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**Business**

**Face value**  
**Salesman of the irrational**

Nov 12th 2009 | GENEVA  
From *The Economist* print edition

**Jean-Claude Biver, the saviour of several Swiss watchmakers, has a knack for selling luxury**



Reuters

**Low tech, high price**

ONCE a year, at his farm overlooking Lake Geneva, Jean-Claude Biver makes cheese. He uses milk collected only during the brief few weeks when the Alpine meadows on which his cows graze are in flower. The milk is heated over an open fire made with hand-cut wood, the cost of which alone exceeds the price most cheese would fetch. He leaves it to age all summer. This painstaking process yields five tonnes a year, but he cannot bear to sell a gram of it.

If Mr Biver changed his mind, he could probably name his price. His cheese can send the authors of Michelin guidebooks into rapture; Switzerland's best chefs regularly call him begging for some. But he parcels it out only to family and friends, and to restaurants that he particularly likes. And he always refuses payment for the stuff. "If I don't sell it," explains Mr Biver, "then I will decide who gets it and who doesn't. I will be the master of my cheese until the last piece."

Oddly, Mr Biver is also a talented salesman. At Hublot, a watchmaker that he has run since 2004, sales are down by only 15% this year—a considerably better performance than Switzerland's luxury-watch business as a whole, which has seen sales slump by about 30%. Hublot's sales increased more than fivefold between 2004 and 2007, a record that enticed LVMH, a luxury-goods conglomerate, to buy the firm last year.

Hublot's success stems in part from Mr Biver's penchant for rationing his products. He was careful to restrict supply when business was booming, delivering only seven watches, say, when ten were ordered. Jewellers pay cash for stock, so it seems foolish not to sell as many watches as possible. Yet for Mr Biver it is an essential strategy. "You only desire what you cannot get," he says. "People want exclusivity, so you must always keep the customer hungry and frustrated."

This approach has helped shield Hublot from the downturn in two ways. Cash-strapped retailers who have cut costs by running down stocks of other firms' watches keep buying his, since they did not have many on hand to begin with. And they have not slashed prices for Hublot's watches, as they have with those of its rivals

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(watchmakers get only about a third of the final selling price of a watch). That has helped preserve the brand's image of luxury and exclusivity.

Keeping inventories tight is a strategy Mr Biver refined in 1981 after he and a friend bought the rights to the name Blancpain—all that was left of a firm that had once supplied watches to divers in the American navy but had gone out of business in the 1970s. Two things attracted him to the brand: it claimed to be Switzerland's oldest watchmaker and it had missed out on the technological revolution of quartz timers powered by batteries.

Mr Biver decided to turn this anachronism into a strength. At the time the Swiss watch industry had been in decline for 15 years as Asian digital watches selling for \$20 displaced Swiss ones costing ten times as much. Even Rolex, the undisputed champion of Swiss watchmakers, eventually relented and started adding electronics to its timepieces.

Mr Biver developed a new, backward-looking slogan for the firm: "Since 1735 there has never been a quartz Blancpain watch. And there never will be." It turned out to be an industry-changing move. Last year mechanical watches accounted for 70% of the value of Swiss watch exports. A decade after restarting Blancpain, Mr Biver sold it for SFr60m (\$43m) to the Swatch Group, having initially paid SFr22,000.

### The shock of the old

Swatch promptly charged Mr Biver with turning around its own ailing brand, Omega. Although Omega had made the first watch taken to the moon, it had become something of a national joke by the 1980s. Mr Biver's approach was pure marketing. He pioneered techniques that would seem commonplace now, such as product placements in James Bond films and celebrity sponsorships. Under his leadership Omega's sales almost tripled. Following a brief spell in retirement, Mr Biver then took the reins at Hublot.

His success coincides with a broader revival. The Swiss watch industry has staged a remarkable recovery since its nadir in the early 1980s. Last year exports of Swiss watches were valued at SFr17 billion, a 70% increase from 2003. Yet the outlook appears less certain in recessionary times. The most expensive watches have been hit especially hard: in September sales of platinum watches, for instance, were down by nearly half compared with last year. For all his marketing prowess, Mr Biver nonetheless relies on the existence of free-spending consumers with a penchant for showing off. At the best of times, he freely admits, it is hard to justify spending \$100,000 on a watch. But the fact that they keep time well, he hopes, will continue to serve as "the little bit of rationality that lets you sell the irrational."

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