

WIPO

WORLD INTELLECTUAL PROPERTY ORGANIZATION

Creating an IP Solution for Company and Client

Background

In 1964, the husband and wife team of Mr. Pornsit Srirathaikul and Dr. Sunee Srirathaikul started Beauty Gems Group Co., Ltd. (Beauty Gems), then a small family-run gem and jewelry export business in Bangkok, Thailand. Committed to producing beautiful, high quality competitively priced jewelry and gems for the global market, their business grew quickly by taking advantage of the parallel emergence of the Thai gem and jewelry industry. In 1973 Beauty Gems opened its first manufacturing factory with 3 million Thai baht (฿) in capital and 300 employees and by 1983 the company's staff doubled and its capital



From its headquarters in vibrant Bangkok, Beauty Gems has expanded its operations throughout the world (Photo: Trey Ratcliff)

went up to ฿13.5 million. To meet the increasing demand for custom cut diamonds, Beauty Gems diversified and in 1990 set up two subsidiary companies to provide top quality diamonds to its subsidiary companies and customers. Focusing on export markets from the start, Beauty Gems is now one of the largest jewelry and gem exporters in Asia, with over 3,500 employees and an annual turnover of over ฿5 billion. The company is a one stop subcontractor that combines state-of-the-art technology with traditional Thai craftsmanship to meet all of its clients' needs in jewelry outsourcing, design and manufacture. Since Beauty Gems is a wholesaler, many of its export products are not sold under company brand names but of the names of its customers.

Research and Development

Continuous research and development (R&D) has always been an integral part of Beauty Gems' success. Perhaps the most important factor is the company's emphasis on the originality of the designs of its products. Each market is different, and the company researches styles that are popular in each target market to design products that will appeal to the tastes of its consumers. This approach has facilitated the company's success in many markets, the most successful of which has been Japan. Beauty Gems took the time to research what kind of designs would appeal to discerning Japanese consumers, and as a result became one of the first Thai jewelry companies to penetrate the Japanese market. It is now one of the top gem and jewelry exporters to Japan.

Thriving on creativity, R&D occupies a special place in the corporate culture of the entire company. Because its R&D capability stems from the knowledge and skills of its employees, Beauty Gems places an emphasis on in-house training to pass on the skills and craftsmanship of one generation of employees to the next, ensuring a highly talented and creative workforce. Establishing its R&D footprint in the industry even further, the company has provided introductory courses in craftsmanship under bilateral cooperation schemes with governmental agencies, provides special training programs for its employees carried out by international

specialists and is a major sponsor of the Office of Thailand Research Fund. Beauty Gems' R&D department also fosters innovation among its workforce by encouraging employees to take part in design and production contests and educating them on the importance of intellectual property (IP) and IP rights (IPRs). The company also places an importance on the use of design and patent information when researching new products, technologies and processes.

Beauty Gems also played an important role in creating a reliable body in Thailand that awards certification to gold and silver products. In 1985, the company formed the Bangkok Assay Office (BAO), which provides efficient, professional and personalized certification services and also conducts studies to keep abreast of the latest technologies in the gem and jewelry industry.

IP Management: Trademarks, Industrial Designs, Copyright and Trade Secrets

The role of IPRs is very important to Beauty Gems and this is underscored in the company's unique IP management strategy, which is facilitated by dedicated IP personnel and divided into two categories: company owned IP and client owned IP. For company owned IP, starting in 1999, the company has filed for protection for its trademarks and industrial designs with the Department of Intellectual Property of Thailand (DIP Thailand). The company also maintains copyright protection for all material related to the development and marketing of its products. This strategy allows the company to emphasize product quality and improvement over price competition, which enhances the company's corporate image, builds customer loyalty and attracts more investment. Obtaining IPRs also mitigates the threat of copying from competitors and capitalizes on the company's R&D investment through selling or licensing its IPRs to others.

For client owned IP, Beauty Gems considers safeguarding it an essential part of its business strategy. The company does its best to protect its clients' designs and trade secrets, which has been a key factor in establishing the strong reputation that it enjoys. Jewelry products depend on craftsmanship and design to sell and the gem and jewelry industry is highly competitive. Beauty Gems understands this, and therefore whenever it is commissioned to create a new product for a client, it will never disclose, directly or indirectly, the designs or any other identifiable information of a client's new product line until it is launched in the desired market. This strategy has been extremely successful, and throughout its entire history there has never been a case of IP infringement of the designs or names of the products of Beauty Gems' clients. This has fostered significant client loyalty, with the company enjoying a great deal of repeat business and word of mouth advertising, which allowed it to remain successful even in difficult times, such as the 1997 Thai financial crisis. It has also helped to repair the bad image that existed in the Thai gem and jewelry industry caused by certain unscrupulous traders who prey on customers who have little knowledge of the industry.

Commercialization

Beauty Gems has four modern factories with state-of-the-art equipment to create high quality products quickly and efficiently. These factories are staffed with skilled craftsman and can accommodate orders from one custom piece to thousands. Because Beauty Gems is an export oriented wholesaler and over 90% of its products are for foreign markets, most of its products are marketed by its clients under their own brand names. For products sold directly by Beauty Gems, they are marketed internationally under specific brand names through various subsidiary companies. For example, Beauty Gems U.S.A. Co., Ltd. handles all of the company's business in the United States and the company's products marketed in Japan are sold under the "Lien d'Amour" brand name. Domestically, Beauty Gems markets products under the company name and its Beauty Diamond brand in sixteen locations throughout Thailand.

Business Results

The combination of being a one-stop contractor with a commitment to protecting IP has made Beauty Gems one of the largest manufacturers in Asia in the gem and jewelry business. This philosophy has built up the reputation of the company, with many of the world's best known jewelry brands trusting Beauty Gems for their subcontracting needs. The company has gone from small family-run business to a key player in the international market, with products sold in major markets such as France, Germany, Hong Kong, Japan, Saudi Arabia, Switzerland and the United States, among others. Every year, Beauty Gems exports ฿4 billion worth of products.

Beauty Gems' success has been recognized on numerous occasions, such as receiving the 1986 Diamond International Award from DeBeers Italy, the 1993 Hong Kong Diamond Design Award, the "Thailand's Brand" award from the Prime Minister in 1999 and the 2004 Thailand Prime Minister's Export Award for Best Exporter. The company also received ISO 9001 certification in 2002, recognizing its quality management systems. In 1996, the company created a 1:10 replica of the Royal Barge Suphannahong (Golden Swan) decorated with precious stones in celebration of King Bhumipol's 50th anniversary of ascension to the throne. It took forty skilled craftsman ten months to create the detailed replica, which is now exhibited at museums throughout the world.

Innovation for Company and Client

A focus on R&D and commitment to protecting IP of both the company and its clients has been the key factors to Beauty Gems' success. The founders of Beauty Gems were quick to realize that in the competitive industry of jewelry and gem subcontracting, combining these two ingredients with quality products would increase the company's reputation and thus foster customer loyalty and allow the company to continue innovating and growing.

► [Sources, references and related links](#) ↓

This case study is based on information from:

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