

Saffronart holds India's first online jewellery auction

Selling Jewellery As Collectors' Items



Saffronart.com, an online auctioneer of modern and contemporary Indian art, held its inaugural auction of fine jewels and watches on October 7 and 8, the first of its kind in India. The sale featured pieces ranging from strands of large natural pearls, to rubies, emeralds and diamonds set in finely designed jewellery. Also on offer were pieces by contemporary designers, limited edition watches, important gemstone-set pieces and fancy coloured diamonds.

The auction successfully sold 56 of the 130 lots, realising a total value of \$1.43 million (Rs.6.36 crore). The highest-priced lot was a natural pearl necklace with a seven-strand cascade that fetched an impressive \$241,247 (Rs.1.07 crore). **Shanoo Bijlani** and **Regan Luis** spoke to Saffronart co-founder, Minal Vazirani, to get a behind-the-scenes look at the workings of India's first online jewellery auction.



Did Saffronart's first jewellery auction meet with your expectations? Did the current meltdown in the global financial markets affect the outcome?

The auction took place on the 7th and 8th of October which was smack in the middle of banks going under, stock markets declining, and extreme economic uncertainty - events that affected not just the US economy but all of us globally. There was a tremendous concern around the world among consumers and their propensity to buy, and among the jewellery trade as to their peak season sales which were coming up. So, as we approached the auction we had more realistic expectations going into this sale. In looking at that time holistically, the auction did meet my expectation ... given the economic scenario.

On a more positive note, this was the first auction in India for jewellery and watches. So in that sense it was very successful and broke new ground. We were able to curate a collection for this catalogue put this out to quite a widely-based audience. This is the first time that there have been published prices for a piece of jewellery, or a loose stone. We did a preview in Mumbai, which was very well attended, and we were able to introduce an audience to buying jewellery in an auction - something they previously may not have had the necessary access to do. We sold about half the pieces in the auction. In terms of value, this may be little lower than what I would have expected. It was about \$1.5 million (about Rs.6 crore), which is not too bad. In this market I think it was a fairly strong result.

Why did Saffronart choose to diversify into jewellery?

We've actually been working on it for a while in terms of designing a

strategy around it. We are very rooted in art, but there are a couple of pillars of our foundation and those include transparency and access, which we believe cross over to jewellery as well. In addition, a large segment of our clients who purchase art, also purchase jewellery.

For art, when it came to information relating to works of art, and transparency of pricing in what was otherwise an opaque market, Saffronart was able to leverage a presence on the net to do this quite effectively. We are looking to extend those two aspects to jewellery: access to information as well as access to purchasing especially pieces that may be difficult to obtain or have some uniqueness and rarity.

Did you witness strong demand for jewellery from your regular art customers?

The underlying factor linking art and jewellery is aesthetics. Yes, there was a significant cross over of art buyers becoming buyers of jewellery. Over time, we expect to see buyers shifting to becoming collectors of jewellery. It's the one thing that we've really helped to build our art business on and we would like to build with the jewellery business around this also.

What auctions do is provide that transparency to create liquidity in the



(Above) The emerald bead, ruby and diamond necklace sold for below its lower pre-sale estimate at \$84,318.

(Opposite page) This yellow 42-carat Forevermark diamond, estimated between \$606,745 and \$719,100, did not meet its reserve price.

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The turban ornament or 'sarpach' fetched \$111,999, below its lower pre-sale estimate.

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secondary market to resell important

pieces. India is a very sophisticated jewellery buying and selling market, and there has always been a very strong relationship between the jeweller and client families. This auction mechanism simply augments those ties in a slightly different way - it may not be based on the relationship of the buyer and seller but there is a great deal more information about pricing and demand.

Which countries did the winning bids come from?

The largest percentage of the winning bids came from India, mainly from the metros. This is close to the winning bid profile in art, because it matches the profile of our buyer who has crossed over to jewellery. Like art, we had bidders who won multiple lots. I'd say Mumbai and Delhi are definitely amongst the top cities and we got a little bit of interest from Bangalore and Chennai. And outside India, our largest market is still the US. I did see some

activity from the Middle East as well as South East Asia, and the Far East, but not as much as I would have expected.

Could you specify any reasons why the much-publicised 42-carat Forevermark yellow diamond failed to find a buyer?

It did have bids on it but it didn't reach the reserve and that really is a function of what the economic situation was at the time.

The 102.56-carat yellow diamond, worth about \$9.5 million, also failed to sell at a Sotheby's auction in Hong Kong at about the same time as the Saffronart jewellery auction.

There was such an acute economic crunch, and the news coming in on both press and television was so hard-hitting that it did affect sentiment towards people's perception of their own purchasing power, towards their cash reserves, towards liquidity. It affected the propensity to buy at the top end greatly during that time and it has continued to do so. We have to remember we live in a world where we're so much more interdependent than we may have been 15 or 20 years ago and that any external economic shock or inflection that affects any one group, has farther-reaching effects than it may have had earlier. Sub-prime may have been a very US-centric problem at one point, but it has had such enormous and far-reaching effects geographically.

