

WATCHES AND JEWELRY

Roundtable: Industry heavyweights on the future of the luxury watch business

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The Patrimony moon phase retrograde date model, presented in 2017 in white and pink gold versions, is one of Vacheron Constantin's signature watches. Three years after its launch, this timepiece will enhance the Collection Excellence Platine concept with a 50-piece limited boutique edition. Image credit: Vacheron Constantin

By MICKEY ALAM KHAN

Luxury Daily brought together three leading representatives of the luxury watch business to comment on the state of the industry as the COVID-19 upended trade shows, retailing, product launches and press outreach in Switzerland and markets beyond.

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Fabienne Lupo, president and director-general of the Fondation de la Haute Horlogerie in Geneva; Ruediger Albers, U.S. president of German timepiece retailer Wempe; and Brian Duffy, CEO of Watches of Switzerland, each offered their take on the future of the watch industry and its evolution as the COVID-19 lockdowns ease.

The trio discussed the new Watches & Wonders digital portal from Fondation de la Haute Horlogerie, industry trends, bricks-and-mortar's place as digital marketing and sales rise, China's role and collector interest as new generations enter the market for Swiss timepieces. Please read on:



Fabienne Lupo is president and director-general of the Fondation de la Haute Horlogerie. Image courtesy of FHH Fred Merz | Lundi13

Fabienne Lupo, president and director-general, **Fondation de la Haute Horlogerie**, Geneva

What does the Watches & Wonders online portal offer that the retailer site or direct brand site does not?

FHH's Fabienne Lupo: Currently, the new Watches & Wonders online platform provides the opportunity to see the new 2020 watch introductions from 19 leading maisons, and more will be showcased in the coming months, as the site is constantly expanding.

Because watchesandwonders.com is produced by the FHH and education is part of our mission, the site also offers a unique opportunity for watch lovers to improve their knowledge through specially developed modules and dynamic discussions.

Which brands have showcased their product and content on the portal?

FHH's Fabienne Lupo: When Watches & Wonders debuted on April 25, we had all our 30 participating brands onboard, but 17 maisons debuted new products, including Cartier, Hermès, IWC, Vacheron Constantin, Panerai and A. Lange & Söhne, among others.

Just this past month, we showcased new products from two additional brands: Parmigiani and Arnold & Son. You can see the full list on watchesandwonders.com.

Are consumers buying online via the portal, through either online queries or phone or direct ecommerce on the retailer site?

FHH's Fabienne Lupo: Watches & Wonders was not intended for online sales. However, consumers are able to link directly to exhibiting brand sites and some then offer an ecommerce opportunity.

In addition, we created a partnership with Tmall, which offers consumers in Asia the ability to purchase new products from selected maisons. We plan to further develop more these type of partnerships.

How about retailers placing orders are you seeing that activity through the portal?

FHH's Fabienne Lupo: The Watches & Wonders platform was not set up to accommodate retailer orders. That is done directly with the brands.

Why the need for this digital portal?

FHH's Fabienne Lupo: At the FHH, we have always believed in the importance of digital communication and interaction.

When the COVID-19 pandemic occurred and we were forced to cancel Watches & Wonders Geneva, we accelerated the digitalization of the Watches & Wonders concept to offer our brand partners, retailers, journalists and watch consumers an opportunity to come together and experience the newest products for 2020, along with the opportunity for education and engagement.

The response has been phenomenal and has fully validated our strategy.

Digital creation such as videos, imagery and content comes at high cost. Much of the content was prepared beforehand, right? So what happens if there is a relapse of the virus and another lockdown is imposed how can digital step in again?

FHH's Fabienne Lupo: As the FHH is not a trade show company, but a foundation created by the brands themselves to promote fine watchmaking and education, we are constantly creating new content as part of our mission.

And it is our intention that the Watches & Wonders digital platform will serve as a permanent, ever-evolving central hub within the fine watchmaking ecosystem. It will be complemented by physical events like Watches & Wonders Geneva, but it will always be present and service as a resource to watch enthusiasts globally.

Turning to product, what trends are you seeing in the watch world in terms of style, price and technology?

FHH's Fabienne Lupo: When we looked at the new products that were showcased as part of Watches & Wonders, it was clear that our brand partners are seeing a strong interest in mechanical watches and not just for men.

How key is China to the luxury watch business' future?

FHH's Fabienne Lupo: China has been and will continue to be essential to the luxury watch business.

In a period like the one we are facing China is the first market to show signs of recovery, which is encouraging given the overall situation.

Watches & Wonders is a global ecosystem, where our brands are visible on a permanent basis on the W&W digital platform and will also have the opportunity to engage in future physical events around the globe.

We are also convinced that temporary digital touch points such as the Tmall activation are also essential to the development of the W&W ecosystem, as well as servicing key markets and consumers.

Why the need to strike a relationship with Tmall? How does that work? Any results so far?

FHH's Fabienne Lupo: The Watches & Wonders digital platform is a content and communication platform only.

