

accessories

Luxury Watch Market Heats Up in Paris

By JOELLE DIDERICH

PARIS — The opening of a Bucherer store — the world's biggest luxury watch emporium — here has confirmed the French capital's status as one of the fastest-growing markets globally for high-end timepieces, fueled by a growing stream of tourists from Asia.

The family-owned Swiss retailer last month unveiled its multibrand store at 12 Boulevard des Capucines, a historic building formerly occupied by ready-to-wear shop Old England.

"Paris is becoming the number-one destination for watch retailing," said Guido Zumbühl, chief executive officer of Bucherer AG. "For us, being one of the biggest watch and jewelry retailers in Europe, it is very important to be present in Paris."

Spanning 2,200 square meters, or 23,700 square feet, the three-story boutique offers watches from around two dozen leading brands, including Rolex, Jaeger-LeCoultre, Vacheron Constantin, Chopard, IWC, Panerai, Piaget and Zenith, in addition to its own Carl F. Bucherer timepieces and Bucherer Diamonds jewelry.

It also features a watchmaking workshop for repairs. "It is the first Bucherer boutique in France, so we wanted this to be very qualitative, true to our heritage," Zumbühl said.

Bucherer AG, which also operates stand-alone stores for luxury brands, plans to add an adjoining Cartier store. Tag Heuer and Omega will also open boutiques nearby, marking the birth of a new luxury-watch hub between the Boulevard Haussmann department store district and Place Vendôme, the historic home of Paris jewelers.

"The neighborhood is gradually being transformed into a zone dedicated to tourism, with watches and jewelry as the main draw," noted Pierre Raynal, head of retail agency at the French division of global real estate adviser Cushman & Wakefield.

"Retailers are trying to develop new destinations dedicated to this activity because there is a lack of space on the historic axes, such as Rue de la Paix or Place Vendôme," he added.

In the last 12 months, Vacheron Constantin, Breitling, Baume & Mercier, IWC and A. Lange & Söhne have opened stores on Rue de la Paix. On neighboring Place Vendôme, Jaeger-LeCoultre unveiled its revamped and expanded flagship, while Louis Vuitton opened a new jewelry and watch store.

Last October, Swatch Group inaugurated the first French unit of its multibrand format Hour Passion on Rue de Sèvres on the Left Bank. It carries mid- to high-end brands such as Rado, Longines, Tissot, Hamilton, Swatch and Certina.

Raynal also noted that in their constant quest for new spaces beyond Place Vendôme and Rue de la Paix, watch and jewelry brands have helped push average rent per-square-meter in Paris' Golden Triangle to nearly 10,000 euros,

or around \$13,000 at current exchange (equivalent to about \$1,200 a square foot).

But nowhere has the impact been greater than on the Avenue des Champs-Élysées, with the planned opening of a Tiffany & Co. flagship at number 62 and a Tag Heuer store at number 104.

"Today, rents there vary between 17,000 to 20,000 euros per square meter [or \$2,068 to \$2,433 per square foot], whereas for the last 10 years they were close to 10,000 euros [\$1,200 per square foot]. So they practically doubled last year on the basis of three or four big transactions, which is pretty stunning," he said.

Though French consumer spending, the traditional motor of the country's economy, has been declining since the start of the year, luxury brands are banking on a steady increase in the number of tourists drawn to the City of Light.

Raynal noted the number of Chinese visitors to Paris alone was expected to grow from one million per year at present to seven million or eight million by 2020.

A recent study by professional services company KPMG found that 72 percent of Mainland Chinese respondents traveling overseas planned to purchase luxury items during their trip, with cosmetics, watches and bags at the top of the list.

The increased competition from stand-alone stores has not escaped the notice of leading Paris department stores Printemps

wear store, and last November inaugurated an expanded watch department on the first floor of the main building.

It also hosted a variety of watch-related events, including its first exhibition of timepieces, selected among brands owned by luxury conglomerate Compagnie Financière Richemont.

"For us, the watch and jewelry sector has exploded in the last three years," said

tique in Lucerne and you have five to 10 times more Chinese tourists in Paris than in Lucerne," Riebe remarked. "This new opening will completely change the watch manufacturers' retail world, because it's unique for such a big jeweler's store to open in such a prominent location."

Riebe said that thanks to Bucherer's relationships with tour operators, more than 12,000 buses carrying Chinese tour-



The exterior of the Bucherer store in Paris.



Inside Bucherer in Paris.

and Galeries Lafayette, which have both renovated or expanded their watch and jewelry sections in recent months. Le Bon Marché, meanwhile, will unveil its renovated luxury watch floor in the fall.

