

at Exane BNP Paribas. Watches are no longer bought as gifts to lubricate business deals but as personal objects to reflect status and taste. Sales are being helped by Asia's rising number of wealthy individuals and an expanding middle class.

Demand for luxury watches is returning even in mature markets such as the UK, where Asian tourists often come to make their purchases, according to Bain & Company, which produces an annual survey of the industry. Some parts of the Middle East, too, are gaining momentum.

"Between now and 2015, we believe the luxury watch market will grow by between 8 and 9 per cent," says Gyorgy Konda, a Bain partner.

The market will be driven by partic-

ularly strong growth at the entry level and at the high end, he thinks.

Opportunities for expansion are also following from the convergence of watch and jewellery brands. In January, Swatch, the world's biggest watch group, acquired Harry Winston, the US jewellery company, for \$1bn. Watchmakers such as Chopard and Piaget, which have long been in the business of jewellery as well as timepieces, say the combination is logical and has helped to drive growth during bleak times.

Lorenza Cavalli, UK brand director of Piaget, says: "We are in the same area of craftsmanship. We are dealing with the same precious metals."

"Jewellery opens the same opportunities for gifting but it brings in a

wider range of customers. It also gives us the opportunity to recruit a younger customer."

Karl-Friedrich Scheufele, co-president of Chopard, one of the few independent luxury watchmakers, says there is considerable potential for jewellery to fuel even greater growth. The market remains significantly underbranded compared with other luxury items, and there are few jewellery brands with global reach.

This potential is expected to drive acquisition activity, though there is a paucity of interesting names available at reasonable prices, says Mr Scheufele. "But it is a rational step if an interesting situation came about."

Continued on Page 3



Shop front: the emergence of big luxury groups with several watch brands has increased competition

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### Inside »

#### Middle Empire

Quality of watches made in China is starting to rival Swiss production

Page 2

#### Daylight robbery

String of thefts threatens to leave Cannes with a less than glitzy image

Page 7

#### Cheapside Hoard

A spectacular collection of buried treasure is about to find a big audience

Page 8

#### Immigration

Visa legislation is limiting US industry's access to skilled workers

Page 9

#### Gold and bold

Energy, imagination and passion that go into making golden fantasies

Page 12



HIGH JEWELLERY COLLECTION

Chopard

## Watches & Jewellery

# Deal comes unstuck after months of haggling

**Movement wars** Switzerland's competition commission has had a change of heart on Swatch arrangement, writes *James Shotter*

For the past two years, Swatch Group has been battling to persuade Switzerland's competition authorities to let it stop supplying its rivals with the vital components that make up a watch's mechanical heart.

After the Swiss competition commission (Weko) postponed a decision in the summer of 2012, it looked like a deal would finally be struck this year. And in March, Swatch duly revealed that an agreement "in principle" was on the table.

But in July, Weko unexpectedly decided not to ratify the deal it had spent months thrashing out.

Swatch, Switzerland's largest watchmaker, has long been forced to sell movements – the complex gizmos that make watches tick – and other components, such as regulating mechanisms, to other watchmakers as a result of its near monopoly on their production.

However, in 2011, Swatch approached Weko to see if it would be possible to phase out deliveries to third parties, as the group felt that it was being exploited by other watchmakers who were not prepared to invest in their own manufacturing capabilities.

The prospective deal thrashed out this year would have allowed Swatch to phase out supplies of movements and regulating mechanisms by 2021 and 2025, respectively. However, on reflection, the watchdog decided that this arrangement needed renegotiating.

Although it accepts "as a matter of principle" that Swatch should, under certain conditions, be allowed to reduce supplies of movements, it believes that a reduction in the supply of regulating mechanisms would be "premature".

Patrik Ducrey, from Weko, says the body's change of heart was due to the fact that, while it considers that there is a sufficient number of alternative suppliers to Swatch in the market for movements, in the market for regulating mechanisms there is not.

Weko is, however, prepared to negotiate a framework that will allow Swatch to cut supplies of movements to 75 per cent of 2010 levels in 2014, followed by further reductions thereafter. The two sides are once



**Time ticks: but there has been some movement in the dispute. Whatever happens, Swatch will be in a strong position**

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higher margins for Swatch if it can offset the lower volumes with higher prices."

For the bevy of watchmakers that rely on Swatch's ETA and Nivarox subsidiaries for their movements and other components, Weko's move has mixed implications.

Swatch's evident determination to reduce supplies to third parties has already unleashed a wave of investment in manufacturing capabilities across the Swiss watch industry. Weko's decision will give those watchmakers who can afford it more time to improve their productive prowess.

For smaller watchmakers without such financial heft, the rethink may also have staved off immediate disaster, says Mr Guy. "If Weko had gone ahead with its original plan, I think the effect on some of the smaller producers could have been much worse. Some of them could have been driven out of business."

However, he points out that even though smaller producers will not immediately have to contend with a complete lack of supplies, they will still find it harder than their bigger rivals to cope with the higher prices that are looming. Indeed, prices for movements have risen sharply, as groups hoard key components in anticipation of reduced supply.

Not all independent watchmakers are equally concerned. Indeed, some have even suggested that the spat will ultimately help the industry by creating alternative sources of supply that could, one day, erode Swatch's influence.

However, Mr Guy thinks that, given the enormous economies of scale that Swatch enjoys in the production of movements and other components, smaller groups will struggle to challenge it, leaving Swatch's position intact. "The issue hasn't gone away. It is not initially going to be as positive for Swatch as it might have been, but the end game is still in its favour," he says.

more locked in talks. Prof Ducrey says that a new deal ought to be reachable this year, "but that depends on Swatch Group".

Swatch expressed regret at Weko's failure to reach a definite decision. Nick Hayek, chief executive, says: "It is surprising to observe that practically nobody in the Swiss watch

industry has moved since the discussion started more than 10 years ago. The lack of interest of the players in the Swiss watch industry to create novelties or to become more independent from Swatch Group is amazing."

Yet despite Swatch's disappointment, John Guy, retail and luxury analyst at Berenberg Bank, argues

that the competition commission's decision was not an unequivocal defeat. "For Swatch it is a progressive step in the right direction, without going all in. Maybe there is a greater element of wait-and-see than Swatch would have liked, but the direction has been set," he says.

"In the end, it should result in

Some observers suggest that the conflict will ultimately help the industry

## Brands are happy to use Chinese components but not all admit it

### Made in China

It is best if Swiss makers are open about sourcing, says *Robin Swithinbank*

It may not be the most comfortable development in luxury watchmaking, but the quality of watches made in China is on the up and, according to some industry insiders, is now on a par with that of Switzerland.

The cost of producing watches in the traditional home of fine watchmaking is at an all-time high as global demand outstrips supply and domestic labour rates continue to rise.

So some luxury brands have outsourced manufacturing of components, and in some instances complete watches, to China. Some do so openly, others furtively.

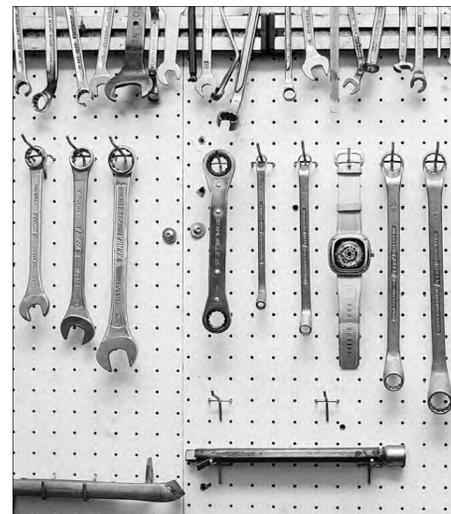
Those prepared to go public on the Chinese origins of their watches have been embraced by consumers. One consequence of this is a change in the luxury consumer's perception of products "Made in China".

The practice of producing watch components in China is not strictly new. At present, for a watch to qualify as Swiss Made and carry the trademark, it must have a movement produced and encased in Switzerland, but only 50 per cent of the value of the components in that movement have to be of Swiss origin. The watch's final inspection must also be done in Switzerland.

These rules leave the door open for watch brands to source parts from foreign suppliers without surrendering the stamp that so greatly enhances the value of their products.

Traditional brands are unwilling ambassadors of manufacturing beyond Swiss borders, but they are being challenged by a number of young pioneers, who openly appoint suppliers in emerging economies.

One is SevenFriday. Daniel Niederer, its founder, spent 10 years distributing watches in Asia before establishing his own brand.



In the works: watches designed in Zurich but made in China

He sells watches that are designed in Zurich and made in a factory in China. Other Swiss brands are also said to source their watch cases and dials from there.

"Where we have 100 watch factories in Switzerland, China has 1,000 doing the same," says Mr Niederer. "Out of those 1,000, a small group is focusing on quality. They're low-profile and everybody wants to work with them, because they produce fantastic quality. If you knock on their doors, they'll turn you away because they're full – with Swiss watch brands."

By sourcing his "affordable luxury" watches in China, Mr Niederer has been able to keep his retail prices low. He makes no attempt to hide the origin of his watches, a transparent approach that consumers appear to endorse. In the year since its launch, SevenFriday has sold more than 12,000 watches.

Christian Bédat runs Red8 watches from a base in Switzerland but produces his entry-level luxury pieces in Asia. He adopts a similarly open stance, and agrees with Mr Niederer that Chinese quality stands up to comparison

with its Swiss equivalent.

"In China, they're using similar machines and the same materials, and the technology is practically the same," he says. "The processes done by hand are not done better in Switzerland, they're just done at a higher cost because labour is more expensive."

Mr Bédat suggests, however, that this applies only to the lower and middle sectors of the luxury watch

market. "Upscale movement manufacturing is still exclusive to the Swiss watch industry," he says. "I don't see a movement of the same quality as a Patek Philippe being made in China – not yet."

Both Mr Bédat and Mr Niederer are sceptical about the path trodden by some brands, sourcing components from China but hiding the fact from unwitting consumers. "Swiss Made is

purely marketing," says Niederer. "If I produce a watch in China and then have it assembled in Switzerland in order to have Swiss Made on the dial, I have to price it 80-100 per cent more expensively. Where is the value in that for the consumer?"

Mr Bédat thinks brands have misunderstood consumer perceptions of Chinese quality. "I don't think people care, so long as they understand. If you do it with pride, it's not a problem, but if you make people believe something else, then it is a problem."

"Most brands produce in China and most keep it a secret," says Mr Niederer. "The problem is, the longer you keep the secret the bigger it becomes and the more it's likely to blow up in your face."

Both SevenFriday and Red8 have come up against the Federation of the Swiss Watch Industry (FH), the trade organisation that protects the use of the Swiss Made label. Last September, Mr Niederer's second batch of watches from China was blocked at Swiss customs because it carried the word Zurich on the dial. He has since agreed not to carry the designation. Mr Bédat was told he could not produce any materials alluding to the Swiss design credentials of his watches.

The FH is unrepentant. "Yes, it's a sensitive area, but we are mandated by our members to look after the use of Swiss Made, and we are very active in protecting it," says Jean-Daniel Pasche, the president.

"The use of any Swiss name or symbol on the display can mislead the consumer to believe the watch has been produced in Switzerland."

Mr Pasche, however, is happy to acknowledge the quality of Chinese watch products, not least given the recent trade agreement between Switzerland and China. "We know some Swiss brands import components from China, and they are satisfied with the quality. Switzerland remains ahead, but Chinese components can be good, too."

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## Watches & Jewellery

# Designer seeks secure future for his 'baby'

**CEO interview**  
Richard Mille

*James Shotter* considers the potential benefits for suitors

In the years after Richard Mille founded his own watch company in 2001, a number of suitors have expressed interest in the group that bears his name and is known for its unconventional designs and innovative use of materials.

Mr Mille refused all those offers. However, in recent months, the iconoclastic Frenchman has been negotiating the sale of a controlling stake in the company that he set up with his business partner, Dominique Guénat, to the French luxury multinational, Kering.

Talks are on hold at present, as Mr Mille needs to arrange his personal affairs before any deal is done. But he is not talking to anyone else, and emphasises that he has "an excellent

personal relationship" with François-Henri Pinault, Kering's boss.

Mr Mille, who has been involved with the watch industry for almost 40 years, remains tight-lipped about how much Kering would have to pay for a stake. However, analysts put the value of the 12-year-old company at between SFr300m and SFr400m – or roughly three times last year's sales of SFr112m.

Kering declined to comment on the likelihood of a deal with Mr Mille. But gaining control of the Richard Mille brand would add to its growing collection of watchmakers, which includes the *haute horlogerie* marque, Girard-Perregaux, with its entry-level brand JeanRichard, and Gucci's watch division.

It would also provide Kering with a business that is growing rapidly. Last year's sales figures represented double-digit growth on the year before and, this year, Mr Mille expects sales of between SFr135m and SFr140m.

For some independent brands, such as speedy expansion has led to over-

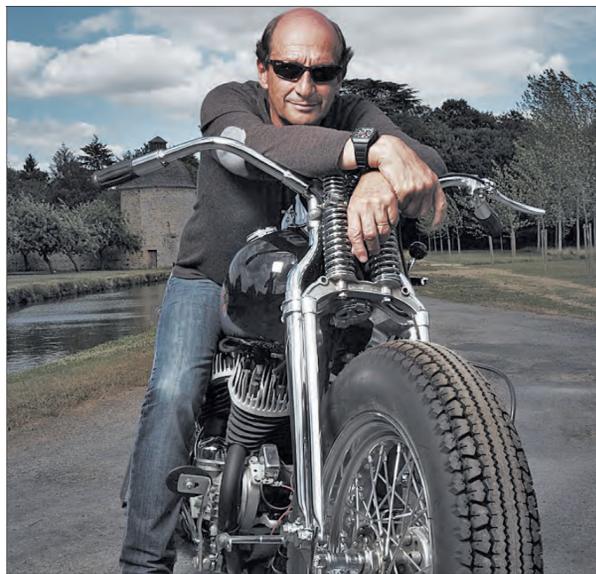
reach and cash flow problems. But Mr Mille says that such considerations play no part in his willingness to part with a stake in his company, which he expects will earn between SFr45m and SFr50m this year before interest, tax, depreciation and amortisation.

Rather, he says, his aim is to secure the future of his "baby". "There is fantastic potential for the brand. The only problem is that my partner and I are now in our 60s," he says.

"Of course, I am planning to live to 120," he adds, "but we have to think about the future of the brand, of the staff. It is a question of responsibility."

Mr Mille is at pains to point out, however, that a sale of a stake in his company would not signal his departure. Apart from his sense of loyalty to his 120-odd employees, he says, he also has no desire to leave a world that is his passion.

He explains: "I have always been interested by technology. Aviation, watches of course, the space industry



**Richard Mille: a watch 'should be a companion for life'**  
Thomas Lavelle

– all this for me is a source of admiration."

Mr Mille decided to found his own company while working for Mauboussin, the upmarket Paris jeweller, where he oversaw the development of a watch line, having spent much of his career on the financial, rather than the productive, side of watchmaking.

"I was very frustrated that I

wasn't able to take care of specific developments," he says, likening being stuck on the business side of watchmaking to an actor being typecast. "I wanted to create... The only way I could think of doing what I loved was to launch my brand."

Mr Mille took his first steps towards independence in 1999, and the first Richard Mille watches were delivered in 2001. Last year the brand sold 2,500 pieces, which can range in value from SFr140,000 to SFr1.6m. This year Mr Mille expects to sell about 3,000 watches.

Richard Mille has become known for its idiosyncratic designs, and its use of composite materials has allowed the company to position itself at the forefront of a move towards extraordinarily light timepieces: the RM027-01 tourbillon worn by the Spanish tennis player Rafael Nadal, for example, weighs just 18g. This particular triumph of imagination over experience clearly gives Mr Mille great pleasure.

"Everyone told me that it was impossible to play golf or tennis with a tourbillon watch. I proved the contrary," he says.

Indeed, alongside an emphasis on novel design, this focus on practicality is one of the central tenets of Mr Mille's approach to watchmaking.

"I am totally mad about anything that is ergonomic. When I started, the high-end watch business was more tuned towards watches that you put in the safe. For me it is very important that a watch can be worn on any occasion," he says. "It should be a companion for life."

'I plan to live to 120, but we have to think about the future of the brand'

## Battle for clients and components

Continued from Page 1

would not rule it out," he says.

Jewellery is also crucial to tempting women into the traditionally male domain of mechanical watches. "This is an growing category," says Mr Konda. "Women are no longer interested just in the jewellery aspect of the product, but also in its engineering and sophistication."

Mergers and acquisition activity will not be limited to makers of diamond bracelets and emerald earrings, however. The Swiss watch industry is preparing for big changes, as Swatch reduces its supply of movements and other components to rival watchmakers.

For decades regulators have forced Swatch to supply the industry with the movements that make up the mechanical heart of a watch, in return for its near-monopoly on component production (page 2). As a result, few watchmakers have invested in their own manufacturing capability.

Groups such as LVMH, owner of TAG Heuer and Bulgari, are scouting for watchmakers with their own manufacturing facilities, or for components suppliers to make up for Swatch's retreat and their own lack of expertise.

Chopard, which invested in its own components facility a decade ago, would make an ideal target. But Mr Scheufele, whose watchmaker father bought Chopard from the founding family in 1963, says selling is not an option.

Having the component facility "gives us incentive to remain independent". It also enhances the attractions of Chopard watches to enthusiasts and high-spending customers. "Over the years this has required tremendous investment," he

says. "But it has been vital for our independence in design." When components were outsourced, he says, "customers asked what makes a watch so special."

Swatch's actions may have some groups scrambling, but Mr Scheufele says that in the end it could add dynamism to an industry that has relied too heavily on the innovation and investment priorities of a single company. "Our industry will benefit from more diversification, more interesting offers and new sources of supply will open," he says.

In the meantime, watch groups will have to deal with a global climate that remains fragile, and that makes longer-term planning uncertain, even if Asian demand is recovering.

"The challenge since 2009 is visibility in major markets, particularly Europe," says Mr Scheufele.

Watch groups may have grounds for confidence about 2014, but they all admit that competition is intensifying. The emergence of big, financially strong luxury groups with several watch brands has raised the stakes in the battle for clients and prime retail space.

Service and expertise behind the counter are more important than ever, encouraging watchmakers to open their own boutiques the better to control their brands. And the next generation of clients, raised on a diet of rapid technological change, has to be educated in the wonders of mechanical watchmaking.

"The challenge in our industry is to continue to appeal to the younger generation," says Mr Scheufele. "In reality we all know we don't really need a watch to tell the time. These are works of art. You have to be able to explain them."

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## Watches & Jewellery

**Asian focus** To succeed in their domestic markets, jewellers have to be appreciated on the other side of the world, writes *Avril Groom*

# Designers go west as sales take off in their home markets

New and unfamiliar names from the east have been popping up at recent upmarket fairs and jewellery retailers. Last year, Hong Kong-based Wallace Chan, a pioneer of titanium in jewellery, was the first east Asian jeweller invited to show at the prestigious Paris Biennale. Meanwhile, Michelle Ong's work for Carnet appeared at the increasingly influential Masterpiece London exhibition this year, through Symbolic & Chase, the dealers. Cindy Chao chose to show among the top Paris jewellery houses during couture week in July. Sarah Ho is a native of Macau, whose business is London-based. Others have taken the high-profile retailer route: Wendy Yue is a designer at Anoushka in London, where Fei Liu, who relocated from China to the UK to complete his jewellery education in Birmingham and set up a business, was also men-

tored. Qeelin, a French-Hong Kong jewellery company, has a relationship with Selfridges in London, and Michelle Ong sells to private clients of Harry Fane, the London retailer. At first sight, the advantages for these designers of travelling halfway around the world to another culture are not obvious. The mainland China and Hong Kong precious jewellery market was worth 26 per cent of a global total of €194bn in 2012, with €55bn of it high-end, according to Nomura European luxury goods team. The US took 22 per cent and Europe only 13 per cent. The UK market was worth £2.44bn in 2012 – a slight fall on 2011 – according to Euromonitor.

The trade acknowledges the potential of the east Asian market, especially China. The Nomura report states that "Chinese consumption, especially of brands in lower-tier cities, has only just started, and the rising middle class and urbanisation should ensure good growth".

But the amount of money each person spends on jewellery a year is far lower than in the west. In China it is \$49, against \$175 in the US.

Top Asian designers selling in the west are targeting wealthy connoisseurs in both markets, but say there are several reasons why they need to be seen as established in the west. Fei Liu says that top-level Chinese clients hold western design in higher esteem. "I found this with my own British education," he says. "My teachers encouraged me and challenged me, whereas in China in the 1990s it was all about copying, which is why it became the world's factory. "My bespoke Chinese clients appre-

'Asian connoisseurs see jewellery craft as part of western history'



Glittering designs (clockwise from top left): Cindy Chao's butterfly; Michelle Ong's dragon; Wendy Yue's 'fantasie délicieuse' dodo ring for Anoushka; Sarah Ho's coin boules rings



ciate that, and want the originality of the design. They are still inclined to value investing in stones over design, but they are growing in sophistication so fast that I know – if they are still to love the piece in 10 years – I must think ahead of them and produce great design alongside valuable stones."

Conversely, his Asian-inflected work, which has included pieces of antique porcelain and kingfisher feathers from traditional haircombs, has a strong appeal in the west.

Sarah Ho has had a similar experience. "I did a collection based on Chinese coins which, against my expectations, has sold far less well in Macau and Hong Kong than one based on Victorian watch fobs, using rose quartz and sapphires rather than diamonds," she says.

"Asian clients love the British hallmark," she adds, "and, increasingly, less usual stones such as morganite or

rutilated quartz that we are used to in the west."

