Dossier

Jewelry between Continuity and Transformation

*by Cyrille Vigneron**

Jewelry is one of the fastest growing categories of the luxury sector (+23-25% sales increase in 2022 vs. 2021), receiving more and more attention and investments from large luxury groups and private investors. At the same time, it remains a sector where lines move slowly and life cycles are relatively long. This brings interesting paradoxes, the five most of which are explored below in this article.

The pandemic crisis has accelerated a trend that was already visible before: the dominant presence of iconic products lines, which have been in the market for years. The Cartier Love or Juste un Clou, Van Cleef Alhambra, Bvlgari B01 or Serpenti, Tiffany T, and others have earned an increasing market share on the global scene. New lines are emerging but they do not challenge the dominance of established ones.

There used to be a common thinking in Jewelry: as soon as one creation is seen as «too much», it starts to lose its desirability. Iconic creations have broken this glass ceiling, illustrating the growing social trend we can call «indi-filiation», meaning equally wanting to individualize and feel affiliated; expressing the self by wanting the same as others.

SECOND PARADOX: AN INCREASINGLY BRANDED SECTOR, WITHOUT JEWELRY BRANDS

The majority of jewelry sales used to be "Non-branded," carried out especially by local independent workshops and stores, and only a handful of Maisons reached international recognition.

The growing appetite for both jewelry as a market of identity and for brands, has made the category an exciting area of diversification for large Maisons. Chanel started more than 20 years ago. Nowadays all major Maisons have a jewelry offer, from Louis Vuitton to Hermès, Dior, Gucci, or Prada (not exhaustive). LVMH pursues a dual strategy, to acquire large players and grow them, like Bvlgari and Tiffany, and to develop jewelry for LV and Dior. This produces an

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interesting paradox: the category is getting more "branded" not only from growing traditional jewelers like Chaumet, Boucheron, Pomellato or Mikimoto, but even more from fashion brands.

The direct consequence of this trend is the need to expand manufacturing capacities, and secure control of know-how and volumes, especially from Maisons that are not jewelry specialists. This has generated the construction of large industrial sites in France, Italy, and Switzerland, illustrated by the inauguration of new Cartier manufactures in Turin and the Bvlgari extension in Valenza. This growth ambition has also ignited an unprecedented race to acquire independent workshops and jewelry suppliers.

THIRD PARADOX: MALE CLIENTELE FUELS THE GROWTH OF THE JEWELRY INDUSTRY

Jewelry and beauty were traditionally two categories mostly associated with women. Fashion, accessories and watches were more balanced across genders. The recent trend is the growing adoption of jewelry by young men; not looking for products specifically designed for men, but endorsing iconic products naturally as an expression of a new masculine identity.

THE FOURTH TREND IS NOT A PARADOX BUT A COMMON THEME TO ALL LUXURY: THE GROWING IMPERATIVE OF SUSTAINABILITY AND ESG

Questions about environmental friendliness as well as protection of human rights and biodiversity, throughout the entire supply chain, are becoming more and more pressing. They come from customers, job applicants, investors, and regulators.

Cartier is proactive in this field, as illustrated by the opening of the Turin manufacture which has received the LEED platinum certification, and the commitment towards the Watch &Jewelry Initiative, encouraging the entire sector to join forces.

The responsibility of major brands over their entire supply chain is pushing the sector towards full traceability. New technologies such as the blockchain appear as key enablers in this direction.

INNOVATION AND TECHNOLOGY AND MAY RESHAPE THE INDUSTRY

Some technological innovations like metal 3D printing appear very promising in order to design and produce shapes which were not possible to make with traditional techniques. Yet the technology which is now mature and scalable is the one allowing to make lab-grown diamonds. When combined with clean energy, the environmental footprint is much lower than natural mining. This said, lab-grown diamond traceability is far from clear now, which makes most claims impossible to verify.

The value given to diamonds is also linked to their rarity. If production can be scaled easily, this rarity will disappear. Reselling value will shrink first, before changes in the global perception of diamonds as a luxurious material.

The paradox of lab-grown diamonds is to gradually create a value shift from diamonds to semi-precious stones which are in reality rarer, and to «Design Jewelry» vs. simple stone setting. One should remember that two hundred years ago, diamonds were less valued than natural pearls, until cultured pearls disrupted this sun sector entirely. The value we give to things is only a convention between humans.