

Brand Synergy

An Interview with Giuseppe Aquila,
Chief Executive Officer, ELMO & MONTEGRAPPA S.p.A.

EDITORS' NOTE *Giuseppe Aquila is a native of Naples, Italy. In 1988, he entered one of his family's businesses, the Lalex Pen Company. While completing his college studies at the University of Naples, Aquila oversaw export activities for the other family business, Montegrappa. He became CEO of Montegrappa in 1992. In 2000, Aquila sold Montegrappa to Richemont and became International Marketing and Commercial Manager for the new*



Giuseppe Aquila

COMPANY BRIEF *Since 1912, Montegrappa (www.montegrappa.com), the first Italian pen manufacturer, has been producing quality writing instruments with an Italian flair. Among the many soldiers who used Montegrappa pens (then known as Elmo) to write letters home during World War I were renowned American writers Ernest Hemingway and John Dos Passos. Montegrappa was acquired in 2000 by Richemont and, in June 2009, was reacquired by the Aquila family. It, along with Tibaldi, now falls under ELMO & MONTEGRAPPA S.p.A.*

How were Montegrappa and Tibaldi affected during the recession, and what is your outlook for the recovery of the luxury segment?

We are in a unique position, because we reacquired the Montegrappa business one year ago. This was bad timing because of the international crisis, but it was an opportunity for us – without the crisis, we could not have reacquired the business.

Last year was hard for us as we reorganized the business, re-launched the distribution, and reinvented the brand. But it has been very profitable as well. We have been able to reposition Montegrappa to be very successful in the market as it originally was and have cemented the relationship with the authorized dealers we have around the world.

The first two quarters of 2010 were phenomenal and July was a huge month in terms of sales, which is unheard of; normally it is a slow time of year for our industry.

When you reacquired Montegrappa, what were your key areas of focus?

Prior to the acquisition, a large percentage of our business was limited editions – very exclusive, high priced, and directed to a specific niche of the market.

In the past few years, under the Richemont ownership, the idea was to have a more mass-oriented vision. So they created some lines with more affordable price points.

This worked well for the brand, but we want to repossess control of that niche of the market that is typical of Montegrappa, which is the limited editions.

In the past 12 months, one of our priorities has been product development. We created a limited edition dedicated to celebrating the 100th anniversary of Alfa Romeo, which has been extremely successful.

There are many other new items coming in the last quarter of this year.

Many who think of Montegrappa envision a high-end, top level clientele. Do you see it that way or do the price points at the entry level allow for somewhat of a broader market?

We have different limited edition price points for all buyers.

We have an entry-level range of limited editions in the \$1,000 retail, which is our Genio Creativo collection. Most of the other limited editions go from \$3,000 to \$40,000.

The Genio Creativo limited edition range was introduced by Richemont, and we wish to maintain it, even though we are more interested in higher priced products.

We're also active at this time in the bespoke area: tailor-made products for special customers. This part of the business is growing considerably.

Another area where we have grown a lot over these past 12 months is supplying special pens created for many of the governments in Europe where Montegrappa pens have become a favorite gift for country presidents to present to visitors on official visits.

For your price points in the \$30,000 to \$40,000 range, are these pieces useable or are they more so collector's items?

We design all products keeping in mind that the pen should be used. Originally, when pen collecting started, people would not use their pens because they felt inking the pen would diminish the value of the product.

We now see that most people like to use their pens. Also, in the past, only collectors were those who were prepared to spend a certain amount of money on a pen. Today, even people who are not collectors will spend \$5,000 or \$10,000 on a pen that is a roller ball – not even a fountain pen. So it's something they want to use.

How has the Tibaldi brand evolved, and does that brand complement Montegrappa or is it a separate market?

Another objective of ours is to exploit the synergies between brands.

Through the acquisition of Montegrappa, we have created a new plan for distribution where the distributor could benefit from adding both lines. We're trying to bring the two brands into the same areas to have more real estate within stores for both brands.

A big part of the Tibaldi business is represented by Bentley, and our relationship with Bentley is being expanded. They introduced a new Continental in September and we worked closely with the designer so the pen is featured within the car itself.

We also have a plan going forward to bring back some of the original Tibaldi designs in 2011. In acquiring Montegrappa, we have access once again to the use of celluloid, and Montegrappa is the only company that uses celluloid today in the pen industry. Tibaldi was also a brand that used celluloid in the early 1900s, so we want to bring back some of the original designs using celluloid in the Tibaldi line.

What did it mean to you personally to reacquire the Montegrappa brand?

It was an incredible feeling for me and my family. Although the earlier sale was a business decision that made sense at the time, we regretted it because we missed it a lot and realized what we had lost. There is a heritage that comes out of a company like Montegrappa. ●

Montegrappa Icons Tribute to Muhammad Ali Limited Edition Solid 18-karat Gold and Diamond Fountain Pen (top); Montegrappa for Alfa Romeo 100th Anniversary Limited Edition Sterling Silver-Trimmed Celluloid and Carbon Fiber Fountain Pen