For US-based Cindy Chao, "Asian connoisseurs see jewellery craft as part of western history, and are reassured if people they see as having a trained eye buy your work."

She broke into the Chinese market in 2009, a year after first selling in the US at Bergdorf Goodman, following a successful sale at Christie's New York, in which prices averaged two and a half times estimates. Now her sales are split 60-40 east-west.

"Top Asian collectors are absorbing jewellery knowledge so fast, and though the Chinese anti-corruption measures have hit everyone, it perhaps helps all true collectors, who are looking for the best," she adds.

Anoushka a Ducas, a designer and retailer who has lived and worked in Hong Kong, describes the appeal for designers.

"Selling in the west is essential for Asian designers' credibility," she says. "For Wendy Yue to say she is represented by us at Harrods and Harvey Nichols is critical for her."

"Sophisticated east Asian customers still look to non-Chinese jewellery; the middle market there is investing in locally-made gold jewellery because the price is down, but Wendy's pieces – also made in the east – are works of art."

"London has been a launchpad for her – now she is in the US and has a Hong Kong shop. But western enthusiasm for her wild and individual style has made the difference."

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## South Korea leads the way in Asia for taste and sophistication

### Country profile

Business is far from quiet in The Land of the Morning Calm, writes *Jim Shi*

Already a wealthy country, South Korea's reign as the strongest of the Next Eleven grouping of future world powers is no surprise.

But how do luxury watchmakers and high jewellery brands fare in the Land of the Morning Calm?

With total South Korean luxury assets estimated at \$14bn, 80 per cent higher than the average across Asia, it is little wonder that Arnaud Bastien, president and chief executive Asia at Graff Diamonds, cited the growth in the nation's market for branded jewellery as the main reason for opening the company's first store in Seoul last month.

"A global Asian strategy is imperative," says Mr Bastien. "For me, one of the most important factors that enables a business to perform well in Korea is its profile in China."

According to Aimee Kim, a partner at McKinsey, and a South Korea retail specialist, the country is a bellwether market for Asia. "Korean consumers, respected by Chinese consumers in terms of taste and level of sophistication, provide a very important strategic role as a test bed."

David Sadigh, founder and chief executive of Digital Luxury Group, a New York-based digital strategy and marketing company, says: "It's similar to the way the Italian market influences trends in the rest of Europe."

Korean customers, unlike their wealthy counterparts in India, are much less price-sensitive, and prefer imported luxury products to local brands – despite a 20 to 30 per cent tax on jewellery.

Early next year, De Beers' new 20-piece Phenomena high jewellery collection will travel to South Korea as part of a global roadshow, joining such recog-

nised jewellery centres as Hong Kong, London and Paris.

Francois Delage, the chief executive, who has three shops in the region – including a recently renovated Avenue Lotte boutique in Seoul – says the collection's large white diamonds in the three-to-five carat range are among the best received.

Yet despite South Korea's luxury boom over the past decade, the market has shown a "very low" level of growth this year.

Thomas Chauvet, a senior equity analyst at Citigroup, says: "The appetite for luxury consumption in Korea is arguably weak at the moment, given the combination of household debt, falling property prices and geopolitical risks with North Korea."

However, Jon Cox, an analyst at Kepler Capital Markets, says the country is in "pretty decent" shape compared with the rest of Asia, reporting solid mid-single digit growth while its neighbours have declined or stagnated. "There is no sign that South Koreans are spending less on luxury goods than any other country," he says.

There are, however, inevitable cultural and bureau-

cratic hurdles. Highly revered department stores are the display epicentres, which means fewer standalone stores than in other advanced luxury markets.

Space in the country's most prestigious retailers has also traditionally been scarce. Even the most recognised brands need strong local connections.

But South Korea's reputation for ostentation helps feed the demand for luxury, with consumers keen to display their success and social position through watches and jewellery.

Another catalyst is the duty-free phenomenon. With 100 daily flights from China, "the Chinese generate incremental demand for luxury items," says Ms Kim.

In the space of the three years since 2010, Chinese custom grew from less than 10 per cent of the total watch and jewellery business at Hermès' duty-free shops to more than 50 per cent, propelling growth of the segments by more than 100 and 350 per cent, respectively.

Watch brands that invested heavily in China are also seeing sales boom in South Korea, the 11th-largest global consumer of Swiss watches, where

growth is in the double-digits – stronger than in Russia.

Only recently has the market started to embrace mechanical watches, including tourbillons, as a new generation with disposable income begins to appreciate innovation.

Miwa Sakai, Asia-Pacific regional director at Hublot, says: "The consumer is finally catching up with the rest of the surrounding markets, and I see these changes significantly in the distribution." Hublot has seen sales quadruple between 2010 and 2012 (with a 20 per cent increase expected this year).

Other brands, unsurprisingly, are responding vigorously. In April, Vacheron Constantin opened its second Seoul boutique at the Lotte Avenue L department store, carrying, for the first time, both the Patrimony Traditionnelle chronograph and the Overseas chronograph perpetual calendar. Jaeger-LeCoultre, which opened three outlets in 2010, will debut its fourth retail boutique at Galleria in October.

Ihwan Lee, brand director, says: "As more and more clients focus on premium mechanisms, fine watch brands are, for example, becoming increasingly popular wedding gifts."

Richard Mille will enter the South Korean market for the first time this Christmas, when it debuts at the Shilla Hotel. "I can say very simply that we are here now, because we see there are people who want to purchase my watches and learn more about the brand," says Mr Mille.

"Within the context of natural, organic growth, South Korea has always been a focus."

As South Koreans enjoy the fruits of their labour and continue to discover the beauty that fine watchmaking and jewellery craftsmanship can offer, they will undoubtedly remain dedicated to what Magali Jallot, managing director of Van Cleef & Arpels Korea, calls "the Korean quest for excellence".



Duty free: thousands of Chinese arrive each day

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## Watches &amp; Jewellery

## Craftsmen push the boundaries of creativity

## Interview Stanislas de Quercize

Cartier's new chief executive talks of a golden age to *Nicholas Foulkes*

It is a busy few months for Cartier. In December, a 600-exhibit show about the jeweller opens at the Grand Palais in Paris: the latest – and biggest – in a quarter-century of museum shows around the world. It has taken in locations as prestigious as they are varied, from the British Museum in London, to the Met in New York, to the Thyssen in Madrid – and even the Forbidden City in Beijing. But before then, the company will open two flagship stores, in Geneva and Moscow, and later this month the house will unveil a collection of high jewellery at a dinner in Portugal in a royal palace.

Called *Odyssée*, the collection is a *tour de force* of familiar Cartier themes and inspirations, demonstrating in precious stones the company's mastery of everything from the use of colour to the articulation of necklaces and bracelets that achieves an almost silken suppleness. It is a sort of greatest-hits album of all that Cartier has achieved in the past, touching on the "Tutti Frutti" period, its inspiration drawn from India and the cool brilliance of Art Deco.

Anyone who has visited the increasingly grand *maisons* that rise in the world's great cities and also had the chance to look behind the scenes in the Parisian ateliers or the watch-manufacturing facility in La Chaux-de-Fonds, is soon made aware of the seriousness of the operation.

More aware than most of its extent and seriousness is chief executive Stanislas de Quercize.

Although Richemont, Cartier's holding company, comprises a portfolio of almost 20 enviable watch, jewellery and fashion brands, only two of those made an operating contribution of 35 per cent in the year to March. One was Cartier, which Mr de Quercize took over last December, and the other was Van Cleef & Arpels, which he was running before his appointment.

He eschews comparisons with his previous roles and his predecessors in his current role, and prefers not to talk about the performance of Cartier so much as the cultural challenge of running such a successful and diffuse house. The luxury landscape is a very different place from that of the 1970s, when Cartier was little more than a small collection of individually-owned boutiques run by members of the founding family.

Over time, the three branches in London, Paris and New York were united and rebuilt into something far more impressive than it had ever been during the days of the Cartier family: first by chief executive Alain Dominique Perrin, who pioneered the "*Les Must*" concept and built the company into a megabrand, then – after a short hiatus under a chief executive who was despatched after little more than a year in 2000 – by Bernard Fornas,

who drove the house to ever-greater prominence and has been rewarded with the job of joint chief executive of Richemont.

These are hard acts to follow and, going out of his way not to contrast and compare, Mr de Quercize instead talks about the opportunities he sees to change the way jewellery is bought. "Ninety per cent of men and women are buying jewellery with no name or signature, which is a mistake because, when they hand it over to another generation there will not be the look of cheerful surprise on the faces of the children that there would have been had it been a Cartier creation in the famous red box," he says.

"Or if they want to sell it at auction, the auctioneer will say it's not worth more than the weight of gold and the value of the stones, while Cartier pieces have been number one at auction for as long as I can remember. So why can't we explain to people that what they're doing for paintings – buying signed paintings, signed photographs or furniture – they should do for jewellery? It's part of the education we need to do," he says.

"It's probably more about sharing the marvels of high jewellery, and for that we have started a series of museum exhibitions, to share with a wider audience why jewellery is part of art. It's an applied art but it's part of art, and the place of art is to be exhibited in museums."

Stanislas de Quercize: mission is to change the way jewellery is bought *Sonia Sieff*

He talks about standing on the threshold of a golden age.

"Very often the golden age is linked to the past. If you say to somebody, 'What's the best music?', they would say '1960s' or '1970s' and maybe more junior people would say 'the 1980s', but nobody will say the golden age is now. For high jewellery we can say definitely that the golden age is now, because there are more clients wanting the best, but also because this is a collective art where there's an accumulation of craftsmanship over the years."

Mr de Quercize says the *savoir faire* of Cartier is furthered by every successive generation of craftsmen "because you see your colleagues who have been working for years, and you see the progress

they have been making. You learn from that, and then your goal is to push the boundaries, to push the frontier further".

Viewed in this way, Cartier can have its cake and eat it, benefiting from a reservoir of craft skills built over 166 years, while demonstrating creative daring.

"I think Cartier is about audacity, Cartier is not about going back. In watches we are what we call the king of creative watchmaking."

If the defining quality of the watch in the 20th century was the move from pocket to wrist, then Cartier's role in that move was crucial.

Another part of the mix is the role of gift items. Although the Duchess of Windsor, whose jewels will be on display at the Grand Palais show, is

known for show-stopping panther brooches, her first order was for a set of visiting cards.

To explain the role of gift items such as pens, lighters and clocks, he uses the metaphor of the grand staircase that dominates the company's headquarters on the Rue de la Paix.

"Our high jewellery clients are asking for the gift items; they've got children, godchildren, grandchildren, and they want to make gifts of different price points, and for different occasions, whether it is an engagement, a christening or a wedding. Like you have a beautiful staircase in the original Cartier store, at the top of the staircase you have the high jewellery, but you also have the wedding ring and then the beautiful evening bag, the small table clock, the cufflinks and all the other *objets d'art*."

Given the spread of activity, it is easy to see why Mr de Quercize refuses to be drawn into definitive statements about what he will and will not be doing, but he sees his role as maintaining qualities called *le regard* [the look] and *l'exigence* [the requirement]. "Together *le regard* and *l'exigence* create long-term value."

Of these qualities, *le regard* is perhaps the most elusive. As always with French, it means much more than its literal translation – it is a tone of voice, a sort of creative handwriting that can be recognised across a range of activities from stationery and pens to necklaces with eight-figure price tags.

So how would the world know that Mr de Quercize is exercising these qualities of *le regard* and *l'exigence* to create that long-term value?

He supplies his somewhat gnomic definition of success, and how we can tell if he is doing his job right. "Like my predecessors, I will know that I am doing a good job when Cartier pieces continue to be shown in museums, sought after at auctions and handed down the generations."

"Those things may only be known when we are all long gone. It is what you might call taking a long-term view."

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## Cartier makes grand show of archive pieces

## Exhibition

*Simon de Burton* considers the value of history and tradition

When visitors walk through the doors of the Grand Palais in Paris for the December opening of the Cartier Style and History exhibition, they will find more than 600 examples of watches, clocks, jewellery and *objets d'art* made by the celebrated "king of jewelers".

The exhibition will see its creations teamed with clothing, furniture, paintings and ephemera in order to place them in the appropriate historical context.

But where do such treasures come from? Save for about 50 pieces loaned from public institutions, the answer is that they are kept safe within a small and little known arm of Cartier which is responsible for studying, rediscovering, cataloguing, tracing, preserving and exhibiting the company's most important pieces since it was founded in 1847.

Cartier rarely promotes this department, which is tucked away behind an innocuous-looking (but heavily armoured) steel door a few floors up in an unmarked building, via a nondescript shopping arcade off a Geneva side street.

These are the offices of Pascale Lepeu, curator of the Cartier collection for more than 25 years, and Bernhard Berger, the director of Cartier Tradition, which sources and sells historic pieces.

Until 1983, the company had given little thought to the whereabouts of the thousands of pieces bought over the decades by the great and the good of the world ranging from Indian maharajas to US tycoons and from British monarchs to Russian tsars.

But, thanks to the foresight of the late Cartier gemologist Eric Nussbaum, known in the business as "The Eye", the importance of buying back the company's heritage was recognised.

Mr Nussbaum became the first curator of the department which, 30 years later, boasts an inventory of 1,500 pieces in the Cartier collection and hundreds more which are available for sale through Cartier Tradition.

"It is a minute aspect of Cartier's business – there

are even Cartier employees who don't know of our existence," says Mr Berger. "People might think that the idea of Cartier re-selling vintage pieces is new. It is not; Louis Cartier himself did it. The difference is that, since my arrival in 1997, we have been running it as a more structured business."

At any one time, Tradition has 300 pieces in stock that are made available for sale through 15 boutiques around the world. The fact that they are "vintage", however, does not mean they are not in impeccable condition.

"Restoration is an important aspect of it. Anything that is offered for sale in a boutique must be in good

condition because clients don't like patina. Sometimes that means things are restored using as many original parts as possible, while other things are just cleaned and left as they are," says Mr Berger.

"But it is not so easy to acquire things now as it was 20 years ago. Prices have risen considerably, partly because the trade buys from auction in order to resell to the public, which didn't used to happen. And then there are private buyers who simply have no limit on what they will spend to acquire a par-

ticular piece. If we are buying for the collection, the amount we spend matters less because we don't have to resell, but we still have a limited budget which is, often, just not enough."

Between them, the Collection and Tradition departments have housed some of the most spectacular of all Cartier creations, such as the \$50m diamond collar necklace made during the 1920s for Sir Bhupinder Singh, maharaja of Patiala, and notable pieces from the collection of the Duchess of Windsor. The latter include the Flamingo brooch made from platinum, gold, diamonds, emeralds, sapphires and rubies that was acquired for the collection through Sotheby's in December 2010 for £1.7m.

It is not necessary to be a millionaire in order to acquire a piece from Cartier Tradition. While prices can – and do – reach seven figures, they start at as little as €4,000 and, however much you pay, your piece is guaranteed to be authentic.

As an example, every vintage watch offered by Tradition is checked against the original ledgers from Jaeger-LeCoultre, which was main supplier of movements to Cartier for more than 50 years.

"We were lucky enough to acquire almost the whole set of Jaeger-LeCoultre ledgers from 1919 to 1973," says Mr Berger. "As a result, we know that in 1920, say, Cartier sold 33 Tank watches and 1,012 watches altogether."

Every one is entered in the ledger, together with its serial number, stock number and original sale price. So we can quickly tell whether or not a watch is genuine."

Recently, the archive was used to confirm the authenticity of a rare cocktail watch that was offered to Mr Berger by a Monte Carlo dealer.

It contained the minuscule Jaeger-LeCoultre 104 movement (made especially for Cartier). Cross-referencing the piece with the ledgers and a photograph printed from an original, glass-plate negative revealed that its cost price was SFr31,640, that it retailed for SFr46,000 and that it was first sold to a member of the Monegasque royal family. Does provenance come much better than that?

Cartier: Style and History runs in the Salon d'Honneur at the Grand Palais, Paris from December 3 to February 16.



Cartier Tradition: the famous Flamingo brooch was acquired for £1.7m

## Watches &amp; Jewellery

## Crime spree threatens to tarnish Cannes' image

Daylight robbery July's jewellery theft at the Carlton Intercontinental was one of the biggest on French soil, writes Adam Thomson

Think of Cannes and images of its shimmering Mediterranean shoreline, the tall white buildings along La Croisette and the annual film festival's glitzy jet set inevitably come to mind.

This year, a string of daring robberies targeting jewellery exhibitions has threatened to leave the southern French city with a rather different image.

In May, thieves broke into the hotel room of an employee of Chopard, the Swiss luxury watch and jewellery maker, and made off with a stash of jewels worth an estimated €1m.

Chopard, one of the sponsors of the Cannes film festival, had taken the jewels to lend to film stars to wear for their appearances on the red carpet.

A week later, a €2m necklace went missing from a celebrity-packed party in Cap d'Antibes on the French Riviera. Fawaz Gruosi, founder of Swiss jeweller De Grisogono, said the necklace had formed part of the company's anniversary collection scheduled to be shown at the Hotel Du Cap-Eden-Roc.

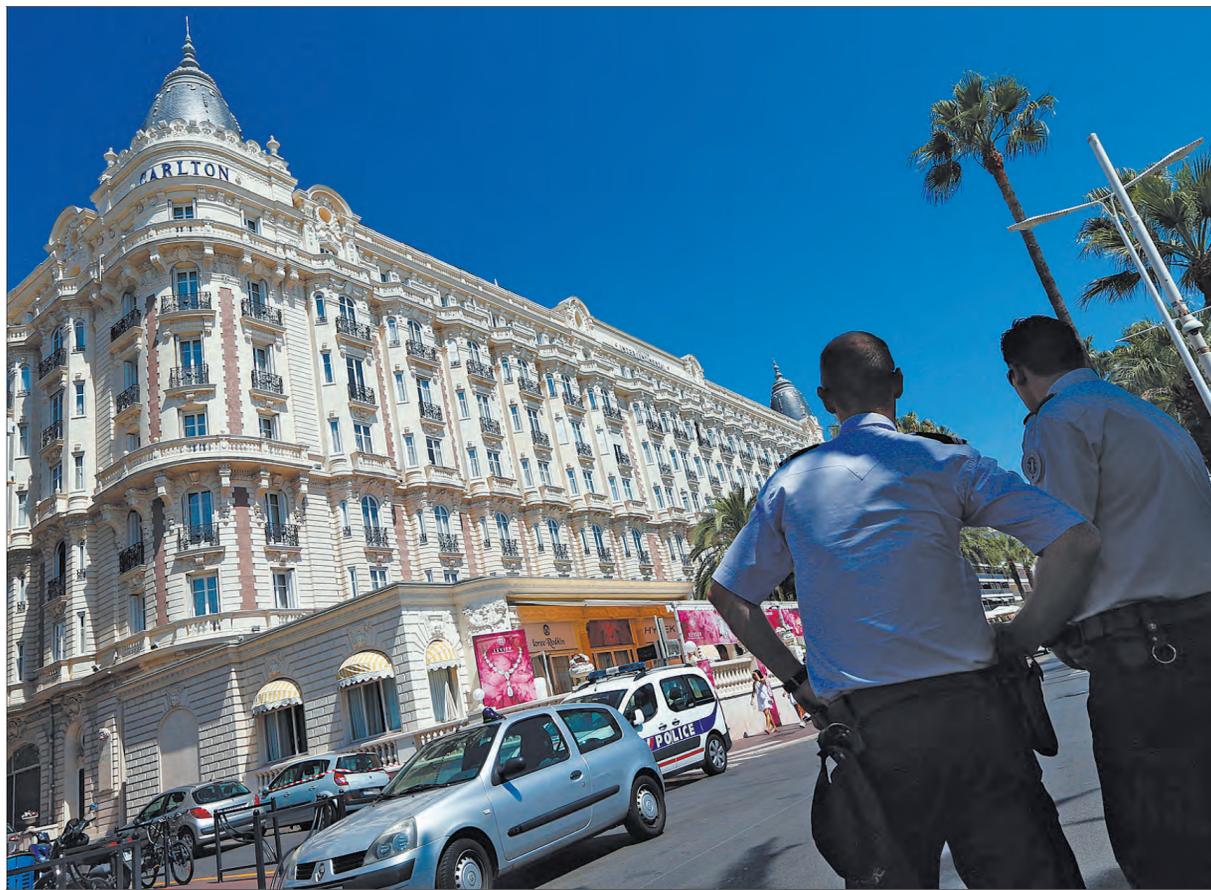
"We don't know exactly what happened," Mr Gruosi told Reuters Television at the time. "It was one of the most beautiful items we had."

The worst was to come on July 28, when a lone figure entered through some French doors of the Carlton Intercontinental Hotel in Cannes, walked to a jewellery exhibition, and pulled out a gun as he demanded that the security guards and sales people throw precious items into a bag.

The temporary exhibition was organised by the Leviev diamond house, which is owned by Lev Leviev, the Soviet-born Israeli billionaire. The criminal made off with 72 pieces, dropping some as he made his getaway.

Their estimated value? More than €100m, which makes the theft one of the biggest jewellery robberies ever to have taken place on French soil. It was not lost on authorities that the venue of the robbery had been the backdrop of Alfred Hitchcock's 1955 film *To Catch a Thief*.

In the days that followed, Lloyd's of London, the insurer, offered €1m for information leading to the recovery of the stolen jewels.



Rachid Bouabane-Schmitt, the region's sub-prefect, says the crime spree underscores a glaring problem in an area where jewellery exhibitions take place all the time: a lack of communication with the authorities.

For one thing, he says, the exhibition's organisers never informed authorities of their plans, which meant that there were no police on

duty to guard the exhibition. "If we are informed, we can put security in place," says Mr Bouabane-Schmitt. "But there was only private security... it's a big problem."

