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Jewelers Court the Superrich, and It Seems to Pay Off

Luxury brands double down in a strategic shift toward the biggest of the big spenders.

By Nazanin Lankarani

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PARIS — After a year of exceptional growth at Chanel, the company's global chief financial officer, Philippe Blondiaux, said in a recent interview with a news site, the Business of Fashion, that Chanel would open an unspecified number of exclusive V.I.P. stores in Asia next year to supplement its existing global network of 250 boutiques.

Some have questioned, in a year of price increases and buying quotas on accessories, how the brand would carry out this plan, how much one would have to spend to qualify as a V.I.P., and even who would be rich enough to shop at Chanel.

"What does that mean in terms of quality, availability, customer service if they have boutiques only available for super-special, elite, V.I.P. clients?" the London-based influencer Romina Rose May asked in a recent YouTube post.

Still, the news is a sure sign of the luxury industry's swift recovery after pandemic lockdowns which, despite lingering supply-chain challenges and economic woes compounded by the war in Ukraine, has prompted some brands to make a strategic shift toward ultrahigh spenders.

Analysts at the global consulting firm Bain & Company said the luxury industry had come roaring back the first quarter of this year, with sales in the personal luxury goods market forecast to reach at least 305 billion euros, about $322 billion, by the end of 2022, up from €283 billion in 2021 and from €281 billion in 2019.

Luxury sales are driven by high spenders, and wealth is concentrated among more than 2,660 global billionaires, collectively worth $12.7 trillion, according to Forbes, with the United States being home to the most billionaires and China coming in second.

At Chanel, revenue in 2021 jumped 50 percent year-on-year to reach $15 billion, a 23 percent increase from 2019 levels. Its watches and jewelry division posted double-digit growth in 2021, which happened to be the 100th anniversary of Chanel's No. 5 perfume. As a tribute, the company designed a high jewelry collection featuring a necklace set with a D-flawless diamond, cut into a single 55.55-carat stone in the shape and proportions of the perfume bottle's stopper.

"We are very happy and satisfied with our growth, business is extremely good," Frédéric Grangié, Chanel's president of watches and fine jewelry, wrote in an email. High jewelry, he said, "is extremely dynamic, fine jewelry is on the rise, and watchmaking and haute horlogerie are also experiencing strong growth. I am confident in the post-pandemic recovery."

Just this spring, Chanel reopened its watch and jewelry flagship on the Place Vendôme in Paris, transformed into a contemporary showcase with the feel of an elegant, art-filled home. Clients will find inside the full range of Chanel's jewelry and watches, but only a lucky few will be invited downstairs to what Mr. Grangié said was a "secret space dedicated to patrimony" where rare archives and singular objects linked to Chanel's history are preserved.

"This is a unique tool to offer to some of our specific clients," Mr. Grangié wrote.

He declined to comment on the dedicated V.I.P. stores in Asia or further plans for the treatment of top clients.

Chanel's renovated watch and jewelry flagship on the Place Vendôme in Paris, which opened in the spring. Chanel

Meanwhile, analysts project that Chinese consumers will be the dominant force in global luxury by 2025 despite restrictions imposed by their government's pandemic policy. "China is on a path to overcome the Americas and Europe to become the biggest luxury market globally," analysts at Bain said.

Ketty Pucci-Sisti Maisonrouge, adjunct professor of luxury strategy at Columbia Business School in New York, said that "since the pandemic, the Chinese government has encouraged its citizens to stay home and not travel abroad."

"The number of passports issued or renewed in China is down 90 percent, part of a political decision to encourage local consumption," Ms. Maisonrouge said in a telephone interview. "It makes sense for luxury brands to be in Asia."

Chanel is not the only company seeking to lure buyers with the deepest pockets.

For the presentation of its newest high jewelry collection, Dior hosted its V.I.P. clients last month in Sicily, at a hotel owned by its parent company, LVMH Moët Hennessy Louis Vuitton. The jewelry was presented over a week, paired with gowns created for the event by Dior's couture division.

