



# HOT DIAMONDS: A TRAVELLER'S BEST FRIEND?

**RETAILERS** and suppliers today know that branded jewellery drives sales, and customers are similarly accustomed to buying jewellery by brand and not simply by model or design. This has not always been the case, says Sanford Simpson, founder and managing director of British jewellery supplier The Hot Diamonds Group.

"If you went into any jewellers in the UK before 2001, and often in department stores as well, you wouldn't see a single brand of jewellery," he asserts. "Jewellers wanted to sell their own store name and they were quite reticent to bring on brand, because they were worried about the [low] margins they were getting on watch brands. We went into the marketplace and gave the retailer good margins so there was no disincentive to carry our brand."

The results, Simpson explains, were instant. "It took off very well and people realised they could sell more per square inch of their store selling a branded product, and it has moved on from there. Now if you go down to a jeweller you'll see not just Hot Diamonds but a lot of other brands as well."

Selling jewellery by brand has been a consistently strong feature of the jewellery category in travel-retail, and although Hot Diamonds only sold its first products internationally in 2002, it has become

a brand very much associated with the travel-retail channel. A market leader on the British high-street since the launch of the Hot Diamonds brand there in 2001, the company has expanded its international business so that it now represents over half of its total retail sales.

In its home market, Hot Diamonds scores a consistent recognition rate of 65% on the British high-street (research carried out by Dolly in 2006). In fact the brand, which entrepreneur Sanford Simpson founded in 2001 with the aim of making the diamond market more accessible, has been the UK's number one selling jewellery brand in the £0-150 price range for the last six years (research carried out by *Retail Jeweller* magazine.)

The real growth now, however, says the founder and managing director of the Hot Diamonds Group, is coming from the overseas business.

"In sales terms we do more through international business now than we do through UK business so we are more of an international business now than we've ever been and that's where the majority of our business growth is coming from," Simpson tells *Frontier*.

The company first entered global markets in 2002 when it launched in Australia and the US. The following year, a dedicated travel-retail team was

Hot Diamonds has changed the way jewellery is sold in the UK domestic market, proving that brand really does prevail. *Nicki Saunders* talks to founder Sanford Simpson about Hot Diamonds in travel-retail

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Sanford Simpson, Hot Diamonds Group

established and the brand attended its first TFWA World Exhibition in Cannes. Progress since then, recalls Simpson, has been swift.

“When we went to our first Cannes exhibition we had an appointment list of one. In Cannes this year we saw around 60 to 70 customers and that’s a lot more potential.” Hot Diamonds is now available in 40 countries worldwide and in 2004 the company established a US subsidiary, which currently sells to about 1000 independent retailers and makes £20m a year. “We haven’t got the penetration there that we’ve got in the UK, but we’re only three years down the line,” Simpson adds. “In another two to three years we hope to be selling to around 5000 retailers.”

Inflight retailing has been another growth channel for the brand. Hot Diamonds is now present on around 35 airlines and currently boasts the best-selling jewellery line on British Airways with its Larriet style piece, an adaptable beaded diamond chain that can be worn around the waist or doubled up around the neck or wrist.

Like many suppliers in the channel, Hot Diamonds is bringing in self-service as a way of merchandising in order to increase sales. The group will be installing these units for the Hot Diamonds brand in London Heathrow’s Terminal 5 when it opens, and Simpson expects the units to triple sales.

The company also has plans to increase its airport branding and invest in more shop-in-shop concepts towards the end of 2008.

While Hot Diamonds remains the star brand (illustrated clearly when the company changed its name from Historic Originals to Hot Diamonds Group earlier this year), the group is diversifying into other areas. In 2004 the Hot Diamonds watch collection was launched, while last year the group acquired its first licenses to design and make jewellery for other brands – fashion labels Monsoon and Ghost.

For travel-retail the Ghost license will be particularly important, explains Simpson. “The Ghost collection came out this year and we’re looking to extend our distribution now into travel-retail. It makes sense because it’s a more premium brand, it’s a more internationally-recognised name and it fits in well with Hot Diamonds.”

The Ghost collections are currently featured with World Duty Free at Heathrow’s Terminal 1. The licensing is something that has naturally developed from the success of Hot Diamonds, says the company’s travel-retail director Julian Mullins, but it will not take precedence. “Choosing the right brand for a license is very important – it has to be the right fit,” he tells *Frontier*. “The licensing is a nice addition, but the focus will remain Hot Diamonds.” ■



**The Larriet style from Hot Diamonds is a best-seller with British Airways**

## At a Glance: The Hot Diamonds Group

Sanford Simpson founded the company in 1986 and in 2001 Historic Originals, as the business was then called, launched its cornerstone brand Hot Diamonds, which offered jewellery collections featuring white diamonds set in sterling silver.

**Subsidiaries:** Hot Diamonds (USA) – exclusive distribution rights for US domestic and travel-retail markets

**Global presence:** 40 countries throughout ME, Europe, Asia and the Americas; 35 airlines

**Brands:** Hot Diamonds (women’s and men’s collections); Pure Hot Diamonds (higher diamond content, average price point £200); Scribble – children’s range; Two Blue (more traditional silver jewellery sold more in domestic UK market)

**Collections:** Three per year for Hot Diamonds in February, June and September, and a specific Valentine’s Day collection launched in January

**Other products lines:** Timepieces (launched 2004)

**Licenses:** Ghost jewellery (acquired 2006/07), Monsoon jewellery (acquired 2006)

