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The Love is in the Details

IN CONVERSATION WITH DEAN DIVARIS



In October 2014, it was announced that Taste Holdings had bought leading luxury watch and jewellery retailer, Arthur Kaplan. The listed company isn't a stranger to the jewellery business, having NWJ Jewellery in its stable; however, through the acquisition of Arthur Kaplan, it now courts the country's more aspirational, high net worth customers. South Africa Deluxe spoke to Arthur Kaplan's Managing Director, Dean Divaris, about the past success of the brand and its future aspirations.

"We bought the business in a management buyout some fourteen years ago. I teamed up with my brother, and we had some other partners from the diamond industry," says Divaris. A chartered accountant by profession, and a keen artist in his free time, he was young when he had to decide whether to go into a career that had something to do with the arts or go into business, and he chose to do business with art as a hobby. He's had a varied business career working amongst others in

the supply chain industry, in retail for branded clothing and footwear, and IT outsourcing. The opportunity to bring his two passions together arose while his brother was managing Arthur Kaplan, and the chance for the management buyout arose. At the time of the buyout, he knew nothing about the jewellery business and believes that he likely tried harder than most because he doesn't have the formal industry training and background. "Obviously as a company we have a lot of heritage; we've been doing this a long time, but as business people, we didn't come from the jewellery industry. So I was quite fortunate. I couldn't have planned or foreseen it, but it's turned out to be such a nice combination of the normal business side and using my creativity. It's been a rewarding balance."

It was from that date of the buyout that they began to implement their strategy to take the brand more upmarket. Divaris explains that although, at the time, the luxury watch market wasn't as strong locally and internationally as it is today, it became a central part of their strategy for repositioning the brand to reach more aspirational customers. "It was a strategy that has paid off, particularly since Swiss watches became so sought after. We are currently the biggest retailer of Swiss watches in the country. The brands we are particularly strong at are Rolex, Omega, Breitling, Tag and Longines," says Divaris. While Arthur Kaplan became one of the most recognised brands in the country for its extensive range of luxury Swiss watches, its bespoke jewellery collections are more of a well kept secret. "We've also launched a bouquet of jewellery collections that are designed and created especially for us. While the piece itself is not necessarily once off - although sometimes it is - the designs have a distinct Arthur Kaplan aesthetic," shares Divaris.

One of the leading reasons for rebranding and revamping the Sandton store was to showcase the bespoke jewellery



collections. "The amount of styling and effort and design that goes into the jewellery collections is not something we've really marketed much and it's something that we're trying to get the message out about, especially now that we've revamped our Sandton store," Divaris adds. The management team's strategy has been to service the affluent aspirational customer, the customer with a high degree of personal service, who is purchasing at a higher price point and looking for a higher degree of exclusivity, whether it's watches or jewellery, and it's been very successful for the brand. The rationale behind the decision by the shareholders to sell the business to Taste Holdings was to secure access to further capital, allowing for the acquisition of additional resources in the back-end of the business, as well as giving the company the resources to fulfil their plans for expansion.

Divaris acknowledges there are some challenges ahead. They have always managed to run the operational side of the business with big business principles, while ensuring they maintain their high level of personal service to their customers. He believes that it was this combination of sound business practices coupled with their attention to detail in everything they do, from client service to the creative process and the finished products themselves, which made the acquisition an appealing investment for Taste Holdings. "For us to keep that balance is the challenge, as it is also the core of our business, and this becomes more important now with a listed company as a shareholder. I think what we've done well is to deliver that owner-managed service while still running the business in a professional way. That's something we've spent a lot of time talking about to our new partners. I think far from diminishing our business and service offering, that it's going to be the exact opposite. We're actually going to use it now to enhance it, so all the back-end and admin stuff we can have more resources to do, which frees up all our design people and service people, to focus on the clients, and although it is early days, we are already

starting to see some of these benefits." Since they concluded the partnership with Taste Holdings, Dean sees it as an opportunity to roll out their strategy in a bigger more dramatic, comprehensive way. "So we're not going to change the strategy. Taste Holdings is a founder-run, listed group, that owns and licences leading local and international brands and they intuitively understand the value of a brand and its specific market positioning. The Taste stable includes a number of recognisable quick service restaurant names which recently expanded to include Domino's Pizza. The group entered the jewellery segment in 2008 with the acquisition of NWJ Jewellery which is aimed at the mid-level market. With the partnership with Arthur Kaplan, they are now targeting the more aspirational end of the market. It's an interesting move for Taste and an exciting one for Arthur Kaplan as it is a strong endorsement of our brand and gives us a like-minded partner with resources to implement our shared luxury strategy." As a privately-owned company, while they never compromised on quality, the management team was always aware of their limited appetite for growth. They're now eyeing the market across the continent and have plans to open further stores over the next five years. Divaris says Arthur Kaplan will always remain a niched brand, and that they will only open a store if they can maintain their current levels of service. He says they have a very passionate staff, that come from a variety of industries as well as jewellery design and whom he finds motivating and inspirational. "I am more motivated by the internal team than I am by any particular business personality or mentor." By bringing people from other disciplines and industries into the business they're ensuring they have a fresh perspective in an industry that relies heavily on tradition. ■ Lindsay Grubb



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