LVMH's watch and jewelry division, which includes Bulgari, brought in €8.96 billion in 2021, up 167 percent compared with 2020 and up 7 percent compared with 2019 (in part explained by LVMH completing its acquisition of Tiffany & Company in 2021).

Boucheron offers what it calls V.I.C.s ("Very Important Clients") with a stay in the luxurious penthouse of its boutique overlooking the Place Vendôme, with full-time concierge service provided by the Ritz hotel. Stays in the Boucheron penthouse are limited to five nights per year since its reopening after the height of the pandemic, "to keep the experience super exclusive," said Hélène Poulit-Duquesne, chief executive of Boucheron. Clients are also offered an opportunity to view jewelry collections with Boucheron's creative director, Claire Choisne.

"The apartment is a 'money can't buy' experience," Ms. Poulit-Duquesne said. "It is not about money, as the stay has no price, but all about arousing emotion, and experiencing something that will live forever in your memory."

Boucheron offers what it calls V.I.C.s (“Very Important Clients”) a stay in its penthouse with a view of the Place Vendôme. via Boucheron

Cartier courts its ultrarich clients with special events often tied to its cultural programs.

It will be a sponsor once again for the Venice International Film Festival in September and plans to invite V.I.P. clients to walk the red carpet, attend screenings with the stars; and see performances at the Teatro Verde, an open-air amphitheater set in gardens on the island of San Giorgio Maggiore. (The theater’s recent restoration was financed in part by Cartier.)

In November, V.I.P. clients at the opening of Cartier’s Women’s Pavilion at Expo 2020 in Dubai were treated to a program of women-focused talks and artistic performances, including a recital by the Georgian-born pianist Khatia Buniatishvili on a grand piano set up under the stars in the dunes of the Dubai Desert Conservation Reserve.

“High jewelry clients do not fit into a single category,” Cyrille Vigneron, president and chief executive of Cartier, said in an interview in Paris. “We create events we know our clients will like but don’t always expect.”

Sales at the Richemont group, which owns Cartier, surpassed €19 billion in 2021, a 46 percent increase over the previous year. While the group does not disclose revenue by individual brand, its three jewelry houses — Cartier, Van Cleef & Arpels, and Buccellati — brought in a combined €11 billion in sales, much of which came from Cartier. In a news release in May, Richemont’s chairman, Johann Rupert, lauded the jewelry houses’ “client-centric initiatives” resulting “in direct-to-client sales” and an “improved insight into client profiles.”

Companies say that knowing more about their big-spending clients can be crucial.

“We have many new sources of data like media partners, digital platforms, social media and our own stores for information about our clients,” Mr. Vigneron said. “We know what they want, and we can funnel brand messages in a different way.”

“This an ‘offer-driven’ market,” he said. “We have a distinctive style and we make beautiful things that people don’t expect. Sometimes, we don’t know how the market will react. But we try to bring value to clients.”

While luxury business may be booming, managing the top-dollar client’s in-store shopping experience remains challenging.

“Even where money is no problem, how do you deliver an exceptional store experience, or the kind of product that V.I.C.s want in a fairly reasonable time frame?” Ms. Maisonrouge said.

“Training and retaining sales associates is another challenge,” she said. “With the ‘Great Resignation,’ nobody wants to work in a store.”

So much of brand perception is linked to the in-store shopping experience.

“Clients walk into our boutiques with different expectations,” Antoine Pin, head of watches at Bulgari, said in an interview in Paris. “It is difficult to separate high jewelry from handbags when the store is not big enough.”

“Still, the experience of luxury has to be inclusive and wonderful,” Mr. Pin said.

“We encourage people to come in and try things on, even if they can’t afford some of the pieces,” Mr. Pin said. “By sharing a ‘wow’ moment, we create a love story with the brand.”