Frédéric Venou-Julian, who manages a jewellery boutique in the region and is vice-president of Cannes Prestige, a local organisation representing jewellery retailers, points out

that this year's crime wave is more targeted than it appears.

Almost all of the heists so far have taken place in hotels and private events rather than in the many high-end boutiques in Cannes and the surrounding area. The exception was when two armed men held up the Kronometry luxury watch boutique, threatening staff with a grenade and a

**Police presence: regional official says organisers of exhibitions have been using private security and not communicating with the authorities** AFP

gun before they got away with an estimated 40 watches.

"There is generally a lot of security in the shops," Mr Venou-Julian says. "I am not saying that there is no problem at all, but there is much less of one than people think."

Even so, he and local authorities are working together on ways to put a stop to the thefts. Mr Bouabane-Schmitt says the public and private sectors are preparing a scheme that would see dozens of "panic" buttons in the main jewellery and fine watches outlets in the region.

"Once the system is in place, our reaction time will be very quick indeed," he says.

Another plan of action is to provide training for the hundreds of people who work in the boutiques. One model, says Mr Venou-Julian, could be the training that he and his staff receive already thanks to his insurance company.

Every year, he explains, former members of the KGB give them up-to-

'People who sell valuable items need to be able to identify a thief'

date training on all aspects of security, including tell-tale signs of how to identify would-be criminals.

"Ultimately, it is your valuables, your stuff and you need to do everything you can to prevent something like this happening," he says. "Training your teams is one way of doing that."

Mr Bouabane-Schmitt agrees. He says retailers, police and the mayor's office are working on a plan that could then be used by the entire sector rather than just allowing individual businesses to have to organise things for themselves.

Particularly important, he adds, are the hotels and other venues where security is not as tight as in the specialised boutiques.

"People who sell valuable items need to have good instincts," Mr Bouabane-Schmitt says. "It is not so much to catch a thief but more to identify one."

## Luxury brands lend support behind the scenes in Hollywood

## Sponsorship

Film industry partnerships provide rich mutual rewards, says *Timothy Barber*

In recent years, Hamilton, Swatch Group's entry-level luxury brand, has hosted the Behind the Camera awards in Hollywood, a ceremony that rewards the film industry's backroom staff, such as editors, cameramen and even props experts.

Once the US's pre-eminent watch producer, but based in Switzerland for the past four decades, Hamilton likes to emphasise that its watches have appeared in hundreds of films.

But while product placements and Hollywood endorsements sell watches, positioning the brand with the less glamorous, more serious side of cinema also serves a purpose by linking it to the engine room of the US's primary cultural export.

Hamilton is not the only watch company to see the value of such a relationship with the film industry. IWC Schaffhausen, which hosts a filmmakers' dinner at the Cannes film festival each year, in 2012 presented the IWC Gulf Filmmakers award to Maysoun Pacha, the Iraq-born female director, to the tune of \$100,000.

And Jaeger-LeCoultre – which benefits from the glittery endorsement of the film stars Diane Kruger and Clive Owen – sponsors the Glory to the Filmmaker award at the Venice film festival, which recognises directorial contribution. Since 2011, the watchmaker has supported film festivals in Shanghai, San Sebastián and Abu Dhabi.

Festivals and awards throw up obvious opportunities, but Jaeger-LeCoultre is exploring more unusual corners of the industry. Its latest is the Filmmaker in Residence programme at the Lincoln Center, New York's highbrow arts and music complex, designed to



**Museum of cinema: backed by Girard-Perregaux and designed by Renzo Piano** AP

help nurture the work of an established or emerging film-maker through mentoring, master classes and cultural exchanges.

"The programme has the aim of supporting particular artists, helping them to leverage the community around them, draw on the science, art and talent available – the kinds of things we enjoy delivering too," says Zahra Kassim-Lakha, Jaeger-LeCoultre's director of global strategy. "It's not about commercial values, it's about artistic contribution and innovation."

She highlights the company's work supporting the restoration of old film prints via the Venice and Shanghai festivals. While unlikely to attract headlines and recognition, such work, Ms Kassim-Lakha says, fits with the brand. "Art, beauty, design and culture, what they say about heritage and how we care for that, how we capture that time and period of history – these are important things for us."

Similar sentiments govern Girard-Perregaux's backing for a not-for-profit museum of cinema to be set up by the Academy of Motion Picture Arts and Sciences. The organisation, known for hosting the

'Our backing is not about commercial values, it's about artistic contribution and innovation'

Oscars, has a more serious purpose in the preservation of Hollywood history, and has an archive of the world's largest collection of film history memorabilia and ephemera. A museum housing the collection will open in Los Angeles in 2017, in a building designed by Renzo Piano.

Though its \$500m budget will come largely from film studios and private contributions, Girard-Perregaux became involved early as a funding partner, and is the largest contributor outside the film industry.

Bill Kramer, the academy's managing director for development, acknowledges that this is "non-traditional as a sponsorship approach" for Hollywood. "We haven't looked for big corporate sponsors, we are much more interested in partners who share our aesthetic approach and our commitment to quality."

The opportunities in return go beyond mere brand strengthening. Girard-Perregaux, for instance, is already reaping the benefits of special access to the archive of more than 10m photographs, with an advertising campaign this year featuring Alfred Hitchcock holding a clapperboard on the set of *Psycho*. Further advertisements using the archive will follow.

Meanwhile, for such brands as Girard-Perregaux and Jaeger-LeCoultre with VIP clientele, the opportunity to bring clients into the film industry's world will reap benefits.

As a leading publicist in the luxury industry and as a film producer, Charles Finch is in both camps. Having facilitated the arrangement between the Lincoln Center and Jaeger-LeCoultre, he highlights the value of such projects in presenting creative opportunities. "It also allows the brand time to develop long-term partnerships," he says. This could mean sponsoring filmmakers, funding programming or simply supporting existing events.

"In short, the relationship becomes a creative partnership and not just a financial one."

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## Watches & Jewellery

**Lost and found** The 17th-century Cheapside Hoard is to shine again, writes *Stephanie Gray*

# Buried treasure is poised to reach a much wider audience

When the Cheapside Hoard, a sparkling collection of Jacobean and Elizabethan jewellery, went on show in London in 1914, it was the talk of the town. Society ladies flocked to the gold and silver room of the London Museum, to view the collection of precious gemstones, widely regarded as the most important of its type in the world.

Out of sight since the 1600s, buried 14 feet below a cellar on Cheapside, London's most fashionable luxury shopping street in the late 17th century, the 500-piece collection was unearthed by a demolition gang in 1912. Now, it is to go on show again from October in an exhibition at the Museum of London.

The fabulous treasure consists of rings, gold chains – some dating back to Roman and Byzantine antiquity – enamelled pieces and a watch that is encased in a gigantic Colombian emerald. But why has it taken 100 years for it to return to prominence?

Hazel Forsyth, curator of the exhibition, puts it down to a mixture of politicking among the big London institutions, such as the British Museum and the V&A – including a battle for custody – and interest in the collection from academics who have sifted through thousands of documents, rent books, tax records, court minutes and political tracts, to establish the provenance of the pieces.

"There are many references in art history books and those recording Jacobean and Elizabethan times, but it is only now that academics are recognising the contemporary impor-

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**Slideshow**  
**Baubles with a contemporary appeal**  
Images of a treasure  
[www.ft.com/hoard](http://www.ft.com/hoard)

tance of the hoard in its own right," she says.

Many mysteries surround the collection, including its ownership. Was it pirate ship booty or the hastily buried swag of a Jacobean burglar? Did the owner go off to fight in the civil war or succumb to the plague, or the Great Fire of London?

Ms Forsyth says the Great Fire can probably be dismissed as a factor because, although there are accounts of individuals burying their valuables in deep pits or cellars, most businesses in Cheapside would have had time to make their escape.

Because a large number of pieces were incomplete, she believes it is most likely to have been the inventory of a Cheapside goldsmith, who must have died before he could return to retrieve it.

His customers would have been the oligarchs of their time, rather than the aristocracy, says Carol Woolton, jewellery editor of British Vogue. "Extremely wealthy merchants would have commissioned them," she says.

Ms Woolton puts the fresh and con-



**Priceless:** a watch is encased in a giant emerald (left), one of 500 pieces of treasure (above) at the Museum of London  
Charlie Bibby/Museum of London

temporary appearance of many of the pieces down to the fact that they had been buried for so long. "If they had been in use, the enamel would have been chipped and the gems damaged.

"You wouldn't wear the fusty, dusty clothes of the time," she adds, "but you can imagine wearing the jewels. The use of white enamel is very fashionable now, as are the long gold chains."

One of the most striking features of the hoard, writes Ms Forsyth in her book, *London's Lost Jewels: The Cheapside Hoard*, which is being published to coincide with the exhibition, is the variety and quality of the gems.

"Some are readily attributable to a specific country or region. Among these are emeralds from Colombia; heliodors from Brazil; chrysoberyls, spinels, moonstones, sapphires and iolites from Sri Lanka; rubies, chalcidony, diamonds and garnets from India; lapis lazuli and turquoise from Iran and the Sinai Peninsula.

"All reflect London's international trade networks in an age of global conquest and exploration."

So where can the modern woman get replicas of the beautiful baubles being shown at the exhibition, sponsored by Gemfields, the coloured-stone specialists, and Fabergé, the company Gemfields took over last year?

Surely it would be through a company such as Wartski, antique jewellery specialists and purveyors to the royal family. Oddly, it will be via QVC, a television shopping channel.

Before anyone gets too snuffy about this, Ms Woolton points out that QVC has a regular audience of 20m viewers, and is Britain's fifth largest jewellery retailer. "Perhaps people among the audience will recognise something they have themselves, and more pieces may come forward. It would be no surprise if pieces were stolen along the way," she says.

For Ms Forsyth, the shopping channel provides an opportunity to reach as wide an audience as possible. QVC is to produce 3D prints to help visually impaired visitors to the museum, and has a licence to reproduce 30 items loosely inspired by the hoard

were made. For instance, pendants were decorated on the front and the back. There was amazing attention to detail. Goldsmiths had integrity and pride then. We have an opportunity to return to those sorts of standards."

Banking on the hoard's ability to inspire young designers, the Goldsmiths' Craft and Design Council collaborated with the Museum of London this year in its annual competition, sponsored by QVC, which is how the relationship began.

The brief was to design "a contemporary piece of fashion jewellery that reflects the legacy of the Cheapside Hoard".

Winning pieces – including a gold leather ruffle neckpiece by Rebecca Howarth, a pendant and earrings by Rhianna Hutchison and a silver necklace by Carol Docherty – will all go on show at the exhibition.

So, will it be the talk of the town once more and, if so, what kind of price would one put on the hoard?

Ms Forsyth is not prepared to say anything other than "priceless", for insurance and security reasons. Ms Hardy, a regular expert on the BBC's *Antiques Roadshow*, is at a loss on this, and says it would be like putting a price on the Crown Jewels.

"How important is the hoard to the nation? Unless the pieces went under the hammer, no one will know."

*The Cheapside Hoard: London's Lost Jewels October 11 2013 – April 27 2014, Museum of London.*  
*Hazel Forsyth's book, London's Lost Jewels: The Cheapside Hoard is published by Philip Wilson Publishers to coincide with the exhibition's opening.*

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## A priceless retrospective of masterpieces set to go on show

Alexandre Reza

Travelling exhibition by Sotheby's will honour the work of a great craftsman, says *Elizabeth Paton*

For almost 50 years, Alexandre Reza – a jeweller, collector and gem connoisseur – has been considered both a leader and legend in the world of *haute joaillerie*.

The dazzling quality of his craftsmanship, exclusive client Rolodex and priceless inventory of gems and precious stones used by the biggest names in hard luxury meant that, for much of the late 20th century, a small but elite coterie of admirers and experts lauded him as one of the sector's most innovative and formative figureheads.

This year, Mr Reza's life – alongside 25 pieces from his workshop – will be honoured in an appearance to a widened audience for the first time. A travelling exhibition launches at the New York headquarters of auction house Sotheby's in early November.

Alexandre's son, Olivier, conceived and curated the collection alongside David Bennett, chairman of Sotheby's international jewellery division in Europe and the Middle East. A former investment banker, he took over the Paris-based, family-owned business when illness forced his father to retire. In those early days in charge, he spent a considerable amount of time deliberating over its future.

"Five years ago, I found myself at a private crossroads in terms of where I wanted to publicly take our brand. I thought at length about how I could appropriately honour my father, his body of work and his legacy as well as move the business forward without him."

Today, designing under the Reza name, and keen to engage and educate new clients, Olivier has embarked upon telling the ambitious



**New York showcase:** venture with Sotheby's brings Reza aesthetic to the well-heeled Reuters

story of his family, in the past and the present, using a world-class hoard of matchless stones to create the most beautiful designs.

"I felt a retrospective was the perfect way in which to embark on a new chapter, and the perfect partner would be Sotheby's, given its reputation for displaying some of the finest works of art in the world."

The collection – set to go on display in New York, London, Doha and Beijing – will showcase a truly astonishing array of jewellery masterpieces by both Alexandre and Olivier. The centrepiece of the display will be an untreated Ceylon 134-carat sapphire brooch, mounted amid a sea of perfectly matched glittering coloured diamonds and stones. Platinum earrings composed of four Colombian emeralds of more than 51 carats, framed with more than 14 carats of diamond baguettes are also considered to be a highlight by those in the know.

"These pieces – even more exceptional given that most come in perfect suites – are so glamorous, so exotic and so utterly dreamy that virtually every visitor to clap eyes on them will soon realise that they have never seen jewellery like this before," says Mr Bennett. "No one can, or would, debate that they should be defined as true works of post-war art."

For Mr Reza, however, beyond the clear artistic validity of the exhibition also lay the practical logistics he needed to consider

as a small business. An independent roadshow put on by him alone would require vast amounts of time and money when it came to finding the right venue, transport and security arrangements.

What is more, a venture with Sotheby's would bring the Reza aesthetic directly to an established, well-heeled customer base at the peak of the auction season, many of whom already possess an insatiable appetite for the finest art and jewellery on the market.

**'Every visitor will soon realise that they have never seen jewellery like this before'**

"Wealth is so global today; clients are extremely demanding and intellectually engaged – they want us to bring them the finest money can buy via multiple mediums and channels," says Amy Middleton, senior vice president of marketing at the auction house. "We had a tremendous amount of respect for the Reza brand before this was ever on the cards, so when Olivier proposed the exhibit we jumped at the chance to be involved."

Mr Reza says the move is not about hitting commercial targets or making the maximum amount of sales possible in the shortest amount of time. "My strat-

egy is simple – to fortify our reputation for being able to deliver the best work in the field. Too much accessibility would dilute us, so unlike most luxury brands I'm not interested in expanding or changing our commercial model. We will never be available on any kind of mass scale."

When it comes to Sotheby's, Mr Reza believes that this type of collaborative project – while still new – could become more commonplace in the long term and have a lasting impact on the way the company develops.

"Currently, 90 per cent of its total sales come from auctions, with another 10 per cent from private sales – but the profitable potential of what we're doing together is considerable, and they've barely touched this opportunity before. I think in time they should look to making ventures like this up to 50 per cent of their business."

While less vocal, it would seem that his partners at Sotheby's are – tentatively – inclined to agree. "We are always looking for, and open to, new ways of reaching our customers," says Ms Middleton. "It's already clear from the range of services we offer today that a decade into the 21st century we are much more than just an auction house. What the Reza brand and Sotheby's have in common is the desire to ensure clients access their dreams through artistry, via whatever medium that might entail."

## Watches &amp; Jewellery

# Visa restrictions starve US industry of skills

## Immigration

Talented people from overseas have been an asset to the craft but are being lost because of changes in the law, says *Anthony DeMarco*

There are plenty of reasons why US jewellery manufacturers have been moving their operations overseas. But one factor that seemed to have caught some by surprise was the tightening of immigration laws since the terrorist attacks in 2001, and the negative effect it has had on the skilled immigrant workforce.

Steven Lagos, owner of Lagos, a US brand known for its modern, artistic and accessible handmade silver jewellery, says the industry relies on immigrant labour because the people bring jewellery-making skills from their countries, and are willing to produce pieces in a strenuous work environment, in order to participate in the American dream of providing a better life for their children.

US citizens lack the skill and desire to work in a jewellery-manufacturing setting and there are few schools, if any, that provide training for these types of jobs, he says.

"There are art schools that teach you how to be a designer, but there are no vocational schools that teach you the trade," says Mr Lagos in an interview at his Philadelphia headquarters. "The kind of work you have to do in a jewellery factory can be very tedious and boring and repetitive. It's not something that kids aspire to be today, but that's what it takes to be a jewellery manufacturer."

In the late 1990s, Mr Lagos' business was rapidly expanding, and in 1999 he moved to a four-storey building, where his company remains today. Part of his plan was to employ 100 craftsmen to create his handmade pieces. By the early 2000s, he had about 70 jewellery makers, of which about 80 per cent of the workforce were foreign-born. "They were from everywhere," Mr Lagos says. "I had a United Nations down there. I think I had eight languages at one point."

Today, he has about 10 jewellery workers in the US that do casting, prototyping, model making, and repairs and alterations – but all his



Tighter control: jewellery groups have moved manufacturing abroad as they have faced difficulty recruiting Americans to replace workers from overseas

jewellery is now made in Thailand.

Following the 9/11 terrorist attacks, the federal government approved a number of laws and regulations that led to stricter enforcement of US border rules, including the Enhanced Border Security and Visa Entry Reform Act, passed in 2002. It targeted male immigrants from 25 countries, subjecting them to biometric data identification and interviews with immigration officers, and required them to re-register their visas annually.

At about this time, three employees from Cambodia – two of whom have worked for Mr Lagos for at least 15 years – could not get their work visas renewed. In the past, they were able routinely to renew their visas for 10-year periods.

"The first time, we went to a lawyer, we ran ads, we solicited people. We couldn't fill the position so they granted him a one-year extension to

his visa. They were going to make us do this every year. And it was costly – \$4,000 or \$5,000," says Mr Lagos. "They were just pushed out of the country. It was as if they were saying: 'It's time for them to go home.' I think they even said this to us. The door was slammed in their faces."

Mr Lagos says this type of thing has a snowball effect. First you lose workers, then you cannot keep managers, and you eventually lose the ability to manufacture.

For David Cooper, of Jeff Cooper Designs, a bridal jewellery manufacturer in Long Island, immigration policy was just one of the reasons he moved half of his manufacturing operation to Thailand in 2011. "Immigration laws, healthcare, insurance create a perfect storm, making costs so high," says Mr Cooper. "Our health insurance went up 19 per cent [this year] – I didn't get 19 per cent richer." Mr Cooper says his entire manufac-

turing staff consisted of immigrants from all over the world. His experience differs from Mr Lagos in that he was not losing people because the laws were changed. But as his workforce grew older, he was not able to bring in people to take their places.

Mr Cooper describes moving to Thailand as "a very gut wrenching decision. [But] the powers that be are saying that if I want to make money I cannot support my fellow Americans."

Mr Lagos and Mr Cooper argue that a 10-year drought of new skilled immigrant labour is bad for jewellery manufacturers and manufacturing in general, and a problem for the country. "There's no fresh blood coming in," Mr Cooper says. "Americans can't and don't want to do these jobs. We don't know where we're going to get skilled labour any more. The only people I see coming in are Chinese, but I don't speak Mandarin so it's

harder for me to work with them." Mr Lagos says he is unsure of the goals of this immigration strategy. "Are we closing our borders and saying we now have enough people who immigrated here and we don't want more people coming? If that's what it is, then there's a consequence to that," he says. "All the people I'm talking about would come into this economy and contribute. They're not bad immigrants. They're not taking American jobs. They're contributing to the tax base."

Moving manufacturing overseas certainly has not hurt Mr Lagos' business. He will produce about 130,000

jewellery pieces this year, and has 125 accounts that include independent jewellers and department store chains such as Neiman Marcus, Nordstrom and Bloomingdale's. He says manufacturing overseas has lowered his costs by about 30 per cent, allowing him to hire three to five people a year for merchandising, marketing, sales and servicing accounts. The move overseas has also allowed him to compete in what he terms as a "pretty harsh environment". His top five competitors are "producing 100 per cent in Asia". He says he would need between 300 and 400 jewellers working fulltime to keep up with production.

"There isn't that kind of a workforce," he says. "But would I have 60 or 70 people working here? Absolutely. I love being a manufacturer. It broke my heart a little when that whole thing went down. The intention was never to close down manufacturing and move it overseas."

'All the people I'm talking about would come into this economy and contribute'

## Modern movement harks back to an era of greater optimism

## US manufacturers

There is an appetite for American-produced timepieces, writes *Jim Shi*

Designed in America. Assembled in America. Manufactured in America?

From 1850 to 1950, US manufacturers were the world's largest suppliers of fine mechanical watches and the first to produce watches on a mass scale when the Swiss were still engaged in a cottage-type industry. In 1970, however, with the introduction of the quartz movement, Switzerland asserted its dominance and Bulova, the last of the American titans, shut up shop in 1980.

But with the quartz revolution at the low end, and Swiss watches dominating the upper crust of the watch world, a new crop of watchmakers that evoke the spirit of Main Street USA has emerged to fill the gap, offering reliable American-made watches at affordable, middle-ground prices.

Cameron Weiss launched Weiss Watch Company and his \$511 mechanical Field watch in June, having been in the custom watchmaking business since 2007.

"I wasn't sure it would be a viable selling point, but there seems to be a huge interest in American-made [watches]," says the 26-year-old Westport-trained watchmaker, who attended the NG Hayek School of Watchmaking and worked at both Audemars Piguet and Vacheron Constantin.

