

HOT SHOT DIAMONDS

In his first media interview, Hot Diamonds entrepreneur Sanford Simpson talks exclusively to Retail Jeweller about how he has developed his successful brand out of a canny combination of creative flair and business acumen, and gives some advice for budding jewellery tycoons



What is the balance between having a business brain and creative flair?

To start a successful business, there needs to be creative flair. The big idea behind the business needs to be developed. But running the business and developing it to the next level needs some element of a business brain. In the broadest terms, the two go hand in hand and the synchronicity (or lack of it) between the two can help make or break a business.

What do you think is the key to creating a jewellery brand?

A jewellery brand that derives from an existing design house already has a brand identity. It will take on most of the attributes of the original brand and will sell off the back of those. Consistent marketing and image should lead to success provided the product offerings in terms of design and price are correctly positioned.

Creating a brand from scratch is a totally different proposition. The most likely way to succeed is to have the right product that hits a particular niche in the marketplace and then to back this up with a substantial marketing and PR budget. We have spent over £3m in promotional advertising and image building in the last five years – all aimed at the consumer. In launching our new premier Hot Diamonds brand Pure Hot Diamonds we have invested in several initiatives. These include developing our own Pure DVD, which will be played in store by our stockists, consumer advertising in magazines such as *Vogue*, *Harper's Bazaar*, *Tatler* and *Vanity Fair* and an intensive PR campaign.

How do you try to provide the best possible service to stockists?

We employ around 50 people in our despatch and fulfilment operation that we manage and control in our Berkshire warehouse premises, and we are currently running management training and incentives programmes for our managers. We have frequent contact with our stockists and want to hear how we can help them. We also produce a quarterly newsletter that informs them on jewellery trends as well as information on, for example, why men wear diamonds, and new products.

How can jewellery brands establish strong financing?

We have worked with the same bankers from day one – and that has now been 23 years. It has been a very successful relationship that comes from a partnership. The jewellery industry is seasonal and we draw on a financing requirement to take us through the Christmas trading period. Key to a successful relationship is to keep the bankers regularly informed.



From left
Bracelet, earrings
and charm bracelet,
all from the Back to
Nature collection

“For budding entrepreneurs, there are real opportunities for online brand building and mail order businesses”

Is the climate of rising interest rates a concern for you?

Any changes in rates will have repercussions. The Bank of England uses interest rates to control inflation by curbing demand. This is often most felt within the luxury goods market. So far the rises do not seem to have made a great deal of difference to demand. Orders for the coming season have already been above 2006 levels, which is a good indicator of confidence.

What will be the role of the internet for branding and selling jewellery?

The internet will be a growing sector. My estimates are that it will grow over 50% annually for the next five years – probably accounting for over 5% of total sales within the next two to three years, which is a huge growth.

There will be some real winners in e-commerce, particularly for those who are prepared to develop highly functional websites with a consistent brand image and who are prepared to spend big sums on e-marketing. It is not enough to post a site and expect people to find you and buy online. It is important to acknowledge that there will always be people who wish to walk into a jewellery store and see a piece of jewellery firsthand.

What do you think is the importance of successful branding and marketing in today's jewellery marketplace?

Within any product category branding is king. Whether it is fast-moving consumer goods, luxury branded goods or jewellery, the value for

a business is having a recognised brand. We may all have a different personal understanding of a particular brand, but it is those personal brand values that drive us to buy those products. Those values can be based on luxury, desirability or be price driven.

The jewellery market has been slow to take on branded jewellery, but now there is a real groundswell of opinion that brands will push retail sales.

What advice can you give budding entrepreneurs?

With any successful business formula, there needs to be something different or quirky. Whether it is the way products are designed, how they are sold, or how they are marketed. Hot Diamonds' achievement was to create a brand that gives accessible luxury. Prior to Hot Diamonds, diamond jewellery was usually restricted to single engagement rings and possibly a pair of small diamond earring studs. For budding entrepreneurs, there are real opportunities for online brand building and mail order.