

COMMERCE

Harry Winston to maintain prestige, boost Swatch Group

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By ERIN SHEA



Swatch Group acquires Harry Winston

Together Harry Winston Inc. and Swatch Group Ltd. are likely to benefit from combining their manufacturing practices and diamond expertise with the \$750 million acquisition, experts say.

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Swatch Group will get a boost from the purchase of Harry Winston Diamond Corp.'s luxury jewelry and timepiece division and, at the same time, the diamond brand's reputation will be upheld. Moreover, Swatch will also assume up to \$250 million in debt

from Harry Winston.

“The acquisition of the Harry Winston diamond jewelry and timepiece division gives Swatch an expansion of its product line with the attendant benefits of expanding access to new consumer segments and distribution outlets,” said Ron Kurtz, president of the [American Affluence Research Center](#), Atlanta.

“The Harry Winston brand will also add prestige to the Swatch Group and its products,” he said.

Mr. Kurtz is not affiliated with Harry Winston, but agreed to comment as an industry expert.

[Harry Winston](#) did not respond before press deadline.

The deal

Harry Winston’s luxury brand segment is a diamond jeweler and luxury timepiece retailer with store locations in New York, Paris, London, Beijing, Shanghai, Hong Kong, Singapore, Tokyo and Beverly Hills.



Harry Winston Web site

Under the terms of purchase, Harry Winston has agreed to trade under a new name, Dominion Diamond Corp. The name change will take effect upon the closing of the deal.

Harry Winston holds 40 percent ownership in the Diavik Diamond Mine, which it uses to supply rough diamonds to the global market.

However, this acquisition does not include Harry Winston Diamond Corp. mining activities.

Harry Winston plans to maintain an ongoing relationship with the Swatch Group as a source of polished diamonds for Swatch.

"This purchase could lead to stronger relationships in this market as Harry Winston keeps a strong handle on the diamond mining," said Dalia Strum, president of Dalia Inc., New York.

In addition, the companies will look to explore opportunities for a joint diamond polishing venture.

In this acquisition, Harry Winston will continue to offer high-quality diamonds to the Swatch Group, while likely gaining the opportunity to expand its business.

“Swatch will most likely encourage Harry Winston to maintain its high standards and provide resources for Harry Winston to expand its business and increase its marketing programs,” American Affluence Research Center's Mr. Kurtz said.

Luxury investment

As one of the world’s largest buyers of polished diamonds, the Swatch Group has a lot to gain from this acquisition.

The Swatch Group expects a sound return on the company’s original investment in Harry Winston due to the increase in value of heritage luxury brands.

However, this acquisition could be beneficial to both companies as two sides of the diamond industry come together.

This investment could also help give Swatch a bigger push into the luxury segment.

"This strategy allows Swatch to compete in the high-end jewelry market, [and] as LVMH recently acquired Bulgari, the interest seems to be trending in that direction in the international sectors," Dalia Inc.'s Ms. Strum said.

"The acquisition of Harry Winston brings Swatch into the luxury market with a competitive edge," she said.

Final take

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