

RETAIL

Pre-owned timepieces priced \$10K or more fastest-selling segment

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The RealReal is a popular resale platform for Patek Philippe and Jaeger-LeCoultre timepieces

By JEN KING

Panerai and A. Lange & Shne are among the watchmakers that deliver the highest return on investment on the secondhand market, according to consignment marketplace The RealReal.

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In its "Upward Trends in Luxury Watch Resale at The RealReal," the secondhand seller analyzed mechanical watch purchasing trends on its platform. From its research, The RealReal has determined which brands are the most consigned and uncovered the buying patterns of millennial watch owners, information that may help watchmakers better understand the consumer segment.

"As a leader in the luxury consignment business for watches, we're in a unique position to access consumer data tracking the performance of the brands in the resale market, and how it evolves over time," said Michael Groffenberger, managing director of luxury consignment offices at The RealReal, San Francisco.

The RealReal has sold 4 million items worldwide and has a global membership base of 5 million.

Secondhand, not second-rate

Timepieces are a popular secondhand purchase as vintage watches are often in high demand. The collectibility of fine timepieces has bolstered the consignment category, and sellers commonly see a large return on investment when selling off their watches.

The RealReal found that of the many watchmakers sold on its site, six brands have the highest ROI for sellers. For example, Panerai timepieces sell for 57 percent of original retail value while A. Lange & Shne retails for 51 percent of the original asking price.

Patek Philippe, a popular brand to pass down through generations, sells for 50 percent of original retail and Breguet sells for 49 percent. Also, The RealReal found that IWC and Rolex have ROIs of 47 percent and 43 percent of the original retail price, respectively.



ROI chart courtesy of The RealReal

Many of these brands have also seen triple digit sales growth on The RealReal between 2015 and 2016. For example, Patek Philippe has seen sales on The RealReal grow by 1,062 percent, while IWC saw a spike of 242 percent and Jaeger-LeCoultre recorded growth of 240 percent.

The RealReal also took into consideration the style of watches its consumers are attracted to. The consignor found that watches with rounder case shapes see higher resale value.

Cartier's Ballon Bleu, for example, has a round design and has increased in popularity on The RealReal while the brand's geometric Tank timepiece has seen a falling resale value at a rate of 25 percent.



Rounded-case designs are popular among on The RealReal's second-hand market

Consumers are also looking to purchase timepieces that have significant innovations.

Timepieces that do not stand out on the innovation front have seen a downward trend in resale value. For instance, IWC's Portuguese Chronograph saw its The RealReal resale value drop 16 percent between 2015 and 2016.

Based on purchasing trends, The RealReal has found that Rolex, Omega and Jaeger-LeCoultre are the top selling watchmakers among millennials.

Millennials are also purchasing more timepieces by Breguet, Jaeger-LeCoultre and IWC than their older counterparts, indicating a desire for watches of quality, consistency and heritage.



Millennials gravitate toward Rolex watches

Interestingly, The RealReal found that there is not much of an interest in secondhand Apple Watches among millennials. Comparatively, 100 percent of The RealReal's Apple Watch sales in 2016 were purchased by men older than 35 years old.

Although there has been industry-wide concern regarding online selling ([see story](#)), consumers have fully embraced purchasing fine timepieces via ecommerce.

The RealReal found that timepieces priced more than \$10,000 were its fastest growing segment of its watch business in 2016. Year-over-year, the \$10,000 and more segment has increased 161 percent and surely demonstrates the trust consumers place on its platform for high-value purchases.

One-on-one value

For The RealReal, building trust meant ensuring that all pieces sold were subject to an in depth authentication process.

During the year-long period, The RealReal saw the average value of mechanical watches consigned at its Valuation Office grow by 75 percent. The retailer attributes this to the value consumers place on one-on-one consultations.

In 2016, The RealReal expanded its bricks-and-mortar presence with openings in Chicago and Los Angeles, as well as a holiday pop-up in New York. The RealReal had opened a physical location in New York the year prior. Today the retailer operates six valuation offices in the United States and employs 30 watch experts.

For those looking to sell a haute timepiece or fine jewelry through The RealReal, being able to meet with a representative to learn the resale value of a particular item may make the consignment process less daunting.

Consumers who book an appointment with the valuation office will be able to have their pieces assessed immediately, receiving a document with the resale value of the items before they leave ([see story](#)).

"New timepiece releases, trends and shakeups in the primary market have had a ripple effect on the resale market, which is charted in this report," The RealReal's Mr. Groffenberger said.