

Damiani finds a gem in branding

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The heist at the Damiani showroom here in February was straight out of one of the "Ocean's" movies starring Brad Pitt - who, coincidentally, is one of the company's many celebrity endorsers. Four men dressed as financial police officers tunneled into a palazzo in Milan and made off with several millions of dollars' worth of jewelry - all of it, fortunately, insured.

Guido Grassi Damiani, 39, president and chief executive of Damiani Group, is not adverse to publicity. On the contrary, he has used it to build the jeweler founded by his grandfather in 1924 into a global luxury company with five brands, 50 stores and 500 employees.

Still, he was surprised by the vast media coverage that the robbery got. "ABC television even did a simulation," he marveled during a recent interview.

Unluckily for the thieves, some of the more precious Damiani pieces were not in the showroom but in Los Angeles, waiting to be paraded on the red carpet at the 2008 Academy Awards: Tilda Swinton accepted her Oscar for Best Supporting Actress sporting a Damiani bracelet. Some were also in Tokyo, where Sophia Loren was presiding over the opening of a Damiani flagship store in the Ginza.

The heist made headlines in part because of Damiani's reputation as the jeweler to the stars, with endorsements from actors like Pitt, Gwyneth Paltrow, Jennifer Aniston and Sharon Stone. Bliss, the Damiani brand marketed to youth, has Paris Hilton as a spokesmodel.

"Movies, like jewels, make customers dream, and movie stars speed up brand awareness," said Damiani of a strategy that has helped triple profits at the company since he took it over with his siblings, Silvia and Giorgio, in 1996 after the death of their father.

In the nine months through December, the company reported consolidated net profit of €20.5 million, or \$32 million, up 5.2 percent from a year earlier, on a 1.4 percent increase in sales, to €149 million.

Damiani has tapped into a rich and growing vein. The branded jewelry market - which accounts for just 7 percent of overall annual jewelry sales of €100 billion - has been growing rapidly in recent years as jewelry has overlapped with fashion. Sales were up 13 percent in 2006, and 2007 "also marked double-digit growth," said Claudia D'Arpizio, a luxury goods specialist at the consulting firm Bain & Co.'s consumer goods practice. Growth for the unbranded jewelry market, on the other hand, has hovered between 2 percent and 3 percent, she said.

"Brand has become more important than the intrinsic value of jewelry," D'Arpizio said. She added that the trend would continue on growth in emerging markets in Asia, as well as the Middle East.

"And this segment is a big opportunity for Italian producers," she said, who have a reputation for design and craftsmanship.

Capitalizing on this trend, Damiani Group has focused on international markets - in March it opened a flagship store in Kuwait City - and on covering different price segments through its five brands in ascending price segments: Bliss, Alfieri & St. John, Salvini, Calderoni and Damiani.

"There are new rich people in emerging countries that clearly and rightly want to show the status they've achieved," Damiani said. "First people buy a car, then a watch, and then they accessorize their partner, because it transmits status."

Growth has also been good in mature markets because, Damiani said, women and men buy jewelry for themselves as "an everyday thing, an accessory." The company is consolidating its base in Italy, which remains its principal market with some three-quarters of sales.

After a university degree in sociology, Damiani did not go straight into the family business, preferring to try his hand in the booming Italian real estate market.

"I wanted to prove that I wasn't just the son of," he said. His sociology studies were "useful for getting to understand people," and important "for the sort of work we do," he said.

After joining the family company in 1994, Damiani shared control with his brother and sister - he is the middle child - and became its majority shareholder two years later. "When we do business, it's as partners," he said of his siblings, whom he also described as "much more creative" than he.

Damiani's age makes him practically an infant in the mostly geriatric Italian business community. "It's a problem of our capitalism," he said. "There's a reticence for industrialists to hand over the reins." Younger generations are kept waiting in the wings, which "makes for an excess of creativity that's hard to channel," he said.

The group is likely to venture into new products, like watches, eyewear, and fragrances. "It's easier to do other luxury goods when you're already crafting something at the top of the line," he said.

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