Catherine Newey, deputy chief merchandise officer in charge of luxury and accessories at Printemps, said sales of watches and jewelry at its Boulevard Haussmann flagship jumped 50 percent in 2012, making it the fastest-growing segment in the accessories division.

During that period, the retailer opened a dedicated watch space on the ground floor of its Printemps de l'Homme men's

Newey, adding that its customers include collectors and connoisseurs capable of buying timepieces with seven-figure price tags.

Though it greets top clients in VIP suites, Printemps wanted to make the watch department as welcoming as possible with an open floor plan, despite resistance from some of its partners.

"Even if the stores on Place Vendôme are absolutely sumptuous, there is that symbolic hurdle of going through the airlocklike doors. There is a status connotation that can be cumbersome. At Printemps, we want to maintain a very high level of service, but without that barrier," she explained.

Overseas visitors represent 30 percent of the store's customers overall, but they account for half of sales in the watches and jewelry department, with Asians leading the way. Newey is confident that even with a drop in watch sales to Asian customers in recent months, the region continues to hold plenty of potential.

"If you look at the pyramid of the Chinese population today, there is such a rapid evolution that even if all of a sudden there is a change in the upper tiers of the pyramid, the lower tiers are expanding so fast that it compensates for the shortfall," she said.

Marc-Christian Riebe, founder and ceo of Zurich-based retail research firm Location Group, said the Bucherer store in Paris could expect to post revenues of more than 500 million euros, or \$658 million, annually. Until now, the retailer's historic flagship in Lucerne, Switzerland, had been its largest store.

"It's three times bigger than the bou-

ists stop at its store on Lucerne's historic Schwanenplatz every year, and a similar number can be expected in Paris.

"This street will be much, much more expensive with the next new leases around the Bucherer store," he forecast.

Riebe estimated that in value terms, Paris was now on a par with Zurich and Geneva as a leading location for watch sales — second only to Lucerne. And the jostling for space means rents in leading European locations will just keep on soaring.

In Zurich, for example, Omega is forking out an estimated 2 million Swiss francs, or \$2.15 million, per year for its new store on Bahnhofstrasse, the city's premier shopping strip — more than double the rent paid by former occupant Diesel, according to Location Group's Retail Market Study 2013.

And Bucherer is reported to have paid key money of 7 million Swiss francs, or \$7.5 million, last year to take over the Bahnhofstrasse location previously occupied by French women's rtw brand Devernois, to open a Rolex boutique.

Riebe calculated that watch stores in Switzerland post annual turnover of between 120,000 to 200,000 Swiss francs, or around \$129,000 to \$215,000, per square meter. That's equivalent to about \$12,000 to \$20,000 per square foot.

With an average size of between 80 and 100 square meters, they can afford to pay rent equivalent to 15 to 20 percent of their turnover, he added.

"The same is true of Paris, London, New York and Milan," the analyst concluded.

Sam Edelman Adds Jewelry

By ALEXANDRA STEIGRAD

NEW YORK — Sam Edelman has teamed up with Almar Sales to launch a collection of fashion jewelry that will make its debut in department stores and online in September.

The collection, priced from \$45 to \$250, features more than 120 styles composed of necklaces, bracelets, earrings and rings in dark metal and gold

tone finishes. Designed with Swarovski crystals, cut stones, leather and faceted metal details, the line mixes a baroque influence with a rock 'n' roll vibe.

"As president of the newly formed designer jewelry division of Almar Sales, Sam Edelman was my first choice to launch this new venture," said Mara Perlmutter.

The debut of the jewelry collection follows the introduction of Edelman's outerwear and handbag collections last

year, as well as the opening of the Sam Edelman flagship store here in SoHo and a boutique in East Hampton, N.Y. "We've experienced a lot of exciting growth over the last 12 months," designer and president Sam Edelman said of his namesake brand. "Now, with the addition of a jewelry line, we can continue our evolution into a complete lifestyle brand. My ultimate goal is to see our 'Sam girl' dressed head to toe in our products. The jewelry collection the next natural extension into making that a reality."

Edelman added outerwear and handbags last year, and other categories, such as clothing, intimate apparel, fragrance,

beauty and small leather goods, are in the pipeline. The brand's footwear ranges in price from \$60 to \$150, and new categories will stay in a comparable price range.

In January, Edelman told WWD that his brand's parent company, Brown Shoe Co. Inc., is scouting retail locations for the brand both domestically and in Europe. In the next two years, Edelman will add six to eight more stores, according to Brown Shoe, which bought the brand five years ago. At that time, Brown Shoe said Edelman's sales were in the \$10 million to \$15 million range.

Today, Edelman is approaching the \$100 million mark, the firm said.