Mr Weiss assembles each watch and tests and regulates each movement himself from his Los Angeles-based studio in the same way it would have been done a century ago at the Massachusetts-based Waltham Watch Company – which produced 40m timepieces in its heyday. "It's something your grandfather would have had, something you found in a safety deposit box and it says: 'Made in the USA,'" says Mr Weiss. "There is this desire

to have an item that is handmade and will last."

Fellow West-Coast brand Xetum, whose mechanical watches echo the minimalist design ethos of Apple and Tesla with its "Designed in California, Made in Switzerland" concept, is pure American – down to its monikers: the Tyndall, the company's best-seller, is named after a mountain in the Sierra Nevada range, the Stinson for a Marin County beach and the Kendrick after a mountain in Yosemite national park. "The integration of both American and Swiss is something our customers deeply value," says founder Jeff Kuo.

At New Britain Company, even the name is rooted in the spirit of the blue-collar labourer – New Britain, Connecticut, is considered the hardware capital of the world. Leon Adams, president of Cellini Jewelers in Manhattan, one of only four US retail outlets for New Britain, reports solid sales despite little marketing. "I would equate the customer as the same person who bought Panerai when they were introduced," he says.

Typically, buyers own multiple timepieces, as is the case with New Britain client Guillermo Cenicerros. "I'm always looking at

watch brands that have a concept strong enough to be collectable down the road," says the 49-year-old southern California-based marketing executive, who also wears Rolex, Jaeger-LeCoultre and Vacheron Constantin. He owns a Harley Heritage Softail, and was drawn to the watch's motorcycle gauge-style dial. "I thought, 'Finally, here's a watch I can wear with my bike and it feels like it's part of a kit,'" he says. "It really connects with an era of Americana that was both optimistic and rich in emotion."

Drawing on a similar ethos is Tom Kartotlis, who created Shinola through his private-equity and venture capital firm Bedrock Brands after stepping down as chief executive of Fossil in 2000. The Shinola name is a throwback to a defunct shoe polish, and the company has a new motto: "Where American is made". "Built in Detroit" is stamped on each case, and timepieces such as the Brakeman have put a refined spin on Motor City's manufacturing legacy.

Output at its factory is 45,000 units, with a long-term annual production goal of 500,000 units as it expands to the UK, Germany and France.

At the higher end of the

spectrum is the Bozeman Watch Company, based in Bozeman, Montana, whose prices reflect the watch parts that are exclusively made for the brand. With a 35 per cent increase in sales in the first seven months of this year, and annual production of about 200, founder Chris Wardle has already recouped his initial \$650,000 investment.

Headquartered in Pennsylvania, both Kobold and RGM Watch Company can lay claim to having been on the front lines of the Made in USA movement since the late 90s. "We don't import and then assemble, we manufacture here. And that's a huge step," says Michael Kobold, company founder.

In 2008, with a \$250,000 investment from the late actor James Gandolfini, the Spirit of America automatic, the first serially produced American watch in 39 years, was released. While Kobold, which produces 800 watches a year, focused on case manufacturing, RGM delved into the movement, and founder Roland G. Murphy soon brought his manufacturing in-house as well.

Seven years later, RGM is the only company in the US to turn out watches with 90 per cent American components – and the sole American entrée, with its \$61,000 Pennsylvania Tourbillon, in the *haute horlogerie* market. "I like being the small guy making great watches; it's been exciting finding ways to build these great little mechanical machines," says Mr Murphy.

Americana-inspired brands appeal to civic-minded consumers who are interested in where their products are made.

Mr Weiss is examining putting "Made in Los Angeles" on future watches. "A lot of people commented they want something more local beyond 'Made in the USA'," he says.

Is the US watch industry regaining the strength to become a top force? It has many years of Swiss domination to catch up on and Asian technology and skills. Only time will tell.



Main Street: many brands are evoking old America

## BEAUTY CAPTURED. THE GRAFF BUTTERFLY



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## Watches & Jewellery

# Daughter of an ancient house, bang up to date

**Women designers** An old family business is receiving a fresh sparkle, writes *Maria Douulton*

While many women wear jewels, and quite a number design them, few have created a mature global jewellery brand with international appeal. And fewer can claim to design all their own pieces and make them in-house – a feat that Carolina Bucci has achieved in just over a decade.

She is recognised for her woven-gold friendship bracelets shot through with silk threads. These became fashionable when Sarah Jessica Parker, the actress, wore one in the television series *Sex and the City* in 2002. Carolina Bucci now has 60 outlets in 20 countries, with a turnover of about £7m a year.

“I have built my company step by step, which means I really know my business,” she says from her London flagship boutique, where her hand-painted logo and signature bee motif adorn the walls. The Carolina Bucci brand targets women who mainly buy jewellery for themselves.

But Ms Bucci had a head start: her family in Florence has been making jewels for 125 years. Her great-grandfather made pocket-watch chains and her father expanded the business by making unbranded jewels for other houses. “They had done it the same way for 100 years and I was sure there was another way,” says Ms Bucci, whose mother is a New Yorker.

Ms Bucci studied studio arts at



Carolina Bucci: making jewellery is harsh work, she says. Above is a necklace sporting her trademark bee

Marymount School in New York. She then majored in jewellery design at the Fashion Institute of Technology, part of the State University of New York. “I’m not sure how much I learnt at college,” she says, “but the best course was trend forecasting, which put jewellery into a wider context for me. To my family, a bracelet was so many ounces of gold and that was it.”

Over time, Ms Bucci persuaded her father to make up her designs. “The only way I could get a piece of jewellery made to my design was to ask for it as a birthday present. My ideas were never well received by my father’s workshops in Florence, but they couldn’t refuse.” Looking to find new ways to work

precious metals, Ms Bucci experimented with weaving gold into a fluid fabric mesh. Her father adapted a Renaissance-era fabric-weaving loom, and the result, Ms Bucci’s mesh of gold chains, is designed to move with the body like silk.

The woven jewellery is among a growing range of designs. Her work shows an uncanny ability to tap into the mood of the moment. “I design for myself. I mix white and yellow gold, and I like to wear precious jewels during the day.”

It is a formula that appeals, and her clients are keeping the Florentine workshops busy. Today the Carolina Bucci brand takes up 95 per cent of the Bucci family’s manufacturing

capacity. Ms Bucci’s ability to see the family business from the perspective of a younger and more international audience prevented her father from packing up.

Expanding across the world in a market dominated by multi-global brands with large marketing budgets and economies of scale is hard. “We have to be clever and agile,” she says.

“I keep a strong and coherent design focus: from the smallest jewel, to the way our stores look, to the packaging. We also have to be flexible enough to be able to adapt our offer to different markets – in New York, women want earrings more than anything else, so we make more of these and less of the other products.”

A seasonal shop in Montenegro’s luxury super yacht marina is a good example of Ms Bucci’s business skills.

“We look for up-and-coming places where we can afford to have a shop rather than the established places like Monte Carlo. Wealthy Russians who saw our shop in Montenegro now come to our shop in London.”

But why are more women not in this industry? “Actually, making jewellery is harsh work,” says Ms Bucci. “It is noisy and dirty and usually done by men. Also, buying stones is very male-dominated too.”

“But as women buy more jewellery for themselves, they are becoming more confident in the business of jewellery.”

# Demand is high for providers of business skills

## UK incubators

*Claire Adler* looks at groups that offer premises and practical advice for creative start-ups

When Vanilla Ink, a Dundee-based jewellery incubator, launched an online crowdfunding campaign this year, the results exceeded all expectations.

The goal was to raise funds to book a stand at International Jewellery London, a UK trade show that took place this week.

In fact, the campaign exceeded its target, with enough money for the group to send its nine jewellers off to the exhibition plus extra cash for marketing and displays. To top it off, one of them, Filipa Oliveira, won a technical excellence award.

Ruth A Morrison, another of the group’s designers, says: “Showing at International Jewellery London is something I thought I’d be doing five years from now, so being here this September is hugely exciting.” She fashions her pieces from Harris tweed.

The aim of the incubator is to fast-track jewellers to

which are jewellers. It has doubled in size in the past seven years.

It offers bursaries and loans, coaching, workshops, quarterly Open Studio exhibitions and promotional opportunities.

In 2011, the average profit of its designers was found to be 70 per cent higher than comparable UK businesses, the Crafts Council says.

Cockpit Arts has nurtured many talents, including Jaeger jewellery designer Scott Wilson, who has collaborated with Hussein Chalayan, Marc Jacobs and Thierry Mugler, and Gucci jewellery designer Felicity Jury Cramp.

This year, it began a partnership with The Academy for Creative Enterprise and the Royal Bank of Scotland, offering training to 22 employers to take on apprentices or graduate interns, based on research showing that businesses employing staff reach sustainable levels of profit more quickly.

With prices of studio rental and the burden of student debt rising, all these incubators report high demand for their workbenches and units.

Start-up jewellers need all the help they can get in order to bridge the gap between education and industry.

A 2010 Institute of Employment Studies report showed that what graduates of creative degrees lack most is confidence and business knowledge.

The Academy for Creative Enterprise offers trade approved training courses at reduced prices delivered by industry insiders as well as quarterly networking events. This year, its annual awards ceremony attracted 500 graduates, apprentices, employers and professionals to London’s Guildhall. Since 1999, it has helped 3,000 people secure jobs or start businesses.

Yorkshire Artspace manages almost 100 studio spaces in Sheffield. In October, an online platform will link artists, craftspeople and designers with experts in different fields to share knowledge and host webinars. The group’s Starter Studio programme has an 80 per cent success rate of keeping jewellers and silversmiths in business.

Jonathan Lloyd-Plat, chief executive of Craft Central, has noticed a growing interest since 2008 in people choosing craft careers and lifestyles.

Lee Lucas, director of the Academy for Creative Enterprise, comments: “Central London rents are facing upward pressure and the number of graduates entering the market lacking meaningful business skills, together mean that – alongside affordable rent – some training and development is crucial for them to succeed.”



New jewellers need help to bridge the gap between education and industry

business success. After her degree in jewellery, Kate Pickering discovered she was ill-equipped for the world of business. She created a shared studio space for start-up jewellers where she would offer a one-year programme of monthly professional development workshops, and Vanilla Ink was born.

Demand across Britain for similar space and services is so high that one London jeweller moved to Dundee to secure a place at Vanilla Ink, while another spends four hours a day commuting from Glasgow.

The Dundee group, alongside other larger and more established incubators, such as the Goldsmiths Centre, the Academy for Creative Enterprise, Craft Central, Cockpit Arts and Yorkshire Artspace, offer rental space, equipment and a variety of services for between £100 and £270 a month.

At the headquarters in London’s trendy Clerkenwell area of Craft Central, which supports craftspeople at all stages of their career, 44 per cent of studio occupants make jewellery.

Cockpit Arts is an award-winning 25-year-old incubator with two London centres housing 165 small craft and design businesses, 42 of

## Watches & Jewellery

# Demand calls for ideas to fit tiny canvasses

**Modern art** The trend for collaborations such as Dalí's remains popular, writes *Dalya Alberge*

Salvador Dalí, the Spanish Surrealist painter, dreamt up his paintings of melting watches after watching Camembert cheese melt in the sun. After painting the timepieces repeatedly within dreamlike landscapes, he went on to design a real watch – the Dalí d'Or – for Piaget, the Swiss company.

Nearly 50 years after Dalí's design, which featured his own mustachioed profile on a row of gold coins – watch companies are still turning to artists to create new ideas for what must be the art world's tiniest canvasses.

Geoffroy Ader, head of watches at Sotheby's Europe, singles out Swatch, the Swiss manufacturer, as a "pioneer", setting a trend in the 1980s for collaborations with artists such as Kiki Picasso and Keith Haring, that continues today.

During that decade, Swatch resuscitated a Swiss watch industry that was thought dead after cheap but accurate quartz watches from Asia flooded the market, he says. "Buying a Swiss watch was expensive. With Swatch, everyone could afford a Swiss-watch... The collaboration with artists definitely helped."



Willard Wigan's watch (above) contains a microscopic ship. The Dalí d'Or (right)

The company has since commissioned designs from Annie Leibovitz, the photographer, Yoko Ono, the artist and musician, and Renzo Piano, the architect. Its most recent commission is from José Carlos Casado, a Spanish computer artist. He created a limited edition of 8,000 watches, for which a special app transforms the art into 3D imagery, that seems to float above the watch face.

The dial appears to "suspend time", with a black section and black hands that mean the time cannot be read for five seconds in every minute – or, as Mr Casado puts it, five minutes an

hour, two hours a day. "It is a reminder to take time off or do something different," he says. Carlo Giordanetti, the company's creative director, describes the design as "a pretty deep concept", adding: "The first reaction is always a little smile."

One problem for modern collaborative watch designs is that many contemporary artists are used to working on a large scale, often producing room-size installations or towering public works. Unlike Dalí, a skilled draughtsman, few modern artists have the skill to work on a surface as small as a wrist watch.

Greubel Forsey, the Swiss watchmaker, cracked the problem in 2009 by commissioning Willard Wigan, a British sculptor who creates minute works virtually invisible to the naked eye – including a motorbike and dancing figures within the eye of a needle. Mr Wigan's work speaks the "miniaturist" language of watchmakers, according to the company. "For us to find a sculptor in another scale was a real discovery," Stephen Forsey, the company's co-founder, says.

Art Piece 1, a watch to be fully unveiled later this year, contains a microscopic ship. The artwork is visible thanks to specially created miniaturised optics. It is likely to be a unique piece, with an expected price tag of about £1m.

"[It] took five years' work due to its spectacular and original nature," Mr Forsey says. Under-terred, he and Robert Greubel, the company's co-founder, are talking to a number of contemporary artists about future possible collaborations.

Other makers of *haute horlogerie* to have collaborated with the fine art world include Romain Jerome, for which John M Armleder, the Swiss artist, has made a polished steel piece featuring skull motifs – evoking, the artist says, an allegory of the passing of time.

But does a design by a famous artist boost a watches' investment value? Jean-Claude Biver, chairman of Hublot, says: "It certainly doesn't harm the value."

But, he adds, in watchmaking, the quality of the inner mechanics is paramount: "It's not like painting. You need the two: the inside and the outside."

In 2011 Hublot collaborated with Oscar Niemeyer, the Brazilian architect, known for concrete buildings with curves. His masculine design featured a colour scheme reminiscent of concrete with the inner mechanics on view. Mr Biver says: "Then we sold the watch – 104 pieces in a limited edition. We were amazed because, in a few days, [all] were sold." The watches were valued around \$18,500, which has since increased to about \$24,000.

Artistic collaborations are not without risks to investors. Mr Ader at Sotheby's observes that artist "limited editions" often involve large numbers. They are, he says, more like a print with large editions than a single painting or sculpture. For example, in 1992 Sam Francis, the American artist, created a multi-coloured abstract pattern for a Swatch watch that was "limited" to 49,999 examples.

Ironically, as Mr Ader notes, there is sometimes more commercial interest in the watches worn by famous artists than in the watches that they designed for manufacturers.

In 1988, Sotheby's in New York sold the personal collection of Andy Warhol, the US pop artist – consisting of 181 watches – for more than \$500,000.



## Trend grows for proximity to art and luxury

### Retail

*Rose Jacobs* looks at a trend catering to the wealthy who want everything just around the corner

Earlier this year, Londoners were treated to the results of 15 years of archival work when Bulgari opened an exhibition of late 20th century pieces in its Bond Street store. The Italian jewellery house displayed original drawings of stand-out designs as well as the earrings, bangles and necklaces themselves.

Neither the drawings nor the pieces were for sale, but the decision to put on the show chimed with the company's belief that its products have a firm place in the history of decorative arts. The show also catered to what experts argue is a growing trend: luxury buyers' desire for a shopping environment that includes not just high-end jewellery and fashion, but celebrated hotels, top-rated restaurants and – more ephemeral but just as necessary – fine art.

"It's about aligning interests," says Christine Cross, chief retail adviser to PwC. "Customers conflate sectors, they want both goods and services."

Jones Lang LaSalle, the property group, published a report last year that agreed. Its analysts pointed to six ways in which London's so-called luxury quarter – Bond Street, New Bond Street and their sidestreets – distinguished itself from other luxury retail destinations around the world. These included its top hotels and restaurants, private member clubs and casinos, luxury homes and office accommodation (particularly for hedge funds), and, finally, the art, in the form of the Royal Academy of Arts, art fairs held in the area, and nearly 90 galleries and dealers.

The phenomenon is not new. Peggy Guggenheim's first New York gallery, Art of this Century, opened around the corner from Bergdorf Goodman and Tiffany, while in the 1980s and 1990s, fashion houses followed artists to New York's SoHo neighbourhood. But two contemporary trends are underscoring the importance of such an environment: the rise of the non-European customer and the internet.

The Chinese, for example, are among the world's biggest spenders on luxury goods as well as a driving force in rising art market prices. It only makes sense that Chinese tourists might gravitate towards cities and districts that offer access to both fine art and high-end shopping.

The Jones Lang LaSalle

analysts point out that, in order to compete with websites such as Net-a-Porter, physical shops and their employees need to play a wider variety of roles. "[They] need to become entertainers, compères, theatre producers, masters of ceremonies, butlers, concierges, pamperers, flatterers, psychologists, social workers and more."

In neighbourhoods such as Mayfair, at least part of this work can be farmed out. Galleries still abound, and others are looking to move in despite demand for prime locations outweighing supply by 10 to one – according to a report published this month by London Luxury Quarter, an initiative by New West End Company and Heart of London Business Alliance to promote the area.

Even so, says the report, some retailers and galleries are not satisfied with mere proximity, and are instead engaged in closer collaborations and pop-up shops.

These might become more important if rising rents and higher-earning retail empires push out galleries and dealers from the traditional art districts. Thomas Woodham-Smith, creative director of art, antique and



Bond Street and its environs stand out from the crowd

design fair Masterpiece London, argues that businesses selling and showing older art are particularly susceptible to this sort of pressure.

He says that rich people today crave proximity to only a very narrow band of contemporary art.

And while landlords might well be aware of the need to preserve diversity in terms of retail versus galleries, restaurants and hotels, the finer distinctions between a smalltime dealer in, say, Renaissance sculptors and the Gagosian Gallery might not be made.

That could lead to big changes to the face of thoroughfares such as Bond Street, where Henry James's protagonists once strolled for antiques.

Ms Cross at PwC argues that tastes might not be so narrow as to preclude smaller cities from capitalising on the blurred line between shopping and soaking in (or buying up) culture. "It can happen regionally instead of in the national capital, and it can happen in emerging markets," she says. In Shenzhen, China, an art gallery has opened next to Gucci.

"It works if you can create that element of cultural heritage. It's not about being big so much as being special," she says. "Ultimately, all of these things are about pleasure."

## Watches & Jewellery

# Obsessions of a master metal worker yield golden wonders

**Invention** Give a boy an oxyacetylene kit and see what happens, reports *Paula Weideger*

Goldsmith Giovanni Corvaja is highly regarded by connoisseurs for the technical inventiveness of his jewellery and objects. He makes gossamer fine wire; pieces that look like gold wool, springing sponge, silk or fur.

Beatriz Chadour, jewellery scholar and curator, compares him with "the great Etruscan and Renaissance artist-goldsmiths". Other admirers, affectionately, say he is mad. Mr Corvaja acknowledges that he is obsessed. "It is my passion," he says. "I want to transmit my love for beauty, for creating and for gold."

His pieces are in museums and royal collections, and they are acquired by art and jewellery collectors. His dealer, Adrian Sassoon, offers them at the European Fine Art Fair in Maastricht, and the Pavilion of Art & Design (PAD) and Collect fairs in London. "Most of my work deals with transparency, the play of light," says Mr Corvaja.

A recent "cage bracelet" looks like a sturdy, circular spider's web. Inside, it dances with thousands of tiny platinum filaments, each with a differently coloured enamel cap. "The concept is mathematical and very serious," he says. "What happens inside is very joyful."

Now aged 42, Mr Corvaja has been working with metals for 34 years. As a

boy in Padua, he made toy soldiers out of bits of scrap. At 11 he asked for, and got, an oxyacetylene kit to melt metals.

Two years later he entered a five-year art school course in metal-work and jewellery. In the evenings and at weekends, he worked with master goldsmiths. Then he applied to do the master's degree programme at the Royal College of Art in London. Exceptionally, as he lacked an undergraduate degree, he was admitted on the strength of the gold jewellery he submitted with his application.

Mr Corvaja does not look like an Olympic athlete or a Zen master. Yet his work can demand the stamina of the former and the latter's concentration. On at least one occasion, it has taken everything he has got. That was when he made a hat that looks as if Peter the Great's crown – a skull cap ringed with lush sable – had magically turned to gold.

"I thought it would be great to make golden fur," Mr Corvaja says. This had never been done. After 10 years of research, he devised a technique that combines weaving, braiding and carpetmaking. By 2007 he was ready, and awarded himself a two-year "sabbatical" to work on the project. He has no backer: "I couldn't sleep at night if I did," he says.

The hat started off as one and a half kilos of gold. From this he drew out



**Dream weaver:** Giovanni Corvaja and some of his creations. Golden cloth (below right), the golden fleece brooch (below) and a skull cap, based on one worn by Peter the Great, that took the craftsman 80 hours a week to make over nine months

Portrait: Ivano Grasso

an ever-thinner wire 180km long. The wire had to be wound on one bobbin, then rewound on another, over and over. Each time it passed through infinitesimally smaller drilled-diamond holes in a bronze plate. He started winding in the morning and was still at it at night, concentrating intensely. "Pull a little harder and it snaps," he explains.