Had it not been for this economic situation would you have had better sales?

Without a doubt.

Do you decide the price or does it come from the manufacturer?

For an auction there are three components that go into it. You decide on a reserve price and estimates



The two-strand diamond necklace and pendant by Mona Mehta, with a lower pre-sale estimate of \$269,665, remained unsold.

together with a consigner. You evaluate standard price sheets such as the Rapaport and do expert valuations, allocate premiums or discounts based on a particular piece and most importantly, benchmark against auction comparables to arrive at a final estimate. That's how we arrive at the reserve and estimate.

One of the things we're looking at doing going forward is providing multiple price points over time at Saffronart, so people have sort of a ready reference when they may go out to buy, not necessarily from us but from anywhere. For example, today anyone anywhere in the world who is looking to buy modern and contemporary Indian art will visit Saffronart for pricing. So I think it's been extraordinarily helpful to individual buyers and collectors as well as to the trade on the art side and I hope that is what we will offer in

jewellery as well. This is particularly important when there are several indirect components that go into pricing. For example, the rarity and uniqueness of the piece, how difficult it may be to obtain, provenance if it's applicable, quality and condition.

As opposed to gold, are diamonds losing some of their investment value amid the global market meltdown?

I think they are two very different things: gold as an underlying for currencies or a commodity that is traded on exchanges due to the ease and standardised way of valuing is bought in a different way. Diamonds on the other hand have aspects to their value that are not as easily characterised or calibrated. Additionally, there are a completely different set of dynamics in the diamond industry, where supply is controlled by a very small percentage of the trade all the way through the value chain moving from mining to retail and secondary retail. So predicting pricing for diamonds is somewhat difficult to do at the moment.

Gold has seen massive gains from the recent turmoil in the financial markets. Could jewellery benefit from the same market forces that are driving investors to pour money into the yellow metal?

People do see gold quite differently for the reasons that I mentioned above. There has been somewhat of a slowdown and I'm sure if you speak with retailers, you'd probably get similar feedback. But coming back to the reasons why people buy and what sort of pieces they buy, you'll find that the sort of people who buy precious gems and jewellery without any intention of reselling for the next 5 to 10 years, or at all, are the ones still buying fairly strongly.



The set of diamond jewellery by Harshad Ajoomal sold for \$5,815.

Why are vintage jewels and signed pieces attracting a lot of interest from investors these days?

The lens with which a collector looks at a vintage piece of jewellery is very different from that of a buyer of a loose stone or someone looking to purchase gold. I wouldn't put them in the same category because they're buying for very different reasons. You're looking at vintage jewellery to collect and enjoy from a very different perspective. To me it's very much like a piece of art, where you as a collector look to acquire it, and make it a part of your collection. A collection is a living breathing thing with objects being constantly acquired or culled. It's a moving, expanding, contracting creation and I think that's really where vintage jewellery fits in.

Is Saffronart planning to hold an auction of vintage jewellery and are you finding it easy to source these pieces?

Well, we've just concluded this auction and haven't finalised a date for the next one, although I expect something in the spring of next year. So yes, I would like to have some vintage jewellery in there.

How many online jewellery auctions do you plan to hold per year?

We would like to do one to two auctions a year.

How did you go about selecting the 130 lots in the auction?

To begin with, it was actually quite a small auction for jewellery, because typically, you will see between 250 and 400 lots at most international jewellery auctions. Although ours was very much a contemporary sale, I did have something thematic with

an underlying flavour of India. When it comes to jewellery, especially since a reasonable portion of our buyer base is in India, I was specific about having a much more varied range – which means a very wide range of price points. We started from Rs.22,000 (\$449) up to Rs.3 crore (\$613,497) and we also had small pieces which may have been selected because they were nicely made or had an interesting design but may not have been extraordinarily rare. And then we had higher-end pieces which obviously had a greater rarity and uniqueness value.

How did you go about selecting the designers? Was it similar to how you do this at art auctions?

As I mentioned, it's based on aesthetics and design. One of the reasons we would really like this to be a platform for designers is that uniqueness is very important to them and therefore important to our clients who are collectors. We would like to develop a platform for designers and allow access to their pieces for our buyers and



The Patek Philippe watch from the Calatrava collection fetched \$32,168.



The ring set with a 44.75-carat black diamond by Harshad Ajoomal sold for \$32,168.



The natural pearl necklace with a seven-strand cascade was the highest-selling lot, fetching \$241,247.

collectors. If possible, I would like to have a much larger group of designers the next time around.



The ring adorned with a 20.85-carat oval emerald surrounded by diamonds sold for \$57,155.

Are there plans to hold physical auctions in the future?

