



## Extending the Brand



An Interview with Giuseppe Aquila,  
Chief Executive Officer, ELMO & MONTEGRAPPA S.p.A.

**EDITORS' NOTE** In 1988, Giuseppe Aquila entered one of his family's businesses, the Lalex Pen Company. While completing his college studies at the University of Naples, he oversaw export activities for the other family business, Montegrappa. He became CEO of Montegrappa in 1992. In 2000, Aquila sold Montegrappa to Richemont and became International Marketing and Commercial Manager for the new division. In 2002, he and his father, Gianfranco, established the Aquila Group and, in 2004, acquired Tibaldi, which is Italy's oldest pen brand.



Giuseppe Aquila

**COMPANY BRIEF** The first Italian pen manufacturer, Montegrappa ([www.montegrappa.com](http://www.montegrappa.com)), has been producing quality writing instruments with an Italian flair since 1912. Among the many soldiers who used Montegrappa pens (then known as Elmo) to write letters home during World War I were renowned American writers Ernest Hemingway and John Dos Passos. Montegrappa was acquired in 2000 by Richemont and was reacquired by the Aquila family in June 2009, which along with Tibaldi, operates under ELMO & MONTEGRAPPA S.p.A.

### How was the luxury segment impacted as a result of the recession and where does the business stand today in terms of growth?

We were in a unique position because we reacquired the business from a multinational conglomerate in 2009. Richemont decided to sell the business back to us due to the crisis that affected the industry.

But when we repurchased the business apart from an initial period of restructuring, we put a lot of effort into the brand and into new product development, and we have done what we know very well, which is producing exceptional writing instruments.

Despite the crisis, there has been an incredible reaction from the markets. There were traditional Montegrappa collectors that had been waiting for years to have the possibility to acquire limited edition pens developed with the same spirit as in the good old days when the Aquila family owned the business.

So we've been working with open arms from the dealers as well as the consumers and collectors, and this has generated incredible growth in the business. In 2011, we had an overall increase

in sales of 42 percent over 2010. And last year, we started brand extension activities. We now have watches and cufflinks, and have introduced a line of fragrances and cosmetics. So this year we're expecting even more growth – between 40 and 50 percent.

We have not done anything differently than in the past; we have just restored the original spirit of the brand and launched new product lines. Going forward, our strategy is to expand the business by opening boutiques. We just opened a boutique in Doha, Qatar

and we have five to six new openings planned this year, including Moscow, Baku in Azerbaijan, Dubai, and Riyadh. Within the next two years, we are also planning on opening flagship stores in some of the European capitals.

This year, we are also celebrating 100 years with a number of events that will involve our partners and friends from around the world.

### Has the Montegrappa collection changed over the years and how important is it to have that special writing instrument in this age of technology?

It's more important today than yesterday. As a result of the financial crisis, there is a hankering for real values and writing is one of those values; it's the basis of our communication. The computer, laptop, and iPad have diminished the importance of writing on an everyday basis, but for people with spending power, a pen is even more important today. It becomes a status symbol, a tool that is important for people to sign important documents with every day.

In addition, over the past two years, we have seen an increase in the number of pen collectors. There are also different types of collectors. We have a large number of gold pen collectors and new wealth from places like Asia, Eastern Europe, and even the U.S. – there has been a return to buying very expensive writing instruments. Montegrappa is one of the few companies that is active in these areas.

### Is it important that your extensions have some of the history and heritage of Montegrappa?

Definitely. Our first experiment with brand extension was with the NeroUno collection, which is our entry-level price in our regular lines. Since NeroUno has a unique design, we extracted the design and put it into watches and cufflinks, offering the possibility of matching the pens. So

especially for a place like the Middle East, where everyone dresses in the same fashion, having a cufflink and a pen in the hand that is matching works extremely well. The Middle East represents 40 to 50 percent of our business in brand extension at this time. There is still a long way to go in other markets, but we are optimistic because Montegrappa is starting to reach into the jewelry and accessory markets in other countries and these have been well received.

We have adopted a new strategy also when it comes to the brand extension: to develop cufflinks as limited edition based on the same themes of the pens. Last year, we launched a Chaos pen by Sylvester Stallone and we have a matching cufflink; and with the dragon pen, we offer a dragon cufflink.

At Basel, we launched the first watch inspired by the themes of the limited edition. It still has the Swiss movement but the decoration of the case is pure Italian jewelry. So it's one-of-a-kind for the watch industry.

### Do you foresee additional extensions for the brand?

There is no limit to the extensions. You will see the quality, the material, the colors, and the techniques of the limited edition pens applied in other areas, which is something our competitors have not done; they have developed a lot of other products and just put their logos on them, but they haven't been able to express or encapsulate the actual design, views, material, and finishes of their own products on other accessories.

### There are those who equate value with price. Although you might pay more for Montegrappa, how do you get the customer to understand he is truly getting great value?

The consumer isn't well informed about this, but we also don't communicate it well enough. We have limited editions that have increased in value 10 times since they were launched, especially solid gold editions. Montegrappa only uses precious metals and the popularity of these metals is only increasing. Also, these products are all handmade and craftsmanship of our high level is becoming more rare. One of our goals is to ensure a continuity in the supply of high-level of craftsmanship, so we are training staff in handing over the skills of our craftsman to the new generations. ●

Chaos cufflinks (left); NeroUno red gold cufflinks (center); NeroUno red gold watch (right)