This continued until the wire had a diameter of 0.016mm. He then cut it into millions of hairs, which he fashioned into the hat's fur border.

In all, the process took 2,500 hours. For nine months, Mr Corvaja laboured an average of 80 hours a week, follow-

ing a regime worked out by a doctor. "I worked 14 hours a day. Every four hours I took a short break. I would sleep and then eat a sandwich." In the morning he listened to audiobooks – Russian literature mainly, Tolstoy especially. The radio played in the afternoon.

Early this year his Golden Fleece Collection, which stars the hat plus a ring, brooch, bracelet and pendant, was shown in Gold: Status and Glory, an exhibition staged by Sassoon and Moretti Fine Art. It paired Mr Corvaja's work with 14th- and 15th-century Italian gold-ground paintings. At the private view, women made

price is £350,000 but, in a sense, it is priceless. Given the effort required to make it, it is unlikely to be copied. Yet the rigours of its creation did not exhaust Mr Corvaja's energy, imagination or passion. The Golden Fleece was followed by gold cloth. Thread is flexible, wire is not.

To weave gold required a wire five times thinner than he had made for the hat, itself thinner than any drawn

before. His silky gold handkerchief drapes like velvet. His latest piece is a round box that nestles in one's palm. Using a microscope, he cut 5,000, five-sided cells from two flat pieces of gold. He then faceted each of the 25,000 surfaces. It took him seven months, working nine hours a day to make. "The gold talks to me and transforms me into a more learned person," says Mr Corvaja.

"I have not stopped learning."

On October 19 and 20 Giovanni Corvaja and his work will be on display at Sassoon's stand at PAD in Berkeley Square, London.

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## A trial of style over substance rests on what people will buy

### Italian industry

The rising price of gold has traditional manufacturers diversifying, writes *Rachel Sanderson*

On a recent morning in the Prada store in Milan's Galleria Vittorio Emanuele II, a sales assistant was explaining the provenance of the Milanese brand's latest jewellery collection.

Asked whether a golden coloured necklace covered with roses was indeed gold, the assistant replied that it was brass. "But it's the workmanship that makes it precious," she added with a flourish.

Miuccia Prada, the eponymous designer behind Italy's most innovative fashion house is once again leading the way with a new trend in the luxury jewellery business.

With gold prices having made an inexorable climb over the past decade, designers and jewellery manufacturers have arrived at an innovative solution to impossibly high prices for their traditional raw materials.

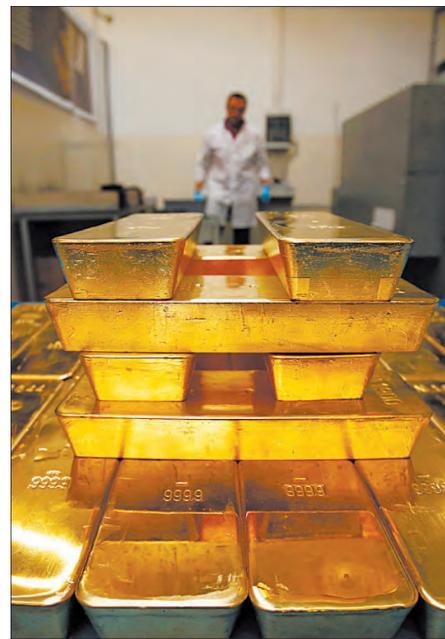
In the fashion world, jewellery is increasingly branded as precious because of the design rather than the workaday materials of resin, plastic, aluminium and brass that it is made from.

The trend is giving a fillip to the margins of fashion and design companies.

Earrings at Prada made of base materials brass and aluminium are selling in its Milan flagship for as much as €350.

Marni, the Milanese house at the forefront of statement jewellery made of resin, wood, aluminium and ribbon, is selling a wooden cuff for €250.

It has proved a life-saving innovation for manufacturers in Italy's traditional goldmaking centres of Arezzo in Tuscany and Vicenza in the province of Veneto that had been crippled by rising gold prices



Going for gold: workmanship may be more important

and competition from China and India in mass production of gold and silver chains.

Many of the small manufacturers in these prestigious centres have rebuilt nearly bankrupt businesses by innovating with materials and putting a premium on design, according to Italian industry lobby Confindustria.

Ivana Ciabatti, president of the goldmaking lobby at Confindustria in Arezzo, said at a forum this year the industry had confronted the crisis with "innovation, branding and marketing".

Three distinct market segments are opening up in the branded jewellery business, a rapidly growing sector estimated to be worth around a fifth of the €160bn jewellery market, according to a recent note from Citi.

At the top end, the established names of Cartier, Bulgari, Chopard, Graff, Tiffany and Harry Winston dominate. In the middle, there is mostly bridal jewel-

lery and a few niche names such as Pomellato.

The fast-growing lower end is costume and silver jewellery. It has become "a real fashion accessory segment", according to Citi analyst Thomas Chauvet.

In Arezzo, the hilltop city that served as the backdrop

Marni, the Milanese statement jewellery maker, is selling a wooden cuff for €250

to Roberto Benigni's Oscar-winning 1997 film *Life is Beautiful*, and near which Prada does much of its production, the development of the fashion accessory segment has been a lifeline to the traditional gold manufacturers.

In 1999, Italian jewellery makers based around Arezzo, where brands such

as Cartier, Pomellato, Bulgari and Ferragamo have facilities, used 535 tonnes of gold.

In 2012, it used just 90 tonnes. During that period the value of gold rose from €8.40 to €40 a gram.

Nonetheless, the Arezzo manufacturing area closed 2012 with its exports, which account for 75 per cent of its production, worth €1.72bn, up from €1.5bn in 2011, a rise of 16 per cent. This came as the area bolstered its gold and silver making with the use of plastic, resin and wood.

Consumers from the Middle East have been particularly enthusiastic about the new designs, entrepreneurs say. Graziella Group, Artlinea Spa and Picador are among manufacturers in Arezzo that have expanded their traditional production in gold. This is to design fashion jewellery involving the use of leathers with a gold finish, employing gold with a carat of as little as 18, 14 or nine but with a high design content, alongside Swarovski crystals, brass, plastic and resin.

Or there is Lebole Gioielli, which has had a fashion hit with earrings made from pieces of silk from kimonos that sell for €96.

Nonetheless, the development of a new fashion segment in jewellery has brought with it new tensions. The Italian daily paper *Corriere della Sera* this year reported a stormy meeting of members of the Italian gold-making trade group, where one entrepreneur asked if he could call his collection gold if he worked only in brass?

Giovanni Raspini, an up-and-coming Italian jewellery designer who has five stores in Italy and one in Munich, and manufactures in silver and bronze, is among a number of entrepreneurs who argue that traditional distinctions based on materials no longer have any significance. "The perception between precious and non-precious is lost. What matters is whether you sell or not," he says.

## Watches & Jewellery



Race for space: IWC placed a Formula One simulator car on the ground floor of the Selfridges Wonder Room on Oxford Street, London, to promote its Ingenieur range.

Kalory

# Attention seeking reaches ever greater heights

**Department store wars** Retail theatre has gained an important foothold in watch groups' marketing campaigns, writes *Claire Adler*

London's top department stores have increasingly taken to staging attention-grabbing events and experiences focused on watches. Harrods and Selfridges are leading the way in creating what those in the business call retail theatre, in the form of pop-up attractions and mini museum-style exhibitions.

Selfridges is no stranger to a bit of retail theatre. It stocks a nail polish for £160,000 by jewellery couturier Azature, that incorporates 267 carats of black diamonds and has 60 black diamonds on its platinum bottle cap.

Last month, the retailer's ground floor played host to a Cartier concept store, complete with a cinema encased in the brand's signature red box, and a mini-exhibition billed as the seven wonders of Cartier.

When, this year, IWC placed a Formula One simulator car on the ground floor of the Selfridges Wonder

Room on Oxford Street to promote its Ingenieur range and its partnership with the Mercedes AMG Petronas Formula One team, racing champion Lewis Hamilton came along for the ride. After he had given the simulator a test spin on the opening day, guests and customers were invited to beat his speed of one minute 38 seconds. One petrol head made a time of one minute 37 seconds.

Those who found it too fast-paced might have tried out the store's Silence room, which opened this year – presumably designed to cater for the satiated.

The IWC campaign's social media statistics suggest they would have been in the minority. The campaign garnered 21,000 "likes" on Facebook and, out of 13,000 visitors to the exhibition, 1,000 tried their hand at driving the simulator.

"Selfridges has 20m visitors a year, so we can convey a message there to

far more people far more quickly than at any individual brand boutique, and it's more targeted than general media advertising," says David Coleridge, chairman of DM London, which owns watch concessions at Selfridges and Rolex One Hyde Park. In late August, Rolex occupied all Selfridges windows with its new Rolex Icons advertising campaign.

In May, coinciding with Jaeger-LeCoultre's 180th anniversary, a line-up of Harrods windows included a recreated Jaeger-LeCoultre workshop, with original tools and the workbench used by Antoine LeCoultre in the 1800s.

It featured a display of Atmos clocks – which were originally designed in 1928, and draw energy from atmospheric variations – as well as the Hybris Mechanica collection, the brand's most complicated watches. Every day for a month there were also masterclasses on gem setting, engraving, enamelling.

When Dior, the luxury goods company, created its own version of total immersion at Harrods this year in the form of a pop-up shop and a temporary mini museum, temptations included Dior cupcakes presented in mini hat boxes and a limited edition £250,000 white-gold and black-ceramic watch with rubies, pink sapphires and diamonds.

Dresses, usually housed in France, included one worn by Princess Diana, a silver-sequined dress worn by Audrey Hepburn for a 1959 Harper's Bazaar shoot, and the spangly gold dress worn by Charlize Theron in the J'Adore perfume advertisements.

'Large-scale promotional events give department stores a talking point'

When heavy rain in Paris just days before the exhibition meant that some important items were stranded at Dior headquarters, there were rumours that the company had flown them in at the final hour by private jet. The Dior pop-up store secured more than £100,000 of sales before 5pm on the first day, and some limited editions had sold out on the opening night.

As department stores strive to create a point of difference for their customers, American jeweller Le Vian regularly holds red-carpet events at US department stores, including Macy's and Lord & Taylor, with displays of historic Le Vian pieces and jewels worn by celebrities, and in-store diamond cutting with talks held every 30 minutes for two minutes.

"Large-scale promotional events give department stores a talking point for their customers, while brands pay handsome sums for the space to make these events happen,"

says Marcus Margulies, chairman of Time Products.

Heightened department store activity has been accompanied by a trend for more individual boutique openings, such as London's Piaget, Omega and Swatch Hour Passion stores, at a time when online shopping is rising. At the high-end US department store Neiman Marcus, 21.9 per cent of sales were online last year, compared with 18.5 per cent three years ago. The UK's click-and-collect purchases are set to grow by more than two-thirds and be worth more than £4bn in 2018, says Verdict, the retail analyst.

EuroMonitor International has forecast that UK jewellery sales will deliver growth of 2 per cent by 2017 and 1 per cent for watches. Against this backdrop, the St James's department store and greengrocer to the Queen, Fortnum & Mason, recently opened a jewellery salon exclusively to celebrate British designers.

# Attitudes of traditional brands shift towards the internet

## Ecommerce

Until recently, the industry was wary of the web, says *Robin Swithinbank*

At street level, the UK watch retail space has been dominated by bricks-and-mortar openings over the past 12 months.

But, viewed from a more three-dimensional vantage point, there is evidence that the business of buying and selling watches online is on the move too.

Over the same period, a number of traditional brands, including Audemars Piguet, Zenith and Breitling, have begun offering their wares online via third-party retailers for the first time. In the past few months, Cartier and TAG Heuer have also launched their own transactional websites and are selling direct to the consumer.

Jaeger-LeCoultre, another traditional brand and one of the more unlikely candidates for online retail, has taken tentative steps in this direction too, selling some of its products online in both the US and the UK.

This marks a significant shift in attitudes by an industry that, until recently, remained enormously wary of ecommerce. Not long ago, those brands offering consumers the opportunity to purchase online were in the minority. Now, the industry is approaching a tipping point, where the opposite may be the case.

Reluctance stemmed from concerns about how the customer experience would translate and, perhaps more significantly, how information about care and maintenance could be passed on effectively without face-to-face contact. For these reasons, the likes of Patek Philippe, Rolex and IWC are yet to embrace online opportunities.

According to Justin Stead, chief executive of Watches of Switzerland, the impetus behind this shift in attitude has had little to do



Shopping: more consumers are moving online

Bloomberg

with viable solutions to these problems, and far more to do with consumer behaviour.

"The brands have realised how important and how dynamic the online environment is," he says. "If you're not attuned to the online customer, you put yourself at risk."

Watches of Switzerland has been a recent champion of ecommerce, after launching its own platform two years ago, and has since encouraged brands to be bold.

"The decision to retail online was led by the retailer," says Rebecca McDermott, Zenith's UK brand manager. "The concept was that Zenith is a brand chosen by opinion leaders, rather than by followers, and those customers are more likely to shop online."

Mr Stead believes there is plenty of reason to believe the online experience can offer customers the levels of service the luxury watch industry prides itself on. He points to the huge amount of detailed information available to watch consumers via the brands' own websites, as well as instructions on retailer websites about maintaining a luxury timepiece.

"The brands have done a great job of showing the intricacies of a mechanical

watch online," he says.

"All the things you could take as a negative [about selling watches online] could be turned into a positive. If you have magnificent visual content on a brand or watch in the online environment that a consumer can look at in their own time, you can say a lot to the discerning customer – and in more detail – than you could possibly do in person."

He talks about the power

'Brands have done a great job showing the intricacies of a mechanical watch online'

to "educate and collect", and suggests that the real value of a website that lists detailed information about a watch, right down to the price, remains its capacity to increase consumer confidence and drive purchases in shops.

Luxury watch retail websites are educational tools first and transactional tools second.

Despite the significant increase in luxury brands selling watches online, and the improvement of information available to web

users, the platform is still in its infancy. "In terms of impact, it's still very early days," says Ms McDermott.

"We've had some success, but so far nothing like the business going through stores. Experiential luxury is the way the luxury industry is going, and therefore an order on a website for a luxury watch is still less likely than one in-store."

The emergence of own-brand online boutiques offers another credible option to the consumer looking to purchase a watch remotely.

But in doing so, these single-brand sites enter into direct competition with those operated by the multiples. "Could they cannibalise our sales?" asks Mr Stead. "Maybe to a degree. They offer a different kind of experience – if you know you want to buy a watch from a particular brand you can go to their website, but if you want to select from different brands, you'll have that opportunity with a multiple like us."

Rob Diver, TAG Heuer's UK managing director, oversaw the launch of his brand's UK ecommerce platform, and is confident the two will coexist.

"You can buy Apple products from more than just Apple stores," he says.

"Traditional retailers have been retailing for much longer than we have, and many of them have very loyal customers who will only ever buy from their trusted jeweller. There's room for both to work well together."

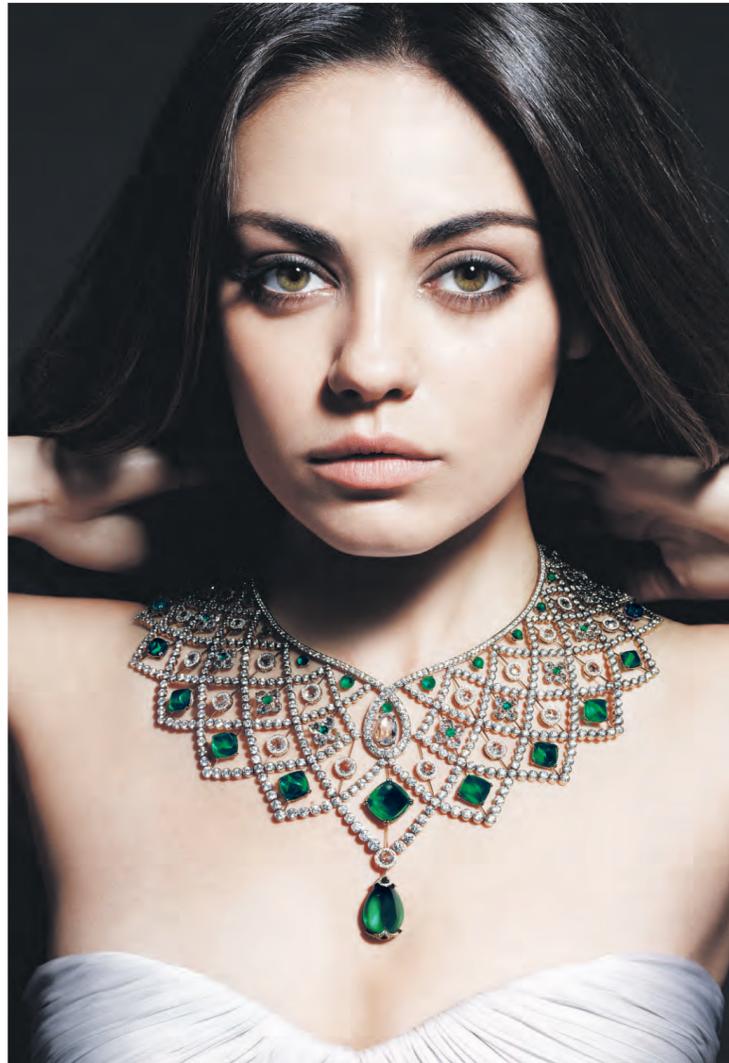
Mr Stead and Ms McDermott confirm that revenues from online sales represent a small percentage of their businesses' turnover.

Mr Diver has similar expectations of how his site will perform.

"Growth won't be massive, but the site will grow sales – ease of viewing will translate into interest, and then into quicker sales than in the past," he says.

"But online will always be there to complement traditional retailing. Nothing can take away the thrill of touching the watch you want for the first time."

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## Watches & Jewellery

# Demand for something different drives up prices

### Coloured gemstones

Claire Adler finds a mounting desire for stones that few have heard of

**D**aniela Mascetti, Sotheby's senior international jewellery specialist, was recently chatting to a client she has worked with for 15 years, helping her build up an important jewellery collection. "I don't wear my sapphires," the client confessed to Ms Mascetti. "I wear big jewels now – my onyx carved bracelets, big chandelier earrings, the colourful jewellery. I feel confident wearing these pieces – the kind you don't need a bodyguard for." Multi-coloured gemstones do not offer the same enormous intrinsic value as the rarest diamonds, sapphires, rubies and emeralds, but their allure is in their price and their design potential.

Increased demand for individualistic jewellery, coupled with price-consciousness has meant designers are turning to little known gems for both unusual colour effects and a semblance of affordability. As a result, prices of lesser known gemstones have been rising.

According to Antonia Ross, gemologist at Holts Gems in London, in the past two years an unheated two-to-three-carat padparasha sapphire has increased in value from between £1,500 and £1,800 per carat to about £3,000 per carat, and the per carat price of a quality blue sapphire has shot up from £500-£600 to £1,200.

Other stones with prices on the rise include natural fine blue chalcodony, spinel and chrysoberyl cat's eye.



**Alternative rock: Van Cleef & Arpels' summer cocktail ring with pink spinel mauve sapphires and coral (right), azurite on malachite (above), and a ring stack from Monica Vinader's new Baja collection**

In evidence of a mounting desire for stones few have even heard of, at the Tucson gem show earlier this year, a senior buyer for JTV (Jewellery Television) bought three gemstones for the first time – blue spot azurite and double-terminated quartz crystal from Pakistan and rhyolite threaded with veins of red beryl from Utah's Wah Wah Mountains.

Meanwhile, Brazilian designer Silvia Furmanovich attributes increased demand for peridots to demand from

China and other emerging markets.

Bonhams New York held its first gemstone and mineral auction last year, while emerald and amethyst producers, Gemfields, hit a record for the average price per carat at emerald auctions in Lusaka, Zambia, in July. All 583,448 carats on offer were sold, including a 54-carat rough emerald that also achieved a record price.

Rising prices for natural precious gemstones has put pressure on jewel-

lers to find alternatives. "Prices for unheated Burma rubies, Kashmir sapphires and Colombian emeralds that haven't been enhanced are on the up because of their genuine rarity," says Joanna Hardy, jewellery historian and former auctioneer.

"This demand for colour means other gemstones have attracted attention and the likes of paraiba tourmalines, spinels, rubellites, pink sap-

phires and topaz are now increasingly sought after."

Price and preciousness change with fashion. "In the 1920s, a time of great creativity in jewellery, lots of jewels were set with coral and lapis lazuli, stones that were not considered precious," says Ms Mascetti. "Pieces from the 1930s by Suzanne Belperron, who used white chalcodony and rock crystal to great effect, were largely forgotten until five or six years ago."

Ms Belperron was famed for her

elaborate rings of carved rock crystal topped off with diamonds. Last year, a Belperron carved crystal ring, inset with a large navette diamond, sold for \$498,255, almost 10 times its estimate.

Bulgari has been teaming diamonds, rubies, sapphires and emeralds with semi-precious stones since the 1950s. Its new Diva collections are rich in rubellites, mandarin garnets and peridots. "We're more daring than ever in mixing different colours, shapes and sizes of semi-precious stones," says Lucia Silvestri, jewellery creative director.

Amrapali, the Indian jewellery company and red carpet regular, says it is using a lot of more unusual coloured stones.

Meanwhile, pink spinel contrasts against mauve sapphires and coral in Van Cleef & Arpels' Summer Cocktail ring. Boucheron's Hotel de la Lumiere collection is largely based around rock crystal, while Armenta layers stones, such as malachite and blue topaz. Monica Vinader's new Baja collection uses coloured stones with a curved but faceted cut, and has outperformed sales forecasts by 150 per cent.

For her One of a Kind collection, Annoushka Ducas, founder and creative director of the Annoushka jewellery range, regularly uses lesser-known stones.