Not at the moment. In 2005, The Harvard Business School

wrote a case study on Saffronart which centred around our business model of doing online auctions. There have been other attempts in the past at doing online auctions at the high end which were not successful. Whereas, clearly our model has worked.

In a physical sale room, you may have between 50 and 70 bidders in a very active auction. Online, you will have 500 to 600 bidders and having a difference in the order of magnitude becomes very important because an auction is very much a convergence event whether you do it physically or online. Our buyers are all over the world and this nullifies the need for them to be present physically or stay on the phone for hours. The most important thing which really ties in to our foundation, is the fact that it is transparent.

Did you have new buyers that took part in the jewellery auction? How did you promote the sale?

Yes we did have some new buyers. We did a bit of advertising, we had editorials in papers and we did have press and media coverage. All of those things contributed. As a company, one of the things we believe in is reaching out to people in a more personalised fashion. It is important for us to create a well designed and produced catalogue, explain the auction to people and give them the opportunity to interact with us personally. They might want to come in and see the pieces, ask questions, visit the website, see what information they can glean, go online and bid or perhaps just browse. There is an element of trust that goes into



An emerald pendant and diamond necklace by Biren Vaidya failed to find a buyer at the lower pre-sale estimate of \$314,610.

building a relationship with a buyer. That trust might emanate from them having interacted with us, or they might be familiar with the brand, or it might simply be because we had some great pieces on offer and have the ability to source them. Whatever the reason, trust is a big component of what we do.

Could you comment on the controversial practice of some jewellery and watch manufacturers bidding on their own items at international auctions to pump up prices of the rest of their inventory?

Because we're online, it is easier to control this. We actually have a back-

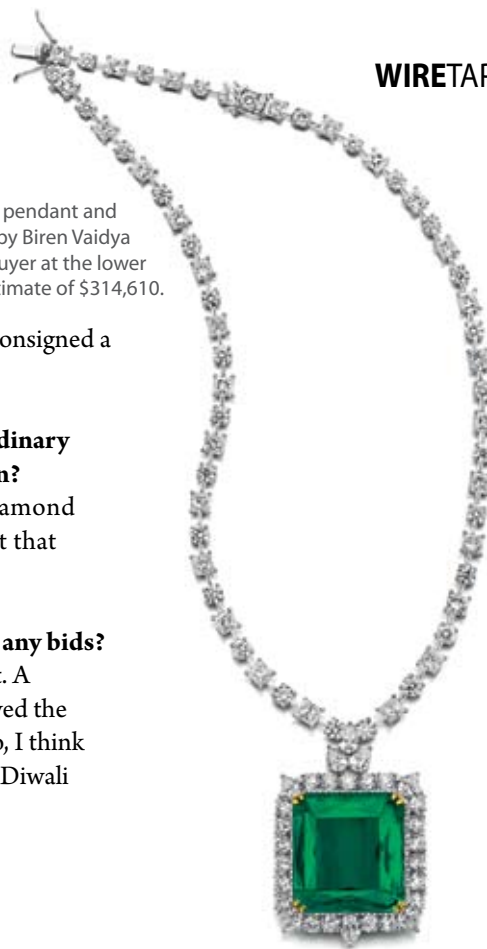
end block so anyone who's consigned a piece cannot bid on it.

Did anything out of the ordinary surprise you in this auction?

The pearls and some diamond jewellery were great buys at that price.

Did the ethnic pieces have any bids?

There was lots of interest. A gold piece of Lakshmi received the highest number of bids. Also, I think part of that is seasonal, with Diwali approaching.



The People Behind Saffronart



Saffronart is managed by co-founder Minal Vazirani, who has curated, planned and organised exhibitions of Indian art in India and internationally. She is a regular panellist and guest speaker at Indian contemporary art events, and is on the board of advisors to the Friends of Sir JJ School of Art Trust and Time Out Magazine India. She has also been a fellow at the Aspen Institute's India leadership programme. Prior to founding Saffronart, Minal worked with Booz, Allen & Hamilton in Mumbai, and Andersen Consulting in Mumbai and Los Angeles.

She earned a B.S. in Chemical Engineering & Bioengineering with a minor in Art History & Indian History from the University of California, Los Angeles and followed it with an MBA from INSEAD in France, where she received the Sasakawa Fellowship.

Minal has been an active collector of Indian Contemporary Art for the last 13 years.

Saffronart's other partner is Minal's husband Dinesh Vazirani, who is responsible for managing sourcing and relationships with third parties. Dinesh is also a director of a company involved in the manufacture and sales of material handling equipment. Prior to Saffronart, Dinesh was an associate with Coopers and Lybrand in New York, and a business analyst at the Timken Company in Ohio, USA.

Dinesh has a masters degree in Industrial Engineering and a B.A. in Art from Stanford University and received an MBA with Honours from the Harvard Business School. He is an active participant in the development of the Indian art industry. He too has been collecting and promoting Indian art for the last 13 years.