

WATCHES & JEWELLERY

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Inside

When Michelle Obama wears a great big, gorgeous necklace, you know costume jewellery has truly arrived, writes

Nicola Copping

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Markets take the shine off sparklers



Close inspection: the very top end of the market seems to be holding out better than the mid-level

Scheherazade Daneshkhu on a spectacular high-wire act that may be coming to an end

The credit crisis has finally caught up with the watchmaking and jewellery industry, which for most of this year has maintained a high-wire act to enthralled spectators wondering how long the gravity-defying show could last.

Despite an economic slowdown that began a year ago, sales have continued to grow strongly for most of this year. But luxury no longer appears immune to the economic cycle after an exceptionally weak August, followed by an autumn of bank collapses and crashes on world stock markets.

If you take St Tropez, the summer playground in the south of France for the wealthy, as a bellwether, the number of yachts arriving halved this summer, according to the local press, luxury boutiques reported a fall in average sales from €8,000 last year to €3,000 and hotel staff noticed that instead of posing on the beach, holiday-makers continually checked the stock markets.

"Even at the highest levels of wealth, there is some pullback," says Milton Pedraza, chief executive of the Luxury Institute, the New York-based consultancy, in September.

"The loss of Wall Street jobs and, more importantly, the effects of a less-liquid market on the economy will mean a few more percentage

points of decline in revenues."

Many companies have already reported declining sales in the face of a worsening downturn. Richemont, owner of leading luxury jewellery and watch brands, including Cartier, Van Cleef & Arpels, Jaeger-LeCoultre and Vacheron Constantin said in September that the US market was beginning to show signs of a slowdown.

Bernard Arnault, chairman and chief executive of LVMH, the world's biggest luxury goods company, has criticised analysts for describing the luxury goods sector as cyclical. But the Louis Vuitton-to-Don Perignon group reported a slowing in sales in the three months to the end of September. August in particular proved tough with sales in many of the businesses "way below their growth potential", according to the company, but there was a bounceback in September.

The biggest drop in organic sales growth - from

LVMH's existing businesses, as opposed to growth from buying new businesses - was its watches and jewellery business, which includes TAG Heuer, Dior and Zenith. Growth slowed from 15 per cent in the first half of the year, compared with the same period last year, to 9 per cent in the nine months to the end of September. The US was proving particularly difficult but the company was doing well elsewhere.

The very top end of the market seems to be holding out better than the mid-level range. But as Christophe Bédos, head of Boucheron, the upmarket jeweller which is part of PPR's Gucci Group, said in August: "Everything that surfer on the wave of bling is going to be called into question."

Nicolas Hayek, chief executive of Swatch Group, has remained optimistic saying in September that he expected "a very good" 2008 second half. The entry price for the group's Breguet and Blancpain brands

starts at about SFR15,000.

Exports of the most expensive watches - those with a price tag of SFR3,000 or more - grew by 28 per cent in terms of value in September, compared with September 2007, according to the Swiss Watch Federation (SWF), while watches costing between SFR500 and SFR3,000, fell.

The more expensive timepieces drove a very strong 15 per cent rise in Swiss watch exports, reversing a summer slowdown when watch exports in August grew by 6.3 per cent. The acceleration allayed fears of a sharp downturn in sales.

Nevertheless, the SWF acknowledged a "difficult and uncertain economic environment". For Swiss exporters, that environment has been made more challenging by the strength of the Swiss franc, which recently shot up to a seven-year high - despite the Swiss National Bank's interest rate cut in early October - as investors piled into safe-haven currencies.

Growing concern about the US and European economies falling into recession kept analysts and industry observers busy in recent weeks downgrading their outlooks for next year.

Analysts at Crédit Agricole Cheuvreux, the broker, expect Swiss watch exports to drop by 5 per cent in value next year, while Kepler is more pessimistic, forecasting a 10 per cent fall. Bain & Co, the consultancy which published a global study of the luxury market at the end of October, expects the luxury goods

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CEO Interview Haig Simonian talks to Angelo Bonati (pictured right), a 30-year luxury goods veteran **Page 5**

Collections Maria Doulton's round-up of the latest trends **Pages 10-11**

Pearls Marine treasures should be exulted and

explored to their full extent **Page 13**

Young British Jewellers A new generation is not going to allow a rising gold price to stand in their way, says Lucie Muir **Page 17**



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Chopard

Perpetual fascination

L.U.C. Lunar One. Chopard brings the universe to the wrist in a stellar model precisely reproducing the phases of the moon and following the celestial patterns governing our division of time into days, nights, weeks, months and leap years.

An exquisitely balanced dial highlights the poetry and romance of a starlit sky portraying the orbital moon-phase display, complementing the perpetual calendar functions including a 24-hour scale. These aesthetically appealing and useful indications are powered by a chronometer-certified self-winding movement bearing the "Poinçon de Genève" quality hallmark.

L.U.C.