Creative directors agree that jewellery customers now crave the unusual. Lesser known stones can become fashionable, resulting in individualistic, innovative pieces.

"If big fashion houses can sell a perspex cuff for hundreds of pounds, perhaps fine jewellery can incorporate a humble sodalite?" quips designer Tessa Packard, whose new collection features sodalite as well as green carved chrysoberyl, chosen for both its colour and its ability to withstand intricate carving.



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## Connoisseurs spot the value of rare green gem

### Tsavorite

Material mined in Tanzania and Kenya is making waves in the jewellery world, writes *Syl Tang*

A little-known gem called tsavorite is making waves in the jewellery world. Later this year, luxury labels such as Assael, Hemmerle, Boodles and Jamie will use the green stone, which is 200 times rarer than emeralds.

Discovered in Tanzania in 1967 by Campbell Bridges, a British geologist, the stone first captured the interest of Harry Platt, Tiffany's then-chief executive, who brought tsavorite to limited public attention with a marketing campaign in 1974.

The jeweller has carried the gem ever since, and recent interest could be down to a secondary push by Tiffany to mark the company's 175th anniversary.

"We did a whole legacy gemstone collection building on tsavorite and tanzanite," says Melvyn Kirtley, the jeweller's chief gemologist. "We bought a lot more and used it in many of our designs. Last year, we carried a lot more than we had in previous years, which created interest."

But the gem remains little-known among consumers, and that could be down to a scarcity of large tsavorites.

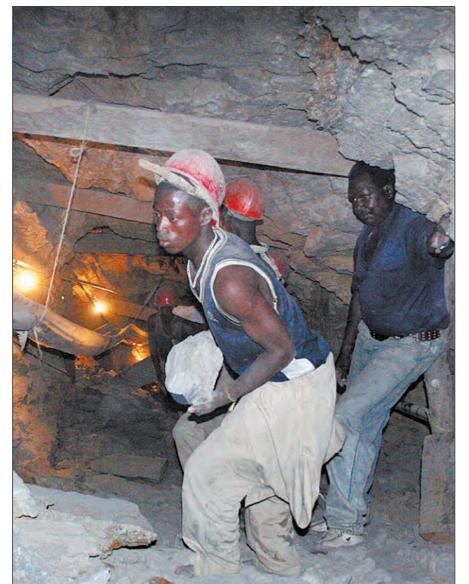
The stone is mostly available in sizes suitable only for pavé work, and rarely turns up in news-making pieces. Angela Cummings, a jeweller who worked at Tiffany during the years that the company brought tsavorite to market, says publicity around large gems is essential.

"You have to see it to understand it, and only then can you appreciate it. There are not enough to go around as they don't often come in five carats or larger, so people don't know they are there," she says.

At wholesale, a one-carat quality tsavorite costs about \$464. Once stones exceed small carat sizes, prices skyrocket into the hundreds of thousands.

Tiffany recently offered a 20-carat tsavorite ring in a platinum mounting with diamonds and sapphires at \$170,000, a beaded tsavorite necklace for \$115,000 and a bracelet made up of 30 round stones for \$180,000.

Part of that high cost lies in the source of the gem. Tsavorite is found mainly



Stars of Africa: Kenyan miners dig out tsavorite

in Tanzania and Kenya, which presents problems. "Tanzania is very rich in minerals, but just getting it out of there isn't easy," says Ms Cummings.

Shortly after the discovery of tsavorite, Tanzania underwent political reform. When its economy had difficulties in the 1970s, the government was driven to borrow money from the International Monetary Fund.

Though the economy has stabilised, and the country has developed into a destination for luxury travel, local problems continue to plague procurement of the stone. Random attacks on miners are a frequent occurrence.

Production in Kenya is also problematic. In 2009, Campbell Bridges, was murdered in Kenya and local police suggested that the killing was over a dispute surrounding control of the gemstone mines. Since the murder, the Bridges family has halted extraction of the stone at their company's mining concession.

Tsavorite has so far not been discovered anywhere else, which limits the amount of the stone to any that might remain in the hands of gem dealers.

Scarcity and difficulty in bringing the stone to market may have led to limited appearances throughout the past 20 years, but some designers cite more prosaic reasons.

Rosanne Karmes, founder of Sydney Evan fine jewellery, attributes this to consumers' love-hate relation-

ship with the colour green.

Ms Karmes, a designer who is often credited with spotting trends early, says: "There have been times when green wasn't selling too much. Blue stones are the number one bestseller. Red depends on the year. Blue is subtly appealing, whereas green is flashier."

Despite the difficulties, designers seek out the stone. Christian Hemmerle, of Hemmerle, the German jeweller, says: "Tsavorite offers unparalleled dispersion and colour intensity. The crystals are much clearer and with fewer inclusions, as it is not mined with explosives. Connoisseurs are always after rarity, as people have realised there are gemstones rarer than rubies, diamonds and sapphires."

For other jewellers, practicality wins out. Jamie Wolf, whose collection is carried at both Bergdorf Goodman and London Jewellers, says tsavorite meets an important consumer need. "It is harder, less sensitive to fracture, than emerald. Clients buy something they can wear day in and day out, so the notion of stones with strength is an important property in a way it didn't used to be."

Despite the trend, it is unlikely that tsavorite will become as popular as emeralds.

Lawrence Lewis, chief executive of Assael says: "Emerald has been known for centuries, and there just isn't enough tsavorite to saturate the market."

## Watches & Jewellery

# Design hoard provides big possibilities for horophiles

**Secret sketches** The legacy of Gerald Genta is alive and well in a large archive of drawings, writes *Simon de Burton*

The legacy of Gerald Genta, the late watch designer, is well known to horophiles. His "greatest hits" range from the Omega Constellation to IWC's 1970s Ingenieur and Da Vinci models, the Patek Philippe Nautilus, the perpetual calendar dial for the Cartier Pasha and, most memorably, the octagonal Royal Oak sports watch which he penned for Audemars Piguet in a single, overnight sketching session.

Few outside Mr Genta's circle are aware that these watches represent the tiny tip of a potentially vast iceberg. On his death in 2011 at the age of 80, he left behind a hoard of thousands of highly finished yet unrealised designs, created not at the behest of any particular manufacturer, but simply because his fertile imagination and passion for drawing meant a day rarely passed without another idea being put down on paper.

And, unlike the disorganised piles of canvases and drawing books that are often found in the studios of

departed artists, Mr Genta's sketches are perfectly preserved, carefully filed and ready to be brought to life.

His widow, Evelyne, allowed the FT exclusive access to the archive, which fills more than 60 drawers and spans more than a decade of creativity. As well as the prodigious nature of Mr Genta's output, it reveals a meticulous approach for which the word "sketch" is not appropriate. Created on uniform sheets of eight-inch by five-inch black or dark-blue pastel paper, every piece of work is immaculately finished and annotated.

Originally trained as a jeweller, Geneva-born Mr Genta turned to freelance design as soon as he had qualified, producing innumerable sketches at SFr15 a time, which he sold to independent makers.

He subsequently diversified into advertising and fashion, establishing a reputation that resulted in his first commissions to create one-off watch designs. They represented the beginnings of a success story that enabled him to set up the Gerald

Genta brand, which he sold in 1999 to a Singapore buyer who, in turn, sold it to Bulgari.

But all the time that he was running his company, he was also working on the bespoke commissions in which he specialised.

"Creating the one-off pieces was the side of the industry in which he was really interested," says Mrs Genta, who is Monaco's ambassador in the UK. "I would estimate that he designed at least 6,000 bespoke objects for clients, ranging from the late Fiat head Gianni Agnelli to many of the world's royal families – he made more than 2,000 for one particular head of state alone.

"He maintained a high output throughout his life and, in his later years, would spend the mornings designing watches and the afternoons painting.

"As a result, we have these many unrealised designs, which are all completed to the exact size, and ready to be realised. Gerald knew exactly how a watch was made and, therefore,

never produced a design that was not viable."

Among the archive is a drawing showing that Mr Genta experimented with the idea of making a six-sided follow-up to the Royal Oak. There are also the original designs for the Bvlgari Bvlgari – the first watch to feature a brand name on the bezel – and others for everything from automatons to perfume bottles, and a sword stick created as a gift from the Queen to a head of state.

There are also drawings for one of Mr Genta's last commissions, a project he undertook in 2008 with London's Ritz Hotel to create a small series of watches, which he based on architectural, cultural and social elements from the hotel. They are the only watches designed by Mr Genta to carry a facsimile of his signature and, of the three lines made – a date model, a chronograph and a tourbillon – nine examples are still available for sale at prices ranging from £17,000 to £100,000.

But it is the unrealised drawings

**Custodian: Evelyne Genta with some of her late husband's watch designs, all ready for production by the right person**

Anna Gordon



Hundreds of drawings are perfectly preserved, carefully filed and ready to be brought to life

that will excite watch enthusiasts most, as they provide endless potential for the industry for decades after his death. Mr Genta was, however, famously outspoken and decidedly selective about the people he worked with, and the list of manufacturers that did not impress him was far longer than that of those with which he would happily collaborate.

Mrs Genta has no intention, therefore, of allowing any of her husband's designs to be made available to a maker that he would not have approved of. But for those who thought we would never see another new Gerald Genta watch after his death, hope is on the horizon.

"There are many hundreds of designs here just waiting to be brought to reality," says Mrs Genta. "And the day I meet someone who is on the same wavelength as my late husband was, I will be very happy to allow them to go ahead and make them – who knows, it could result in another watch as successful as the Royal Oak."

# Fashion puts mechanics to an extreme test

**Slim line**

*Simon Brooke* reports on a trend towards the low-key

The move towards a more understated, discreet look has affected every element of the luxury market from apparel to holidays.

Recently it has been the turn of watches, as many of the big luxury watchmakers challenge their technical experts to create timepieces that are often just a few millimetres thick.

Graff Luxury Watches, for instance, has just launched the Graffstar Slim, which, with its case, is only 6.35mm thick.

"This is a reaction to the big, bulky sports watches that have been so popular over the last few years," says Michel Pitteloud, chief executive of Graff Luxury Watches. "I think people now want something more understated, especially for the office and for evening wear."

The slimmer styles appeal to both male and female consumers for different reasons, he believes. "Women like the lightness and elegance, men appreciate the mechanics involved." And the mechanics are impressive. Watchmakers are being required to rethink the way in which they engineer timepieces. For Graff, as with others, incorporating a tourbillon in a very slim watch, for instance, has been a particular challenge, but this year it also launched its MasterGraff Ultra Flat Tourbillon.

"The dials of some of our ultra-slim watches are covered with a layer of mother of pearl which is less than 1/10mm thick," says Mr Pitteloud. "The most difficult thing to work with has been the tourbillon. The one we've developed uses ball bearings that are made of

ceramic and are 2-3mm in diameter. They come from medical applications, and are sometimes used in pacemakers."

Vintage slim watches are also in demand. While department stores in Asia are selling ultra-slim pieces from the 1970s, Vacheron Constantin has celebrated a history of slim watches that dates back to the 19th century with the recent launch of its Historiques collection. The Historiques Ultrathin 1955 pays tribute to a watch made that year, and the modern version of the original movement is only 1.64mm thick. The company claims that it is the thinnest manual-wound movement in existence.

In addition, there is the Historiques Ultrathin 1968, another reference to the year in which it was first created. It has a self-winding movement but features an ultra-thin design at only 2.45mm in depth. The updated version is water resistant to about 30 metres.

These ultra-slim watches are the latest development

**'The less space you have, the more complex it is to develop and assemble'**

in a longer trend towards more classic, traditional watchmaking, according to Celine Larose, the company's UK director, but even for a company with a tradition of such watches, meeting the needs of modern consumers has been technically difficult.

"The less space you have, the more complex it is to develop, manufacture and assemble a thin movement," she says. "They can be compared to complicated movements. Our ultra-thin



Piaget's Altiplano Skeleton is just half a centimetre wide

designs have to be as reliable as other designs."

Audemars Piguet's Extra-Thin Royal Oak – just 39mm thick – was launched last year. It is the latest incarnation of a model that first appeared in 1972, and is regarded as the world's first prestige sports watch in steel.

The decoration of the new version pays homage to the original. Much of the mechanism is almost unchanged, which demonstrates the way that some elements of the watchmakers' art are so little affected by new technology. Chaumet will also celebrate the 10th anniversary of its Dandy with a slim version later this year – a clean-lined, masculine-looking watch that is, nonetheless only 38mm thick.

Cartier, which also has a tradition of slim watches, has slimline versions of its celebrated Tank Louis Cartier – the thinnest in its collection, with a movement of just 5.1mm in depth. Thierry Lamouroux, international marketing director for watches at Cartier, says an extra-flat movement is a symbol of watchmaking expertise.

Other manufacturers are making an artistic virtue out of a technical necessity. Piaget's Altiplano Skeleton, which has a movement of only 2.4mm inside a watch of just over half a centimetre in width, strips away all unnecessary

casings to leave the workings in full view – including cogs that measure 0.12mm. Piaget has one eye on the more decorative market with its gem-set Skeleton watch, whose mainplate and functional parts are set with gemstones. This is combined with a double ultra-thin record: 3mm for the movement and 6.10mm for the case.

"If there is one thing that never changes at Piaget, it is the tireless determination to constantly push the boundaries of the infinitely small," says the company.

Even brands that are known for their slim designs, such as Patek Philippe, are going to extreme lengths in terms of design and technical innovation.

Its 5140 Perpetual Calendar, with a self-winding calibre, manages to cram 275 parts into its ultra-thin 3.88mm profile. This is possible because of an off-centre mini-rotor in 22-carat gold, and the ingenious arrangement of the perpetual calendar and moon-phase mechanisms.

As well as being an example of discreet luxury, slimmer watches are following the trend for skinnier profiles in suits, shirts and dresses. With brands such as Vacheron Constantin promising even slimmer models later this year, the question seems to be "How low can you go?"

# Groups attain mixed results in the alternative market

**Eco-watches**

*Syl Tang reports on the difficulty of going entirely green*

It was just a matter of time before ecology touched the watch industry. With nearly 15m watches sold in the US alone in 2012, several new companies are trying to make the business a bit greener with biodegradable and natural materials.

In 2008, Marcella Maselli became troubled by the plastic watch trend. Michael Kors had entered the marketplace with plastic bracelet timepieces, and the Italian company Toywatch was experiencing enormous success.

Ms Maselli, director of product development for E Gluck, the company in charge of the Armitron and Anne Klein licences, says: "Everywhere I looked, I saw plastic. I wanted to make something with the look but not the environmental impact." She started working on a line called Sprout, which would be based in New York, and be biodegradable.

But it was not quite as easy as she had hoped. Traditional plastics are oil-based, and therefore not biodegradable. Finally the company used polymer polylactide, extracting starch from corn, converting the sugar into lactic acid, and turning it into pellet form, which then became mouldable and injectable corn resin.

Made entirely of plant-based feed, corn resin watch bracelets break down naturally over time. Sprout could not figure out some of

the elements: the hands, the crown and movement had to be traditionally made. However, the crystal was replaced with one that is a biodegradable mineral, and the traditional watch battery with a mercury- and lead-free option.

The result was a watch that would biodegrade by 80-93 per cent in a landfill in an estimated three years, with decomposition speeding up in a compost environment. During the process, the watch would not leak toxins or chemicals, which is the biggest problem with traditional plastics.

There are some style limitations to the Sprout eco-friendly watches. "Because of the nature of the materials, you cannot do everything with corn resin," says Ms Maselli. You can't make a gold watch or a silver-plated watch.

Not being able to take on every trend has not hampered the company. Sprout has expanded to 80 styles carried in 1,000 sales outlets, including the US department store Nordstrom, where new models such as cork and bamboo variations are introduced five times a year.

Also chasing the alternative material option is WeWood, a company that started making watches in 2010 with wooden bands, and cases that had not been treated with chemicals, ideally using already harvested scraps.

Historically, wooden watches have not fared well. If the wood had not been treated with chemicals, insects consumed the material. With other watches, wearers discovered the

wood would simply deteriorate over time. And some cost thousands of dollars.

Based in Florence and Los Angeles, WeWood makes no secret of the difficulties. Neither of the two founders, Daniele Guidi, an accessories distributor, and Alessandro Rosano, a shoe designer, had any experi-

ence. "From when we made the first sample, to understand what was going wrong, to make things work well together, [was] a work in progress. [From] that first watch to today, the failure [rate] has been reduced drastically," says Mr Guidi.

The company found its test groups by tracking the way the watches they sold fared in an increasing number of climates and locations. Wooden watches had existed for some time through other companies such as Tense, Martin & MacArthur, AB Aeterno, and SpringBreak, but WeWood's reclaimed message, wide variety of styles and modest prices seemed to resonate.

Made primarily in Indonesia and China from maple, black wood, recycled teak and rosewood, WeWood's pieces, which retail for between \$120 and \$140, and weigh just 1.5 ounces, became popular with consumers. Singers Rihanna and Ke\$ha, and pop group the Black Eyed Peas, are fans and the company ships to more than 30 countries.

WeWood plans to make a watch with entirely ecological movements. Only the springs would be metal. But to make this a reality, the cost would be astronomical, at \$20,000-\$30,000 each.

"This sort of thing appeals to the 20- to 25-year-olds, says Katie Nadler, chief executive of the fash-

ion recommendation engine, TopShelf. "The 'millennials' became aware from a young age of the potential long-term environmental damage of everyday actions. It's a thoughtful approach on what they wear."

However, TopShelf, which makes about 100,000 monthly purchase recommendations to its subscribers, says that, despite a growing number of requests, eco watches are still a very small percentage of the 10,000 to 15,000 watch purchases that it recommends.

The major catalyst for volume growth in eco-friendly watches will come when industry giants such as Fossil start to focus on it," says Ms Nadler.

An industry analyst who asked not to be named noted: "There's just 11 brands that surpass \$100m in sales each. It's absurd for a start-up watch company to try to take them on." WeWood admits it struggled initially with low production numbers and a lack of resources.

Some feel that ecologically focused watch companies are simply riding a larger trend for anything green. According to LGI Network – an NPD Group company that tracks 72 watch brands – although 90 per cent of the market is battery-driven watches, the trend is just a matter of marketing.

Fred Levin, president of LGI, says: "When you look at how much energy we use elsewhere in our daily lives, your watch is such a small part – the battery even smaller. It lasts for three years and is one of the most efficient sources of energy... This is a non-event. It's just that marketers always focus on ways to appeal to consumers."



**Wood works: WeWood's Jupiter model (left) and one of Sprout's 80 styles**

## Watches &amp; Jewellery

## New segment emerges for the upwardly mobile

**The middle market** Women are starting to become a standalone force in luxury, writes *Lucie Greene*

The flourishing market in fashion fine jewellery "has the potential to do for the jewellery segment what contemporary brands have done in luxury fashion," says Ed Burstell, managing director of Liberty of London.

The fashion landscape has been transformed in recent years by clothes brands such as Rag & Bone, Maje, Carven, Sandro and Isabel Marant, and these high-quality labels – priced at a fraction of blue-chip designer brands – have become staples among swathes of upwardly mobile women.

Now a similar sweet spot, aimed squarely at the same affluent, fashion-loving professional, is emerging in fine jewellery.

Astley Clarke, an online jewellery group, sells pieces priced upwards of £80 for bangles, but its growing selection of fashion-led precious and fine pieces, priced between £200 and £7,000 – including collections by designers Dinny Hall, Shaun Leane, Solange and Carolina Bucci – are leading the way.

Fashion fine jewellery sales have risen by 300 per cent in the past 12 months, the company says, and Net-a-Porter is witnessing the same effect.

"Sales of fashion fine jewellery have more than doubled in the past year," says Sasha Sorokin, Net-a-Porter's non-apparel buying manager. The company's selection includes offerings from Percossi Papi of Italy, Aurelie Bidermann of France and New York-based Diane Kordas.

This month, Liberty is set to unveil a newly reconfigured jewellery emporium introducing a host of new labels, including Anna Sheffield, Arman Sarkisyan, Daimyo, Eva Fehren, Fabrizio Riva, Larkspur & Hawke, Morlitz Glik, and Nak Armstrong.

"Until recently, the jewellery market has been very



polarised between the high street and Bond Street," says Bec Astley Clarke, the founder.

"Bond Street is totally inaccessible, and all about the stones – there's no design element. The language is very much about the stone as a commodity or as a lifetime item. Meanwhile, the high street has no intrinsic value. There's a new segment emerging in between," she says.

Luxury groups are taking note. In April, Kering (formerly PPR Group) acquired the Italian jewellery label Pomellato, famed for its coloured, stackable, everyday pieces (the company in 2012, was already posting revenues of €146m).

Kering announced big expansion plans for Pomellato in April, focused on the US and Pacific region.

In 2012, the company purchased

Qeelin, a Hong Kong-based jewellery label that is similarly priced and positioned.

"The growth of fashion fine jewellery is being driven by women, wealthy businesswomen, lawyers and professionals on high incomes who want to shop for themselves, and want something beautifully designed," says Ms Astley Clarke.

"Luxury jewellery brands have been targeting billionaires, but we are targeting affluent female professionals. Our woman is an FT reader, buys Grazia sometimes for fun, and is intelligent," she says.

"It's the same woman who would have bought a £900 handbag, and is now also buying fashionable fine jewellery for herself. She views the categories: shoes, bags – and this jewellery – as part of the same portfolio. She'll wear them with premium

denim, a casual T-shirt and designer blazer. They're for every day."

The segment is growing, in part, thanks to women's changing attitude towards jewellery.

"The notion of going to the vault to get your jewels out is also no longer relevant. Women want pieces for all the time. They want to enjoy them," says Mr Burstell.

