



Focusing on Human Artistry

An Interview with Philippe Léopold-Metzger, Chief Executive Officer, Piaget International S.A., Geneva

EDITORS' NOTE After earning his M.B.A. at the Kellogg School of Business in Chicago, Léopold-Metzger began his career with American Cyanamid. Two years later, he joined Cartier in Paris as a product manager for pens and cigarette lighters, and he has remained with the Cartier-Vendôme-Richemont family ever since. Prior to assuming his current post in 1999, Léopold-Metzger served in various executive capacities, including managing director of Cartier U.K. from 1989 to 1992, deputy managing director of Piaget from 1992 to 1996, and managing director of Cartier Asia Pacific from 1996 to 1999.



Philippe Léopold-Metzger

COMPANY BRIEF Founded in 1874 and based in Geneva, Piaget International S.A. is one of the world's leading designers and manufacturers of fine, hand-crafted watches and jewelry, which are distributed through its global network of 750 authorized dealers and 41 boutiques. The company's parent corporation is Compagnie Financière Richemont AG, also headquartered in Geneva; its North American operations are based in New York.

What reasons do you have to be optimistic about the future growth of Piaget's business?

I think we have many reasons to be optimistic. One is demographics: The world's population is older and richer than ever before. Even the younger generations are spending more money on luxury goods. In many cases, both husband and wife are working, which means that women have their own money, and are choosing to be more autonomous with their jewelry spending. Furthermore, the distribution channels for luxury goods are becoming more sophisticated. In many American cities, you'll find more than one street or shopping mall where you can purchase luxury goods in a great environment. I also see tremendous potential in other countries. China, Russia, India, and South America as a

whole are going to unleash a lot of buying power. Luxury is in its infancy in those markets, but it is growing. The business is becoming more competitive, as more and more brands enter the market. But at the same time, people are spending more. So the pie is growing.

Do you think the word "luxury" is overused today?

I would agree with that statement. The line between luxury goods and mass-market goods is getting thinner and thinner. But Piaget made the strategic choice to deal in only two product lines – jewelry and watches. All of the components of all of our watches are made in our Swiss manufactures. We manufacture the very old-fashioned way. We build that value into our products, which distinguish them as luxury products, and not products for the mass market.

You mentioned that luxury-product distribution channels are increasingly sophisticated. Are you satisfied with Piaget's current distribution channels?

I think we will open more standalone boutiques in the future. Today we have three: New York, Bal Harbor, and Palm Beach. I would like to double that number within the next three years, with stores in Chicago, the West Coast, and Hawaii perhaps. Worldwide, we have 41 boutiques, and within the next five years, I'd like to have a total of 70. Consumers are starting to gravitate towards dedicated stores. I think it's a trend for the future.

Is there a role for technology in the production and design of Piaget's watches and jewelry? Or does it still come down to craftsmanship?

Yes, it definitely does. We have about 700 people working for Piaget worldwide, and about 350 of them work in production. About 80 percent of our

production operations are manual. Technology certainly comes into play, but we like to keep things as focused on human artistry as possible. We always polish by hand. Of course, there are machines that can polish pieces for us, but a human hand can do a better job. Piaget's founder always wanted to do things better than what was necessary, and we want to stay true to that.

In designing our products, we work with technology. We develop prototypes of certain products with computers, and that speeds our process. So we are using technology in research and development, but when it comes to production, hand-craftsmanship remains the norm.

Is it challenging to find the artisans and watchmakers you need to employ at your Swiss manufactures? Are young people looking to your industry as one they want to join?

Oh, definitely. The average watchmaker's salary in Switzerland is a great incentive for young people. Many companies are expanding upon their mechanical watch offerings, and this creates a great demand for qualified watchmakers. So our greatest challenge is to get people the proper training, so that they can both make and service our watches. But it is an attractive job for young people.

With so many Piaget watches at your disposal, do you have a favorite?

It's like having several children: You want to show each one an equal amount of love. I love to wear the Polo while I'm on vacation, because it's a sport watch. I also love the Emperor Tourbillon. It demonstrates Piaget's strength as a jeweler – it's very elegant – and as a watchmaker, because of its complicated movement. Of course, there are others that I don't wear as frequently as those two, but I love them just the same. ●



18-karat white-gold Piaget Emperor Skeleton Tourbillon (top); 18-karat white-gold Tomneau XL