

JEWELRY AND WATCHES

CEO on how Eleven James is piloting the shift from luxury ownership to experience

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Time for a new model. Image credit: Eleven James

By MICKEY ALAM KHAN

As newly installed CEO of Eleven James, Olivier Reza has mandated himself to rapidly popularize the sharing economy model in the world of luxury.

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Eleven James' model is unique: borrow a watch and switch it out every three months for another or buy the piece outright if the consumer cannot bear parting with the timepiece. This rental model is in sync with other services such as Rent The Runway for apparel and Luxury Retreats for vacations where experience trumps ownership of asset.

"The idea that luxury has to be restrictive, or about investing a lot of money and a life-long commitment into a statement piece that people chose at one moment in time, is now outdated," Mr. Reza said from his New York base. "It is morphing to fit to younger consumers' values, ones that orbit around unique moments."

In this interview, Mr. Reza talks about technology disruption of luxury, the younger generations' attitude to ownership of products, the evolution of **Eleven James'** model and where he would like to take the company. Please read on.

How has technology disrupted the luxury space and where do you see the industry headed in 2018?

The luxury space is unequivocally shifting online. By 2025, 25 percent of luxury sales will transact in virtual showrooms.

However, that doesn't mean the richness of the experience should, or will, suffer, and if it is going to be as successful as other industries that have pivoted to existing primarily online, it will require delicate and rigorous attention.

Digital channels provide luxury retailers with the kind of data-driven insights that enable them to provide customized service and personalization at larger scales the cornerstone of the catered, individualized buying experience that has rocketed other industries to astronomical success.

The online showspace also opens up the luxury marketplace to almost anyone, which puts pressure on brands to adapt the behaviors of digital natives rather than enjoying the luxury of having brand equity act as a gravity well.

Online channels allow brands to pave a new avenue to access luxury goods and a new way to enjoy them. For Eleven James, this means that anyone has the freedom to explore and experience beautiful things free from the traditional restrictions of luxury ownership.

And for the most part, the luxury industry is warming up to digital.

I've seen some impressive online luxury services offering higher-end experiences that prioritize curation and personal service, unencumbered and without heavy financial commitment.

Luxury Retreats, for example, allows consumers experience world-class vacation rentals affordably and easily. Designer rental service **Rent the Runway** helps them customize the same vacation's wardrobe with garments that may otherwise have been out of reach.

As luxury firms continue to mold to the digital showspace, harnessing personalization technology to create intimate, customized experiences for consumers is required.

Future-focused brands must stay laser-focused on what really matters: authenticity and the human component and emotion behind every transaction, and the compounded value that it brings across platforms.



Olivier Reza is CEO of Eleven James

What are you bringing from previous experience to your new role as CEO of Eleven James?

Having grown up around jewelry, I've been fortunate to have developed a native appreciation for the true essence of luxury: that, at its core, luxury goods are attractive because they inspire uninterrupted playfulness and evoke an emotional response.

The world in which they're crafted, however, exists in a bubble. The classic brands have been so successful for so many years that they've yet to grapple with the reality of changing habits driven by the sharing economy.

I am hoping to use my experience to modernize luxury, to bring it out of the bubble without sacrificing its inherent prestige.

How do younger generations view luxury today and are brands matching their expectations?

Millennials and younger consumers have grown up with digital as their default channel, meaning it's the first place they look to explore luxury or really anything. They're also working in less favorable economic conditions than their parents, so their consumption habits have evolved to prioritize experience over costly ownership, which is actually more efficient for brands through digital channels.

The idea that luxury has to be restrictive, or about investing a lot of money and a life-long commitment into a statement piece that people chose at one moment in time, is now outdated. It is morphing to fit to younger consumers' values, ones that orbit around unique moments.

Millennials are drawn to experiential luxury, and they'd rather invest in choosing, using and enjoying a variety of high-end items that they can change out to reflect their personalities and circumstances.

I'm also glad to see many luxury brands connecting with millennials online.

Gucci and TAG [Heuer] place a lot of emphasis on developing social content on Instagram, meeting these younger buyers where they live virtually, and introducing them to luxury items that aren't out of their reach.

How has the Eleven James platform evolved and what is the process of becoming a member?

Eleven James is piloting the shift from luxury ownership to luxury experience, and that same sharing economy is supporting the market services for modern fashion and luxury goods.

We help our members explore the beauty and artistry of handmade accessories, and help them select what closely matches their desires and changing lifestyles.

It's a modern way to enjoy an elevated way of living a radical departure from the untouchable quality that luxury often flaunts.

We've curated style-based collections that let members select a theme and receive a new timepiece every three months based on what suits them.

We cater to people who aren't interested in ownership, and provide them with an avenue to enjoy different high-end watches without ownership or commitment.

We do vet members to ensure the quality of our timepieces for all those who participate. This helps us ensure quality and quantity in our timepiece library and build a community.

Our model also allows us to create a unique supply-side program for collectors called Watch & Earn.

Often times, people purchase watches but end up relegating them to the top drawer of their bureaus when they get bored and buy another one. In many cases, this leaves people with a brimming watchbox of unworn timepieces.

If they decide to part with one or more of them, they're only really left with two options: outright sales or consignment, neither of which are particularly compelling.

Sales come at the expense of a steep bid-ask spread. Infrequently do people get market value for their timepieces, and they lose value on the time it takes to find a buyer.

Consignment, as an alternative, allows people to assign their timepieces to an agent who finds a buyer on their behalf for a fee.

We provide both these services, and since we have an already established network of watch lovers, we have a significant advantage over the local jeweler or wholesaler.

Our Watch & Earn program, on the other hand, has paved a fresh avenue for collectors looking to monetize their inactive timepieces without selling.

Since we are always building and expanding a library of timepieces for our members to enjoy, we pay collectors who submit their unused watches for a monthly cash return, and allow our subscribed members to enjoy their watches as part of their temporary rotations.

We provide gratis insurance and professional care for their timepieces, and return them to their original owner at the end of a given period, which is usually a year.

CEO Olivier Reza on Eleven James' model

What are your goals and expectations for this year for Eleven James?

Eleven James is a destination platform where our members join a community and start the journey of experiencing beautiful, high-end timepieces.

Our team aims to be expert guides and trusted advisors, while continuing to curate exciting, elegant watch collections that are accessible to anyone who wants to enter this world.

In the future, I'd like Eleven James to become the destination for anyone who is interested in exploring the feelings of elevation that are evoked by luxury: a place where they can explore and enjoy the finer things, from watches to jewelry to art.

2018 Timepiece Tournament: Round One

2018 Timepiece Tournament: Round Two

2018 Timepiece Tournament: Round Three

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