The partnership with Tmall is an initiative with certain Watches & Wonders participating brands that were already present on Alibaba, and then developed an ecommerce program based to coincide with the original timing of the Watches & Wonders physical show dates.

The final figures regarding Tmall are not available yet. So far, on top of the 160,000 views on Tao Live streaming, there were 600,000 others on TikTok, and overall this special activation generated more than 110 million impressions on social media, so I think we can say it is a huge success.

How about Watches & Wonders what steps will the fair take when the next show is hosted? When is that, by the way?

FHH's Fabienne Lupo: Prior to the COVID-19 pandemic, we had already been evolving what was known as SIHH and what will now be Watches & Wonders Geneva.

The idea is to move beyond a traditional "trade show" and create a more dynamic and inclusive event that connects our exhibiting brand partners with retailers, journalists and end-consumers, and actually engages the entire city of Geneva.

This is the scope of the In the City Program showcasing fine watchmaking excellence through exhibitions, live demonstrations, watchmaking classes, boutique happenings and many more activities throughout Geneva.

Our hope is to bring this vision to reality next April.

What will change permanently with the COVID-19 outbreak and lockdowns? And what will not?

FHH's Fabienne Lupo: The crisis has highlighted the need for all of us to develop and utilize digital tactics to deliver our messages and engage with our audiences.

It is essential that we adapt and provide opportunities for enthusiasts, retailers and press to engage with us and our brand partners.

However, we believe it is also essential for the industry to come together and interact in-person, to experience new products, share ideas and be inspired.

The two must go hand-in-hand, especially in our industry of hard luxury products. You need to touch them, you need to feel them in order to understand them.



Ruediger Albers is U.S. president of Wempe. Image courtesy of Wempe

Ruediger Albers, U.S. president, **Wempe**, New York

Watches & Wonders has filled the physical gap with its online portal that meshes content with commerce. What was it like from a retailer's standpoint when watchesandwonders.com went live?

Wempe's Ruediger Albers: As a retailer, I was very impressed with the digitality executed Watches & Wonders fair. Every year this is a key show for Wempe as several of the major brands we carry participate and unveil their latest novelties.

While nothing can compare to physically holding and touching of a timepiece in person, this platform still provided the chance to conveniently view all of the new releases, on one, easy to use site.

How are watch collectors evolving?

Wempe's Ruediger Albers: Over the years, I've seen a growing interest in watches that may not have the caliber of brand recognition such as Rolex or Patek, yet are equally comparable in craftsmanship, heritage and design aesthetic.

Girard-Perregaux is a fantastic example. The company has been around for almost 230 years and is one of the oldest fine watchmaking manufactures still in operation in Switzerland today.

We've had great success with the maison amongst our clients. Their Laureato model has done especially well. It's a

beautiful watch for ladies and men.

What is the future of watch retail?

Wempe's Ruedigar Albers: I believe the future of watch retail is strong and I look forward to opening the doors to our iconic Fifth Avenue location [in New York] very soon.

Even though our New York boutique has been physically closed amidst the pandemic, we still are receiving routine sales inquiries with the desire to make purchases.

I believe most of our clients buy a watch with the intention of keeping it for a lifetime and even pass down to future generations. It's a purchase that evokes emotion and has meaning, and now more than ever I think that's what people want.

And the future of large trade fairs?

Wempe's Ruedigar Albers: As a retailer, I still very much believe in the power and necessity of tradeshow. It serves as a platform that allows me to conveniently meet with and view new watches from a majority of our brands in one setting.

It would be challenging for my associates and me to take time off from the boutique throughout the year to view each one of the brands we carry individually.

I look forward to Watches & Wonders next year, as it will surely be productive, especially given that Rolex, Patek, and Chopard have now teamed up with the FHH to show in tandem with the fair.

What about the generational differences how is that playing out? Are millennials into collecting timepieces the way boomers and Gen X did? What are the key differences?

Wempe's Ruedigar Albers: Yes, at Wempe, we see the same level of interest in watches amongst our millennial clientele as we do with other generations.

The millennial customer is highly informed, tapped into what is current, and often comes in knowing exactly what he or she is looking for.

A majority of millennials own a smartwatch that they use for fitness and functionality. Yet, they still desire and want a fine timepiece, whether to wear in a business, formal or casual setting, showing appreciation for the craftsmanship that goes into it.

Turning to product, what trends are you seeing in the watch world in terms of style, price and technology?

Wempe's Ruedigar Albers: This year's novelties were very exciting and, interestingly, watch sizes seemed to scale up and down.

IWC launched a smaller (42mm) array of their Portugieser line, while Cartier enlarged their iconic Santos Dumont.

Blue dials, my personal favorite, seemed to be a trend and can be found on Panerai's strikingly gorgeous Goldtech, a special gold alloy that contains platinum which prevents oxidation.

A. Lange & Soehne's Zeitwerk Minute Repeater also featured a striking blue dial.

If you like ultra-thin, the Vacheron Constantin Perpetual Calendar with a gold bracelet should be on your list.