"The woman buying them doesn't want to know the weight of the stone or the base metal, she wants to know what the inspiration was. These jewellery labels are independent and create beautifully designed pieces that aren't trend-led. They're about the designer and a story."

"Women are looking for a design sensibility, not branding," says Ms Sorokin. "They're also interested in the designers behind the product."

There are two external factors that play to the appeal of this segment. First, the prices of designer statement costume jewellery, which easily reach £400 to £2,000.

"Women are thinking 'If the prices are comparable, I may as well buy something precious,'" says Ms Astley Clarke.

"A designer costume piece may be £200, but made of ribbon and plastic, and costs 50p to make. With fine and semi-fine jewellery, more of the cost has gone on the materials. And the sense of long-term value and investment does add to the appeal."

The increased focus on "franchised" classic, or iconic designer brand jewellery pieces in multiple colours and editions, is another factor, adds Mr Burstell. "There's been a culture of sameness in fine jewellery for a while. Who wants to go out in Paris and see 10 other women wearing a Chanel J12? Everyone's got it. You don't want to see yourself coming and going."

Then there is the bigger factor. Women, in general, are starting to become a standalone market force in luxury, and one that needs to be marketed to specifically.

The number of Fortune 500 companies run by women rose from 12 in 2011 to 20 in 2012.

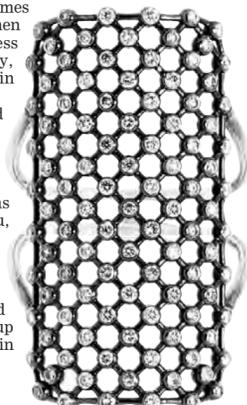
Thirty-four new women joined the Forbes 2013 annual rich list. And, if you subscribe to the premise put forward by *The Athena Doctrine*, John Gerzema and Michael D'Antonio's 2013 New York Times bestseller, on how women will dominate business in the 21st century, others will follow in their droves.

Already at Baselworld 2013, complicated women's watch styles were the leading story of the event. Meanwhile, brands such as Gucci, and Miu Miu, have begun to target women with female-empowering PR platforms, such as Gucci's Chime for Change and Miu Miu's recent pop-up women's members club in London.

Watch this space.

**Target audience: brands are focusing on the female professional, with rings by Astley Clarke (below left) and Diane Kordas (below right)**

Bloomberg



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## Diversity and broad reach help Tissot weather the squalls

### Interview

François Thiébaud  
Tissot

### James Shotter on a brand on the march

As a native of the French watchmaking capital of Besançon, there was always a good chance that François Thiébaud (pictured below) would end up in the local industry – particularly given his interest in design and technology.

Having begun his career with a French watchmaker, Mr Thiébaud was forced to look further afield when the emergence of Japan's quartz-powered watchmakers plunged their more traditional European rivals into crisis towards the end of the 1970s.

"The French watch industry nearly collapsed. I knew I either had to change profession or, if I wanted to stay in watchmaking, I had to move to Switzerland," he recalls.

Mr Thiébaud took the latter option and, having worked for Breitling and Juvenia, he is now nearly two decades into his stint as manager of Tissot, a mid-market brand that is based in the Swiss Jura mountains and was bought by the Swatch Group in 1983.

In his time at Tissot, Mr Thiébaud has presided over a remarkable period of growth. When he took the helm in 1996, the company was producing about 850,000 watches a year. By 2012, the figure was 3.7m, making Tissot the third largest of Swatch's marques, and one of the largest operators in the Swiss watch industry – which last year exported 29.2m pieces.

Just as impressive is the brand's resilience. Tissot has increased its output every year for the past 18 years, including in 2009, when Swiss watch exports tumbled 17 per cent as the financial crisis made consumers around the

world wary of non-essential purchases.

Mr Thiébaud puts Tissot's success down to three main factors. The first is that its sales are spread relatively evenly across the globe. Mr Thiébaud declines to give a precise breakdown, but says that the group has 14,000 outlets worldwide.

"This has helped the group sail through recent market squalls more comfortably than most."

"It is much less risky to have a worldwide distribution than to focus on one or two markets. This was a strategic decision," he says.

"We are affordable for many countries and in many markets."

Secondly, Tissot has a broad diversity of products, which encompass everything from sports- to pocket-watches.

The third reason for Tissot's upward march, Mr Thiébaud believes, is that the brand, whose watches typically sell for between SFr250 and SFr1,000, sits in a price bracket that allows it to prosper whether economic conditions are good or bad.

For members of the new middle classes being created by the explosion of growth in emerging markets, Tissot's watches are an affordable first point of contact with Swiss horlogerie, he argues.

When times are bad, he says, the company benefits from consumers who might otherwise have bought more expensive brands, such as Longines, and buy a Tissot instead.

After three years of stellar growth, Swiss watch exports have fluctuated sharply over the past nine months. This is due in no small degree to a slowdown in Chinese demand, which is partly the result of a crackdown by Xi Jinping, the new Chinese leader, on corruption

and conspicuous consumption.

Mr Thiébaud says Mr Xi's moves have had no impact on Tissot's price segment, and he is confident that the group can sell more than 4m watches this year.

"We've had a good first six months, and July was no exception," he comments.

In the longer term, he has even more ambitious visions, especially if the middle class in emerging markets continues to expand.

"If there are 1bn people who want to buy a watch each year, we could increase our sales two or three times over the next decade. Why not? Unless we do something stupid," he says.

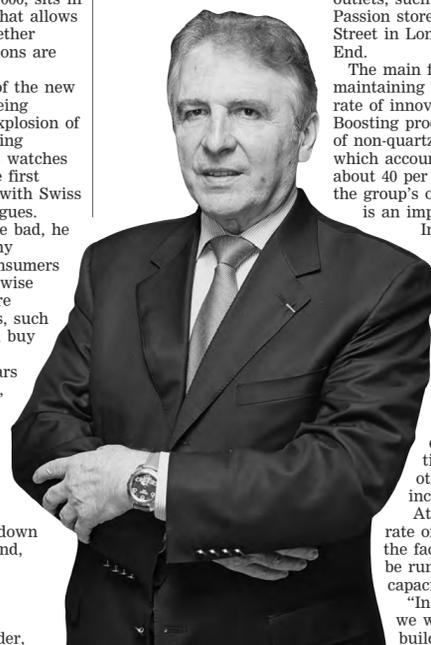
Sustaining growth will require a range of actions, says Mr Thiébaud, such as investing in the brand's sales operation. An increasing share of its watches are being sold through Swatch's own outlets, such as its Hour Passion store on Oxford Street in London's West End.

The main factor will be maintaining the company's rate of innovation. Boosting production of non-quartz watches – which account for about 40 per cent of the group's output – is an important goal.

In 2011, the company opened a new, automated warehouse in Le Locle, which, as well as catering for Tissot's output, also deals with timepieces for other brands, including Mido. At the current rate of expansion, the facility will soon be running at full capacity.

"In two years, we will have to build a new one," says Mr Thiébaud.

'Our watches are an affordable first point of contact with Swiss horlogerie'



## Watches & Jewellery

# Obamas find the perfect present

**White House jeweller** Pieces of history solve presidential gift problem, writes *Elizabeth Paton*

For centuries, the etiquette of gift giving has proved to be a diplomatic minefield for countless legions of foreign dignitaries, royalty and international leaders of state.

The potential for *faux pas* and consequent diplomatic embarrassment for presidents, prime ministers and monarchs is near limitless.

However, when it comes to present-day Washington, it appears that President Obama and the First Lady believe they have found a solution in the form of Kara Ross, the New York-based jeweller.

Ms Ross, a Georgetown graduate and certified gemologist, was recruited by the couple two years ago after a member of the Chief of Protocol's Office stumbled across her collections that are made out of maple, diamonds and gold.

Ms Ross was asked to create gifts for visiting world leaders from the fallen wood of a magnolia tree on the White House lawn.

"The Obamas were adamant that they wanted something different to give to their visitors – a real piece of America, and a sense of the craftsmanship our country is able to offer," says Ms Ross of the commission.

"And what is wonderful about forging pieces of jewellery from wood is the versatile and unexpected qualities that can be found in each piece," she says.

"I see my work as a wearable art form – a mixture of art and sculpture. When I use wood, I can achieve that in its most literal form, and imbue designs with a real sense of personality."

Initially instructed to create several one-off bracelets for female visitors – including Nelson Mandela's wife Graça Machel – Ms Ross and her team were soon asked to create a regular stream of pieces.

"When they want it, we make it," she says, adding that she also creates wooden trays with personalised silver plaques for male foreign dignitaries at the behest of the president.



**Good wood:** wooden bangle and tray from the Kara Ross Obama collection along with a stone bracelet from the Petra collection

These are often finished with gemstone details or hallmarks that tie into her fine jewellery silhouettes.

"It's an important touch," she adds. By using one of her designs, "a recipient becomes an interactive catalyst in bringing it to life."

When it comes to a compelling story, the Obamas' chosen material possesses it in quantity.

The magnolia tree used for the gifts was planted by Andrew Jackson, the seventh president of the US, following the death of his wife Rachel in 1829.

A seat under its branches became a favourite contemplative spot for many of the most famous residents of and visitors to the White House, including Harry Truman, Jackie Kennedy, Franklin D Roosevelt and Winston Churchill.

Recipients of the gifts get "a real fragment of our nation's history, where the symbolic value derives from something far beyond the mere material from which it is constructed," says Ms Ross.

In recent months, the relationship with the administration has developed

further. Ms Ross's workshop is regularly producing offerings for the office of John Kerry, Secretary of State, while deputy first lady Jill Biden wore a piece created by Ms Ross at the presidential inauguration in January.

Michelle Obama has been spotted wearing jewellery by Ms Ross for numerous public appearances in recent months, and the FLOTUS – an acronym for First Lady of the United States and Ms Obama's Twitter account – Midas touch has catapulted several American fashion designers to front page status. Does Ms Ross think she is ready for that too?

"Naturally it's a huge honour to have the patronage of the First Lady, and the gifts have given us enormous visibility," she says, clearly equipped in the art of quiet diplomacy herself.

"But I've also been around for quite some time."

Dazzling pieces from her fine jewellery line can be seen at the Boston Museum of Fine Arts, the Museum of Arts and Design in New York and the San Diego Natural History Museum.

Since the launch of her eponymous brand in 2003, her business has expanded to include more accessibly priced fashion jewellery plus "exotic skins" in accessories such as handbags.

Her most recent collection, which will be launched in the next few months and is entitled Petra – meaning "stone" in Latin – has provided her with the chance to continue her love affair with mixed mediums.

Her Manhattan showroom contains shelves that are full of surprises, as avant-garde materials such as concrete, volcanic lava and corals jostle with more conventional diamonds, gold, quartz or sapphires.

"There is something exquisite in the textural nature of contrast, especially with precious stones, where the raw and polished or high- and low-finish can offset the beauty of each form," Ms Ross says.

"It's pushing that to its very limits and forcing consideration and contemplation of the unexpected – something we've also been able to do with our range of gifts for the White House – that brings me enormous satisfaction as a jeweller."

# Marques recognise box's pulling power

## Presentation

Cases can cost as much as a small luxury handbag but jewellers say they are crucial. *Elizabeth Paton reports*

Despite their ubiquity, lifting the lid on the business of high-end jewellery boxes is never easy.

Be they multimillion-dollar groups with strings of international flagship stores or small boutiques down quiet side streets, prestige jewellery brands deploy quality packaging as a vital part of virtually every sale they make.

Yet when it comes to unveiling the creative coterie supplying these cases, a small and secretive world emerges. Neither the brands nor the makers are willing to reveal much about their partnerships, or how much they spend.

Budgets can often be hefty. The greater the cost of a piece, the more intricate, engineered and expensive the box in which it arrives inevitably has to be.

So why do jewellers go to such extreme lengths in terms of time and money when it comes to mere packaging and what added value does it bring?

"Exquisite presentation and proper protection of a new piece is a critical part of my interaction with a client," says Marie-Hélène de Taillac, a Paris-based jeweller.

"The way it is showcased, both as it leaves your hands – and in the decades to come in theirs – is of paramount importance as it forges a lasting relationship. It's an investment that I have found really pays off in the long term, even as a small business."

Ms de Taillac tends to use moulded, stamped lambs' leather boxes with hand-dyed interiors and exteriors made by some of France's finest master craftsmen.

"Obviously it's an extremely expensive decision – for pieces of \$10,000 and up, the boxes can cost the same as a small luxury handbag. But I'd rather spend the money in a way that truly benefits my clients and their experience of my product than on outgoings where it's harder to calculate a concrete ROI [return on investment]." She believes that unique, long-last-

ing boxes are a far subtler way of executing a targeted advertising campaign than pages that appear in magazines or online.

Johanne Lambert-Rosner, president and creative director of New York-based JL Production Design, knows this better than anyone. Renowned as a pioneering packaging visionary, she is a primary point of liaison between leading jewellers and the craftsman still able to manufacture at the quality and quantity required.

"A client will ultimately introduce their piece to a customer through packaging," she says. "The brand visual, values and level of service will all come into play through how it is initially presented, and before it is even seen."

"The first few seconds after receiving a box creates an associative psychological experience for the customer that feeds into what a box contains. The moment is a sacred space for luxury pieces and our clients know it – they'll pay handsomely for it to be perfect too."

**'Exquisite presentation and proper protection of a new piece is critical'**

A former ballet dancer and artist, Ms Lambert-Rosner creates boxes for virtually every big-name brand in the business. Costs range from \$3-\$10 for a simple case, to thousands of dollars for bespoke designs, involving furs, gold, diamonds and other precious stones.

Yet despite an extensive Rolodex, you will not find her business either advertised or online.

"I've never publicised my work, used social media and certainly don't have a website – we've grown entirely organically through word of mouth," she says.

"Our clients know where to find us and they are adamant that discretion is a vital component of our relationship, as they want to protect their supply chains. Luxury is based on exclusivity and we help our brands fully distinguish themselves from other companies in the market, something they don't want compromised."

"There's no doubt we are a quietly understated but hugely powerful part of the luxury business."

# Qatar puts sophisticated foot forward at museum exhibition

## Exchange with UK

The tiny state that grew rich through oil is emerging as a promoter of culture, writes *Simeon Kerr*

Pearls, long associated with wealth and royalty, are also one of the mainstays of Gulf Arab history and culture, having formed one of the Gulf states' main income streams before the discovery of oil.

As such, they make apt subject matter for Qatar UK 2013 Year of Culture, a series of events this year in both countries devoted to cultural exchange.

Qatar, fuelled by massive oil and gas wealth, has thrust its way on to the international stage via billions of dollars of investments, in corporate blue-chips, trophy assets such as Harrods, the London department store, and controversial intervention in various Middle Eastern conflicts, including Syria.

With a new emir assuming power following the abdication of his father this year, analysts say the country's priorities may become more focused on domestic development as the state gears up to host the football World Cup in 2022.

But the foundations of Doha's commitment to art and culture, through ambitious museums projects and an aggressive acquisitions policy, have already been laid.

"Qatar UK 2013 Year of Culture aims to forge new partnerships in the arts, education, sport and science," says Graham Sheffield, director of arts for the British Council, and chairman of the event's steering committee.

One high-profile occasion is a pearl exhibition at London's Victoria and Albert Museum, which has more than 200 pieces of jewellery and art that showcase the history of natural and cultured pearls from the Roman Empire to their use in contemporary design.

The pearls exhibit, which runs from September until January, is co-curated by the jewellery historian Beatriz Chadour-Sampson and Hubert Bari, director of a future pearl and jewellery museum in Qatar.

Mr Bari curated an earlier pearl exhibition in Doha, which was staged by the country in its eagerness to become a centre of cultural, as well as political and economic, events. The show focused on the natural history of pearls and the Gulf's central role in their development. They were once the foundation of the economy – to the extent that the discovery of cultured pearls in the 1930s resulted in a price collapse and a period of hardship.

Some see parallels with the modern Gulf's over-reliance on hydrocarbons – which has the potential to bring about a similar calamity unless economic diversification plans see stronger signs of success.

The V&A has built on the Doha show, bringing in a broader sweep of history

and additional glamour via more ornamental pieces from British collections.

Objects will also be provided by the royal collection and established jewellery houses, such as Yoko London and Mikimoto.

The exhibition plans to show a pearl-drop earring worn by the English King Charles I at his execution in

**Acquisitions have laid the foundations of an ambitious commitment to art**

the 17th century, and a necklace of cultured pearls given to Marilyn Monroe by her baseball-player husband Joe DiMaggio in 1954.

It will chronicle pearls through history, from their use to represent power in Roman and Byzantine times, to a Medieval symbol of Christian chastity, and then a luxurious adornment for wealthy Renaissance-era

merchants. With a smattering of celebrity in Elizabeth Taylor's jewels, it will also illustrate the significance of pearls in Asia, including imperial robes from China.

The V&A will portray the invention of the cultured pearl and its industrial scale production, which finally made pearls affordable for many.

While cultured pearls contributed to the destruction of the Gulf's pearling industry, oil wealth is now being recycled into cultural investment, especially in Doha, Qatar's ruling family is building several museums to house an ever-expanding national collection of treasures.

The events aim to present a different image from the annual parade of Qatari supercars cruising around London's Knightsbridge district.

In competition with Abu Dhabi for the role of premier regional cultural and financial hub, Qatar is planning to host a show by Damian Hirst, one of Britain's most well known living artists. The 25-year retrospective opens in Doha in October.

In line with a country that is embarking on an infrastructure boom ahead of World Cup 2020, the Year of Culture is bringing together Qatari and British architects and designers in Doha.

As Qatar adjusts to life under the new ruler, Sheikh Tamim bin Hamad Al Thani, youths have been increasingly vocal about their wishes for a renewed national focus on domestic development, rather than on overseas political adventures.

Some, for example, complain about the selection of a celebrity artist such as Mr Hirst, and call for the promotion of Qatari culture as the young population grapples with its position as a minority in its own land.

In the view of the organisers, however, the two-way exchange offered by events such as the pearl exhibit cuts through any local and international concerns, and helps to increase "cultural understanding".



**Cultured:** Joe DiMaggio gave Marilyn Monroe pearls

Getty

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## Watches &amp; Jewellery

## Glasses with the hallmarks of a luxury timepiece

## Statement spectacles

Elizabeth Paton finds a blurring of the boundaries in high-end accessories

**A**growing consumer appetite for technologically advanced, expertly constructed eyewear – often out of the world's most precious materials – suggests that spectacles may have more in common with the world of watches and jewellery than initially meets the eye.

Spearheading this movement is Lindberg, an independent Danish eyewear company set up 28 years ago by Henrik Lindberg, a former architect whose family was in the optical business. "My father was an optometrist who developed a pioneering light-weight frame building system in the 1980s for glasses involving no screws," he explains from the brand's head office in Aarhus.

"He took me on board to help him grow the business internationally and to deliver a new type of eyewear that the market hadn't seen before. We wanted to offer a design solution that combined pure architectural focus with practical purpose – glasses that I suppose were rather like a luxury timepiece."

Lindberg then embarked upon two pioneering decades of innovation. First, the company spent three years training workers and inventing all the in-house machinery required to retain full control of manufacturing.

"It was critical for us that, unlike our competitors, we never outsourced production – and oversaw a piece of progress all the way down the line, including into the hands of international suppliers and retailers," says Mr Lindberg.

"By retaining that level of self-sufficiency, no one can dilute its quality or our overarching vision – creating feather-light eye wear that encapsulates form with function in a very beautiful yet Scandinavian way."

As a result, the Aarhus base is a vibrant hub of activity, with a network of little factories all on a single site – not unlike many of the autonomous Swiss workshops that have come to symbolise the watch industry. The brand also broke new ground in terms of the types of metals used for frames, quickly adopting steel, then



Eye candy: Brad Pitt is among Lindberg's prestigious customers

AFP/Getty

titanium – once only used in space shuttles – and progressing to more precious materials, including solid gold, or bespoke pieces using exotic skins and buffalo horn.

That gave the brand much more flexibility with varying degrees of metal softness, as well as more control of its colour spectrum, where oxidation can be used to spectacular kaleidoscopic effect.

"Our glasses contain all the hallmarks of a luxury accessory or timepiece – exquisite materials and craftsmanship, intricate technological construction and the evolution of a unique heritage and elevated tradition," says Mr Lindberg, dismissing a moniker bestowed upon the company lately – the Apple of eyewear.

"I know that it's intended as flattery, but Apple provides 'fast-fashion' solutions – we pride ourselves on

'Our items sit in the middle of your face and are the very first thing people see'

offering our customers pieces that are durable and varied – you stand out with our frames, you don't blend in with the crowd. Our customers have a real appreciation for design, and truly value a haute luxury product."

Judging by Mr Lindberg's impressive client list, there are many wealthy connoisseurs who are inclined to agree.

Prince Henrik of Denmark, Queen Elizabeth II, Brad Pitt, Miuccia Prada and Giorgio Armani are just a few of the famous faces known to regularly sport the brand's wares, which range in price from \$500 for basic titanium frames or \$2,730 for a simple gold pair – and upwards.

When it comes to a bespoke offering, costs can skyrocket.

"We recently had one Chinese client who requested a dazzling set of gold frames, peppered with pink diamonds

from Australia and with all the groundbreaking technology we could offer – those ended up costing \$450,000 – a price he was more than willing to pay," he says.

Given that so much of the value of luxury watches is generated from their potency as status symbols, Mr Lindberg is convinced that it is only a matter of time before many consider prestige eye wear in the same light.

"An expensive watch is seen by many as a means of distinguishing yourself from others – but a timepiece only sits in your wrist. Given that glasses sit in the middle of your face, it's the very first thing people see. The logical next step is to spend money on giving people the best possible first impression from that item, as well as an indication of your tastes and aesthetic choices."