MANUFACTURE DE HAUTE HORLOGERIE
LOUIS-ULYSSE CHOPARD



L.U.C. Lunar One: available in two limited and numbered series of 500 in platinum and 18-carat rose gold with two dial versions featuring either Roman or Arabic numerals.

Watches & Jewellery | The Collections



Spending wisely is the name of the game

WATCHES TO WATCH
Fanciful, complex trends are just so last season, writes Maria Doulton

Serious times call for serious watches. The pre-credit crunch trend for fanciful concepts such as watches that do not even tell the time, complications so convoluted that reading the time requires an instruction manual and inane bling are going to look so last season. Unusual complications such as triple tourbillons will return to their rightful place - as exceptional items for connoisseurs as opposed to trinkets for bankers. This does not mean scrimping on quality but quite the opposite, as astute buyers scrutinise each detail and at every price point, spending wisely becomes the name of the game.

With no guarantees on resale prices, whatever you choose should be designed to give you long-lasting

Maitres du Temps Chapter One
 Three much-respected and independent master watchmakers, Christophe Claret, Roger Dubuis and Peter Speake-Marin, have come together to create their dream watch. Their first collaboration is the "Chapter One", an astoundingly complex watch

with 588 components and loaded with mechanical wizardry. A tourbillon, single button chronograph, retrograde second time zone and date functions are packed in, while to aid legibility, the moon phase and weekday functions are on long rollers at either end of the dial of this extraordinary watch that still manages to look handsome on the wrist. \$400,000

De Bethune DS 24 Verroirs
 Founded in 2002, De Bethune is to design or Wally is to yachts. The effortlessly sleek and finely honed exteriors belie the cunning engineering at work behind the scenes, such as silicone components, adjustable automatic winding mechanisms and moon phases represented by a complete orb. Breaking with the mould of the traditional complications beloved of haute horlogerie, De Bethune's refined and modern approach stands out from the crowd of tourbillons and minute repeaters. £30,000

Patek Philippe Women's Annual Calendar
 Slightly oversized but very feminine thanks to its mother of pearl dial, diamonds and rose gold case, this annual calendar will tell you the time, day, date, month and moon phases for a whole year with only one adjustment needed in February. Yes, you can have it all as an impeccable Patek Philippe self-winding movement powers these impressive functions taking pretty time-

pieces to new heights. £20,905

Rado Ceramica
 If you are going to spend on a jewellery watch, then dare to be different with a Rado in sleeky black high-tech ceramic with a dial entirely paved in zesty green tsavorite. £12,965

Rolex Sea-Dweller DeepSea
 Thanks to years of research and a state-of-the-art production facility in Geneva, Rolex is able to produce precise, reliable and robust timepieces that few can match in quality and performance for the price. Thirty years on, the Sea-Dweller that made its name in 1967 as the watch capable of descending to 2,000 feet can now resist depths of up to 12,800ft. Improvements include a ceramic bezel, Parachrome hairspring, helium escape valve, nitrogen alloy ring lock system and a secure clasp that snaps shut like a ski boot. £5,340

Breitling superOcean Heritage
 Breitling, still family owned, has consistently offered a range of sturdy and highly technical timekeepers capable of slicing seconds or calculating the amount of fuel in your fighter jet.

From a rich heritage of producing precision instruments come delights such as the retro superOcean Heritage collection for divers that is less a Top Gun and more a Beach Boy but, as always, features Breitling pedigree and dependability. From £2,615

Omega Aquaterra Co-Axial
 Omega, fresh back from timing duties at the Beijing Olympics, has been busy restructuring its offer and one of the most welcome additions is the increase in mechanical women's watches. The handsome Aquaterra is the first Omega women's watch to be fitted with the superior co-axial escapement that is unaffected by the deterioration of its lubricant and so remains precise for longer. £2,425

TAG Heuer Grand Carrera Calibre 1
 The beloved Carrera, designed by Jack Heuer in 1964 and a top seller at TAG Heuer has undergone a radical revamp. Faithful to Heuer's original intention of making a dial as legible as possible by removing any clutter,

the new Grand Carrera uses a nifty system of disks to record elapsed time that saves scrunching up your eyes to read the numbers. A useful innovation. From £2,350

Longines Swiss house, Longines, has a heritage that spans more than 175 years and a long list of innovations and patents. The pink gold Flagship Heritage 50th Anniversary model echoes the clean simplicity of the 1957 model. An instantly recognisable absolute classic and one of the best priced gold self-winding watches in this iconic style. £2,000

For those in the know, Oris provides well-made mechanical watches that do not cost a fortune. Under private ownership, Oris has quietly got on with making nothing but mechanical watches only slightly more expensive than quartz counterparts.

Oris Williams F1 Team Date
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Clockwise from bottom left: The Rado Ceramica, Patek Philippe, Maitres du Temps, Omega, Rolex, Breitling superOcean, De Bethune, Oris, TAG Heuer, Longines

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