Jaeger Le-Coultrre's Master Control Chronograph Calendar impressed me with its clarity in design and the redesign of the master line sticks to what's tried and tested. An understated sophisticated look.

And from a technology standpoint, Roger Dubuis pushed the envelope with its Minute-Repeater Tourbillon, the Excalibur Diabolus in Machina.

For ladies, the Cartier Maillon looked absolutely stunning and we can't wait to touch and feel the actual product.

The Vacheron Constantin Egerie has already arrived at our store and offers ladies casual elegance for everyday-wear.

What steps are you taking as retailers to ensure employee and customer safety in the store and warehouse?

Wempe's Ruedigar Albers: The health of our employees and beloved clients remain our very top priority.

We plan to implement alternating shifts for our sales associates and will limit the number of clients permitted in the store at any one time.

Wempe will further heighten our sanitation measures, with increased cleaning, hand sanitizer stations when you enter the boutique, and requiring all employees to wear gloves while handling merchandise, which will then be disinfected with UV light and wipes.

Every employee will be temperature-screened before entering the store and everyone has been educated about their responsibility to follow best practices.



Brian Duffy is CEO of Watches of Switzerland. Image courtesy of Watches of Switzerland. Photo: Beth Walsh

Brian Duffy, CEO, **Watches of Switzerland**, Leicester, United Kingdom

Watches & Wonders has filed the physical gap with its online portal that meshes content with commerce. What was it like from a retailer's standpoint when [watchesandwonders.com](https://www.watchesandwonders.com) went live?

Watches of Switzerland's Brian Duffy: It was great. The combination of introduction videos plus the press info and digital images plus presentations from the local brand teams all worked well.

We got all that we needed to make choices, buys and plan the season.

Tactile touch is key, so how is digital offering an experience that comes close? Watch dealers and end-customers like to touch the watches and pose questions to the brands at their booths. Is there an online equivalent to that experience?

Watches of Switzerland's Brian Duffy: Not quite, in fairness, the best way to judge a watch is to try it on.

Also, having the watch there for the brand to present and point out every little detail is helpful.

What does the Watches & Wonders online portal offer that the retailer site or direct brand site does not?

Watches of Switzerland's Brian Duffy: Having all the brands together is clearly the difference.

Turning to product, what trends are you seeing in the watch world in terms of style, price and technology?

Watches of Switzerland's Brian Duffy: Probably the most consistent focus was bracelets, whether steel, rubber, integrated, interchangeable, or vintage (Breitling). Smart moves, as the consumer really has a preference on the bracelet and brands were missing out.

We saw some cool use of new materials, Panerai as an example.

Brands have edited down their new product ranges and have privileged value.

Innovation was also a trend from independents like you saw with Moser

Where are the strongest pockets of demand, and also where is it emerging?

Watches of Switzerland's Brian Duffy: We expect to see a strong demand for men's sports, diver and aviation models.

For women's, it's all about larger dials, sports and colored dials-blue and green, in particular

How key is China to the luxury watch business' future?

Watches of Switzerland's Brian Duffy: Chinese tourists have been the largest consumer group.

Domestic customers in the U.S., E.U. and U.K. will be most important in the next 12 months, though.

What about collectors in other parts of Asia Pacific, Europe, Middle East, Africa, Latin America and North America how are they evolving in terms of retail and online purchasing behavior and product preference?

Watches of Switzerland's Brian Duffy: We see a continued focus on Patek, AP [Audemars Piguet] and Rolex. They have strong retailer relationships.

How are watch collectors evolving?

Watches of Switzerland's Brian Duffy: There is a growing investment class.

What about the generational differences how is that playing out? Are millennials into collecting timepieces the way boomers and Gen X did? What are the key differences?

Watches of Switzerland's Brian Duffy: There is less difference than would be expected.

In the U.S., for example, younger enthusiasts have a strong interest in new brands like Grand Seiko.

Will bricks-and-mortar stores play as much of a role as they did post-pandemic?

Watches of Switzerland's Brian Duffy: Online will have accelerated a positive trend, but consumers still prefer bricks-and-mortar stores and will continue to do the same in the future.

What steps are you taking as retailers to ensure employee and customer safety in the store and warehouse?

Watches of Switzerland's Brian Duffy: We are implementing a range of protocols, including limited access, sales by appointment, full PPE for staff, installing sneeze guards and extensive cleaning measures throughout.

What will change permanently with the COVID-19 outbreak and lockdowns? And what will not?

Watches of Switzerland's Brian Duffy: Digital and remote selling will become more important.

What is the future of watch retail?

Watches of Switzerland's Brian Duffy: It's positive. We will continue to see more demand than supply and consumers have a preference for retail stores.

That said, it will be more important for retailers to be connected digitally, transacting online, being active on social media, having robust CRM, etc.

And the future of large trade fairs?

Watches of Switzerland's Brian Duffy: Geneva will be fantastic and will last for the foreseeable future.