He notes that expensive glasses are

considerably less ostentatious than a flashy timepiece and given booming sales in the premium eye wear sector, for a younger 21st-century generation, big spending on de luxe eyewear is already a reality.

"China is a huge market for us now, especially in Hong Kong, and so is London, which attracts a large number of Russian and Middle Eastern clients."

Is Mr Lindberg tempted himself to enter the world of *haute horlogerie*?

"Obviously I have enormous respect for luxury watch brands and their craft, and see the lines between our two sectors becoming increasingly blurred – not to mention the fact that we share the same elite breed of international clientele. But no, there are no plans to make Lindberg watches for the time being, though one never quite knows what the future holds."

## ADVERTISING FEATURE

## Sparkling Success



Ph. A. Gatti - Jewellery Chronicle

A leading global jewellery exhibition held by Fiera di Vicenza this autumn

VICENZAORO, an international exhibition dedicated to the world of jewellers and goldsmiths, returns to the vibrant and cosmopolitan city of Vicenza in northern Italy this autumn. Strategically placed in the heart of the global jewellery trade calendar, VICENZAORO Fall will be held from 7<sup>th</sup> to 11<sup>th</sup> September.

Fiera di Vicenza is one of the world's premier jewellery exhibition management companies and a leading sector authority. Its profound understanding of the industry is embedded within President Paolo Mantovani's family history:

"I have a naturally close connection with the jewellery industry as I come from a family of goldsmiths. A great deal of what I've learnt is the result of my experience in the family business."

**"Working together leads to greater business success. At Fiera di Vicenza our main objective is to get results"**

Fiera di Vicenza's great wealth of jewellery knowledge makes it the ideal institutional body to host this highly influential exhibition.

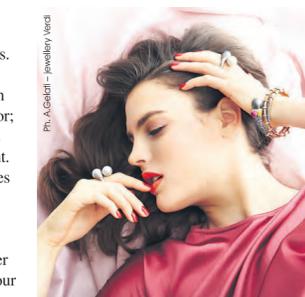
The importance of VICENZAORO Fall as an international event is reflected in the fact that around 1,200 exhibitors from 30 countries will attend. These exhibitors specialise in jewellery spanning the whole sector: hand and machine goldsmithing, silverware,

platinum, precious and semi-precious stones, watches, natural and cultured pearls, coral, cameos, seals and plaques.

The driving concept behind the exhibition is to create a forum in which Fiera di Vicenza may listen to the sector; understand the needs of the companies within it and support their development. This is key to how Fiera di Vicenza sees its role, as Paolo Mantovani explains:

"I believe it's vital for the industry to exchange views and plot shared paths. Working together leads to greater business success. At Fiera di Vicenza our main objective is to get results."

During the exhibition, the VICENZAORO community will be invited to VICENZAORO *Incontra* meetings – informal debates which will,



says Paolo Mantovani, "give jewellers, producers and buyers a voice, because hearing their experiences can lead to new strategies."

During these events, Fiera di Vicenza will also be asking entrepreneurs what it means to do business in the sector today, as well as encouraging the younger generation of goldsmiths and jewellers to express their perspectives on the industry.

VICENZAORO Fall is the hub of excellence for the jewellery industry and is held at a crucial time of year for global sales. It should be a key date in the diary of anyone who has an interest in the international jewellery market.

VICENZAORO Fall  
7<sup>th</sup> – 11<sup>th</sup> September 2013  
www.vicenzaoro.com

FIERA DI VICENZA

VICENZAORO

## Crossover

**Scheherazade Daneshkhu and Gill Plimmer report on a growing trend**

Coco Chanel once declared that fashion was "not something that exists in dresses only"; it also had to do "with ideas, with the way we live". The influential French designer was philosophising about the role of the industry, the lifestyle associated with it and not least Chanel itself. Her words have been taken literally by many fashion houses.

Couture houses and luxury leather goods companies have moved beyond their core products over recent decades, notably with the introduction of perfumes and accessories.

Hermès began life nearly 200 years ago as a saddlemaker before producing handbags and silk scarves.

The Paris-based company then diversified again – into clothes, watches and, more recently, tableware and furniture.

According to McKinsey, the management consultancy, 35 per cent of brands that originally offered clothes now offer products from more than four categories. For fashion labels, watches figure prominently in their brand extensions.

The reverse is not true, however. "Luxury brands with a technical core, such as makers of jewellery or watches, tend to be more cautious about brand extension," according to McKinsey.

The consultancy notes that only a handful have launched perfumes or accessories – perhaps fearing brand dilution.

But while it is easy to understand the attraction for luxury fashion labels of tapping a wider audience through modestly priced – at least compared with apparel – accessories or perfume in order to increase sales, watches are potentially riskier.

They are higher-ticket

items that, by nature, have notoriously cyclical consumer appeal.

Nicolas Beau, international director of Chanel's watches division, acknowledges that the business is volatile but says it is nonetheless highly attractive because of its rapid growth.

"Watches have always been very strongly affected by economic volatility – you only have to look at the stock market trend to see that," he says, noting that jewellery follows the same trend.

"It's a sector that is growing very strongly as more and more people have access to watches," he says, referring to a global trend of rising incomes and an expanding middle class.

Although watch sales were hurt during previous recessions, this time the industry has enjoyed a boost.

According to the Federation of the Swiss Watch Industry, last year set a record for watch sales.

John Guy, luxury analyst at Berenberg, the bank, says the premium end of the market has been growing in value by more than 15 or 20 per cent a year and is worth about €40bn.

"Soft luxury goods companies are trying to take a piece of the watch market," he says.

"They can leverage the success of their brands even

The market has been rising in value by more than 15 or 20 per cent a year

if they buy the components from someone else, although success is not guaranteed."

Watches are traditionally the one piece of jewellery that men will own, and the growing trend towards male grooming is fuelling sales. Mr Guy says: "You

can't bring your yacht into the boardroom but you can bring your watch. How many pieces of jewellery do men wear – not many, but they do wear watches."

The trend is also being fuelled by increasing female interest in fashion-related products, reflected by the success of Chanel's J12 watch line, for example.

Chanel, which makes its watches in Switzerland's La Chaux-de-Fonds, has been producing watches for more than 25 years.

But recently it has significantly increased its investment, in spite of the economic crisis.

It has increased its workforce from 200 to 300 in three years and doubled its workshop space from 6,000 sqm to 12,000 sqm after an 18-month building project, which was completed at the end of last year.

Laurie Milne, an industry expert and founder of Black Diamond Luxury, says the trend for fashion and leather goods makers to produce watches began with successful launches by Boss and Emporio Armani watches in 1997.

"These proved themselves to be bestsellers and gained huge market share," he says.

In June, Givenchy launched its "Seventeen" range of watches, designed by Riccardo Tisci, its chief designer since 2005. With a price tag of about \$800, the range marked a return to watches for the fashion brand after an absence of several years.

The launch has been relatively low-key in contrast to the fanfare – and much larger investment in watches – from fellow LVMH stablemate, Louis Vuitton.

Its chief designer, Marc Jacobs has extended the bags and trunkmaker group into ready-to-wear accessories, including sunglasses, jewellery and watches.

Not all launches have been successful, however. In 2007, Swatch agreed to produce watches under the Tiffany brand. But the deal collapsed in an acrimonious lawsuit last year.



Coco Chanel: 'Fashion has to do with ideas'

AFP

## Watches & Jewellery

# Top pieces feature in muscular dystrophy auction

### Charity

**Simon de Burton** considers the treasures on offer at this year's One Watch sale

Auctioning off a timepiece or two as a means of raising money for good causes has become all the rage in philanthropic circles, but there is still one charity watch sale that stands head and shoulders above the rest, both in terms of the quality of its offering and the remarkable sums it generates.

It is called Only Watch, a biennial event first held in 2005 that can lay claim to being the original charity watch sale.

It was established by Luc Pettavino, a former managing director of the Monaco Yacht

Show, who left his job to set up the Association Monégasque Contre les Myopathies (AMCLM) after his five-year-old son, Paul, was diagnosed with Duchenne muscular dystrophy in 2000.

Working with watch auctioneer Osvaldo Patrizzi, who was then head of Antiquorum, Mr Pettavino persuaded more than 20 luxury brands to donate pieces to sell at a special auction during the yacht show. That first sale grossed €1.9m, prompting the organisers to stage a second sale in 2007.

More brands took part, and the total increased to €2.7m.

With the money from the 2009 and 2011 sales, the amount raised for the AMCLM charity now stands at more than €10m.

The funds have been channelled into gene therapy research and the development of drugs to counteract Duchenne muscular dystrophy, a rare illness that affects one

**The Richard Mille tourbillon watch worn by the sprinter Yohan Blake (left), Chopard's special creation (middle) and Louis Vuitton's Tambour Spin Time Regatta**

boy in 3,500. It is characterised by progressive muscle weakening, which leads to respiratory and heart problems, and ultimately compromises the function of vital organs.

Mr Pettavino has also used some of the money to establish Synthema, a Bern-based, not-for-profit biotech company staffed by a dozen scientists and engineers who are working towards preventing muscular dystrophy.

Only Watch is regarded as the premier charity event for brands, as well as the source of unique watches that, in many cases, have the potential to become highly collectable.

This year's sale comprises

donations from 33 brands, and includes the Richard Mille tourbillon watch worn by the sprinter Yohan Blake during his triple-medal-winning stint at the 2012 London Olympics.

One of the most valuable pieces to be sold, it could fetch up to €500,000.

Also on offer will be the prototype of the Zenith El Primero Stratos watch worn by Felix Baumgartner during last October's record-breaking 24-mile skydive from a helium balloon. It is hoped it will realise at least €40,000, while as much as €600,000 is anticipated for a one-off version of Patek Philippe's Reference 5004 split seconds chronograph in a titanium case and with red strap stitching.

Other brands have gone to greater lengths to create watches exclusively themed for the sale. Chopard, for example, has made a special, €150,000 edition of its LUC tourbillon, in which

the dial has been engraved with a facsimile of the Monégasque coat of arms, surrounded by DNA chromosomes, to represent the scientific work that will benefit from its sale.

Blancpain, too, has made an exceptional effort with a special version of one its women's models, which has a dial decorated with the image of a dove made from mother-of-pearl marquetry.

The watch that is likely to attract the most attention, however, is a version of Louis Vuitton's Tambour Spin Time Regatta model. Its blue, "sunray" dial is decorated with a small gold-enamel sailing boat, created from an original drawing by Paul Pettavino (who is now 17), which carries his name on the side of the hull. A price of €60,000 to €80,000 for the watch is suggested in the catalogue, although it is expected to sell for considerably more.

Together with the

other 32 watches, it can be seen on a pre-sale world tour, which began last week in Tokyo. The tour continues today at the Malmaison boutique of The Hour Glass, the Singapore watch retailer

The lots will travel from Asia to the US and on to Geneva before arriving in Monaco prior to the auction. Pre-sale viewing will be held from September 25, and the auction will take place at 11am on September 28 in the Salle Belle Epoque room of Monaco's Hotel Hermitage. The event is open to all, and bids can be made in person, in writing, by telephone or online – although all those wishing to participate must register in advance.

# Cuffs provide link for men who want to accessorise

### Male market

**Elisa Aniss** reports on a banker who turned to jewellery

Jewellery is not just a growing segment in menswear. The men's market is focusing on it too.

As a result, Robert Tateossian, the London-based investment banker-turned-jeweller who left Merrill Lynch at the age of 27 only to discover that cufflinks were his calling, has become highly sought-after in a close-knit world in which menswear brands are eager to tap into their customers' willingness to smarten up and accessorise.

"I'm a jeweller who stays on top of fashion trends around the world," says Mr Tateossian, who is as much au fait with Pitti Uomo, the fashion fair in Florence, as he is with more jewellery-focused gatherings.

The Kuwait-born entrepreneur has acquired a clientele of more than 13 internationally recognised names, including Zegna, Neil Barrett, Canali, Gieves & Hawkes, Van Laack, Eton Shirts and Isetan in Japan.

There are also others who are guarded about the fact that Mr Tateossian masterminds their private label jewellery business.

When it comes to such partnerships, Mr Tateossian says: "We are known for being the specialist in this sector, producing designs that are unique and innovative, and being able to do it when given short lead times.

"We offer a full service, from designing the packaging, creating the jewellery, delivering it to the stores, training the staff on the shop floor and helping with merchandising."

Eton Shirts is Tateossian's newest partner. Signed in 2012, he has created a special accessories collection, comprising cufflinks, lapel pins and beaded bracelets, for the company's stores.

According to Sebastian Dollinger, creative director of the Stockholm-based label, independent retailers and department stores are also buying the collection because it fits with the Eton brand identity.

"Tateossian's unique selling point is a combination of quality, expertise, design flair and friendly charm. That makes it quite hard to beat," he says.

It is an opinion shared by Paolo Canali, group commercial director of Canali, who says the company's goal was to come up with a sophisticated and innovative range that would combine precious materials, interesting design and a touch of glamour and fun.

"It is great to work with Robert and his team because they are very creative and professional," he says.

While all of the above are keen to learn from Mr Tateossian, the entrepreneur has benefited in the process. Partnerships such as these now account for 20 per cent of the overall Tateossian business, which notched-up sales of more than £8m in 2012.

When he started in 1990, most men probably owned only one or two sets of cufflinks that they had probably inherited or received as a gift, rather than bought themselves.

But, he says, a sea change in male behaviour since then has helped his business to bloom. He attributes his growth to a number of trends, including ditching of the tie.

This increased the desire to dress up, and has increased the popularity of the French cuff shirt that requires cufflinks.

Guided around

Tateossian's modern Imperial Wharf headquarters, it becomes apparent that cufflinks are just the start. The building houses 60 employees, including a workshop of eight, a seven-strong design team and a showroom displaying the Tateossian repertoire.

Mr Tateossian's collection has grown to include timepieces as well as men's and women's precious and semi-precious jewellery, together with the more keenly priced Thompson of London collection (£60-£100) that was launched for men seven years ago.

The entire repertoire is showcased in Tateossian standalone stores, of which there are five in London, one in Yerevan, Armenia, and one in Kuwait. Another will be opening soon in Xian, China.

Most of the company's business is through leading international department stores, such as Harrods, Selfridges, Harvey Nichols, and Lane Crawford, Neiman Marcus and Saks Fifth Avenue. The average retail price is £295.

"We've carried Robert's collection for many years," explains Eric Jennings, Saks Fifth Avenue's men's fashion director.

"His expertise and innovation are truly remarkable," he says. "Each season, he surprises us by creating pieces that are totally original and absolutely relevant to what men want today."

Over at Harrods, cufflinks have grown to become one of the largest men's accessories categories.

'Tateossian's unique selling point combines quality, expertise, design flair and charm'

"Tateossian is a key jewellery and cufflink business that can offer rare stones and fine jewellery, as well as the novelty offer," says Jason Broderick, general merchandise manager for Harrods, with reference to the company's £30,000 black diamond cufflinks that the Knightsbridge store carried in 2009.

Tateossian offers 100 different eclectic designs each season. For instance, there is the new Deadly Creatures cufflink collection that nods to entomology, and features miniature black ants, scorpions and fiddler crabs entombed in resin.

There are also the more luxurious 18-carat gold and silver cable meteorite cufflinks that use natural muonionalusta and gibeon meteorites, sourced from Namibia and Sweden, which retail for between £350 and £1,000.

Originally there was a workshop in Birmingham but today Tateossian's manufacturing is scattered around the world in China, Italy, Thailand and the UK. It makes for a fast-paced life for its founder, who is involved in most aspects of the business, from inspiration through to creative direction and production. Mr Tateossian estimates that he spends 70 per cent of his time travelling, gaining inspiration from different cultures, for his latest collections.

Known as "the king of cufflinks", he has played a pivotal role in turning cufflinks from shirt sleeve fasteners for bankers and brokers into an essential accessory for the contemporary and the classic male.

No wonder, then, that a constant stream of international menswear brands continues to come knocking at his door.



Master craftsman: Laurence Graff has acquired, cut and polished four of the five largest white diamonds to be uncovered in the past 100 years

# Unbridled passion of a diamond king

**Graffmarks 60** Jim Shi talks to the head of a famous business who was told he had no future in jewellery

Gentlemen may prefer blondes, but for Laurence Graff, it is diamonds or nothing at all.

As the chairman of Graff Diamonds marks 60 years in the high jewellery industry, the titan remains, much like those rare stones he so obsessively collects – a diamond in the rough.

"Right from the very beginning, it has always been about the stones for me," says Mr Graff, who, earlier this year, received an OBE for his services to jewellery.

"I truly believe that, when you have the very best stones, you can really work to produce a marvellous piece of jewellery."

It is with this unbridled passion that he has acquired, cut and polished four of the five largest white diamonds to be uncovered in 100 years.

Life for this discerning diamond king, as he is often referred to, did not always come packaged in bespoke suits made by tailors in Milan and Salvatore Ferragamo shoes.

Born in London's East End to working-class Jewish immigrant parents, Mr Graff had a humble upbringing.

At 15, he left school to become an apprentice, working with Schindler, a local jeweller in the Hatton Garden jewellery district while taking day release classes at the Central School of Arts and Crafts.

After being told he had no future in the jewellery industry, he left more determined than ever to succeed.

Ever the budding street-savvy entrepreneur, he began making small pieces of jewellery while learning the ins and outs of repair and, within a short space of time, opened two jewellery shops at the age of 24.

From London, Mr Graff spent a number of years travelling the world, landing in Asia in 1967.

In Singapore, he found himself at Robinson's department store, where a former colleague was starting a jewellery department. Devoid of stock, Mr Graff offered to supply his display cases, eventually staging a two-week-long exhibition, in which nearly every single piece was sold.

In 1973, having built one of the largest jewellery manufacturing businesses in the UK, he became the first jeweller to be presented with the Queen's Award to Industry and Export, which he would go on to receive three more times.

The same year, he set up shop in Knightsbridge, selling to oil-rich buyers from the Middle East.

"I believe that when you acquire a stone, especially one which is very rare, it is an enormous responsibility," says Mr Graff.

"You are not just a diamond trader; you are a collector and guardian while you own it."

Today Mr Graff's company, which has more than 37 stores around the world and offices in London, New York, Geneva, Hong Kong and Tokyo, has been enjoying average sales growth of 15.5 per cent globally over the past five years.

This year alone saw the opening of new stores in Abu Dhabi and Seoul (Osaka debuts this winter), all furthering the company's expansion into Asia.

Graff Diamonds continues to be a family business. Mr Graff's son François is the chief executive, his brother Raymond oversees the workshop and his nephew Elliott manages stock and production.

Recalling his entrée into the industry, how he looked at diamonds and studied them to understand their purity and cut, Mr Graff is nostalgic.

"Without realising it, I was becoming a self-taught gemologist," he says.

"It was an inherent feeling which has turned into a lifelong passion."

Despite ever-fluctuating economies, Mr Graff, whose net worth, as of March this year, was estimated at \$4.3bn, contends that his goal remains unchanged: to enthral the imagination by offering an unparalleled experience of large, high-quality and rare coloured diamonds.

"Coupled with a scarcity of exceptional examples coming on to the market, I believe that a decline in the number of new and important diamond discoveries is something that is set to continue, and will inevitably lead to an increase in the value of these diamonds," he says.

Graff timepieces, still in their infancy, have made an impression in the market as well.

Spanning five distinct collections, Mr Graff has managed distribution via his network of boutiques, while seeking ways to stand out from the crowd.

Of the many diamonds he has acquired – some on two, or even three, separate occasions – the 603-carat Lesotho Promise, the 15th-largest rough diamond in the world at its acquisition, and the Graff Constellation, the world's largest D colour internally flawless diamond, and the first round shaped diamond to surpass the coveted 100 carat mark at the Gemological Institute of America, remain Mr Graff's two favourites.

Mr Graff is well aware that when, he decides to purchase an important

Born in London's East End to Jewish immigrants, Mr Graff had a humble upbringing



Full details of the sale, together with the tour dates, locations and an online catalogue can be found at the dedicated website [www.onlywatch.com](http://www.onlywatch.com) as well as at [Antiquorum.com](http://Antiquorum.com).

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## ROTONDE DE CARTIER

MYSTERIOUS DOUBLE TOURBILLON 9454 MC

CONCEIVED BY CARTIER'S MASTER WATCHMAKERS, THE MYSTERIOUS DOUBLE TOURBILLON 9454 MC DEFIES THE LAWS OF GRAVITY TWICE. DESIGNED TO REGULATE THE MOVEMENT WITH THE UTMOST PRECISION, IT APPEARS TO BE SUSPENDED AS IT MOVES ACROSS THE HEART OF THE WATCH. THE TITANIUM CARRIAGE COMPLETES A GYRATION EVERY MINUTE AND AN ENTIRE REVOLUTION EVERY FIVE MINUTES. THIS PATENTED COMPLICATION IS INSPIRED BY THE MYSTERY CLOCKS, A UNIQUE SAVOIR-FAIRE FROM THE CARTIER MAISON SINCE 1912.

PLATINUM CASE, PLATINUM BEADED CROWN SET WITH A SAPPHIRE CABOCHON, MECHANICAL MANUFACTURE MOVEMENT, MANUAL WINDING, MYSTERIOUS DOUBLE TOURBILLON CALIBRE 9454 MC, (25 JEWELS, 21,600 VIBRATIONS PER HOUR, DOUBLE-BARREL, APPROXIMATELY 52 HOUR POWER RESERVE), "POINÇON DE GENÈVE" CERTIFIED WATCH.



POINÇON DE GENÈVE