

WATCHES AND JEWELRY

Phillips Watches head of digital strategy: "Collectors were quick to accept digital sales"

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Arthur Touchot is specialist and head of digital strategy for the Phillips Watches Department. Photo by Jonnie Craig

By [Meaghan Corzine](#)

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The world of watchmaking has had its fair share of twists and turns in recent years.

While questions over the necessity of physical trade fairs have been debated well before the world even knew what the coronavirus was, the now-forced transition from offline to online has inevitably shaken the world of luxury watchmaking.

While [Watches and Wonders](#) used innovation to create a digital experience similar to the one that would have greeted visitors to the in-person event, the world of digital auctions has had its own battles to face. Could auctioning in the digital world offer the same appeal to demanding customers? And could it possibly compare to the adrenaline rush and exclusivity of an auction in the physical world?

Digital auctioning has, in fact, garnered the attention of many watch aficionados and has been widely successful over the last few months of pandemic shutdown.

Sotheby's recently announced that it would be [upping its digital auctions](#) after its first session saw an impressive 90 percent of its merchandise sold.

Meanwhile, Christie's has also enjoyed success with the swift transition to digital. The auction house says its Web site, which now has "viewing" rooms, is being updated due to growing demand.

For renowned British auction house Phillips, its first online-only auction features [cross-sectional categories](#), including watches, jewelry and 20th century and contemporary art, prompting auction house specialists from different departments to come together. The watches section was 100 percent sold.

Many of Phillips' clients were open to digital auctioning prior to COVID-19, with more than 1,000 clients registered for online bidding during the auction house's last Geneva sales, which ended with a new online record when one of its clients placed the winning bid on a \$1.5 million Patek Philippe Ref. 2499 from his living room.

From Hong Kong to New York, the auctioneer's brand-new digital saleroom allows clients to livestream auctions and place bids from anywhere in the world.

But even before the global pandemic, only a slim percentage of pre-owned watches on the global market made it to live auctions, partially due to online competitors such as Chrono24. This begs the question: what does the future hold for auction houses?

Luxury Society had the privilege to sit down with Arthur Touchot, specialist and head of digital strategy for the Phillips Watches Department, to break down the details.

Mr. Touchot, who also boasts the title of former senior editor at Hodinkee, shares his insights on the fast-changing world of digital auctions and how it is keeping pace with the modern luxury consumer.

And with the London-based firm selling a record **\$111 million in watches in 2019** at a 96 percent sell-through rate, the world of auctioneering may have a thing or two to learn from them.

Have you seen a shift in the type or brand of watches that are being sold from physical to digital auctions? Based on sales, consumers seem to take comfort in buying big names like Patek and Rolex now more than ever.

The belief is that modern watches are better suited to online auctions, and there are a few reasons for that.

First, the public knows these models better and therefore they require less expert assistance.

Second, they are manufactured in a way that makes examples identical, even the extremely rare ones, which is not the case for vintage watches.

Again, that means clients can research a watch on their own and start bidding from a position of confidence without having spoken to one of our specialists.

And while I think digital sales will have a focus on modern timepieces, I wouldn't be surprised to see big results for vintage pieces in the future.

And that's because watches that are in demand are going to be in demand no matter where they are being sold.

That may be why the highest result achieved during our REFRESH:RELOAD Online sale was a vintage Rolex Cosmograph Daytona Ref. 6263. Not the most obscure watch, but a 40-year old collectible, which has aged in a way that makes it unique and charming.

Without a doubt, collectors take comfort in recognizable names and specific models that seem crisis-proof, but I do believe that any watch can be sold online.

I have seen very collectible watches trade hands over coffee, during business meetings, and even in airport lounges.

Because watches are so transportable, they are sometimes bought and sold in unconventional places, which might be why collectors were so quick to accept digital sales as just another platform for a deal to be made.

With the recent rush of online sales and the success of digital auctions, do you expect auction houses to adjust their strategy in a post-COVID-19 world?

COVID-19 has precipitated a shift towards digital that auction houses had previously recognized and were addressing.

Online bidding has been the preferred method of bidding for the past four years, and during our most recent auctions, up to 87 percent of the watches received at least one bid from an online bidder.

Even before hosting online-only sales, we have been addressing clientele's needs by adapting our digital strategy for live sales to complement the traditional auction house experience.

Our online catalogs offer a lot more content, for example, including opinion pieces from our specialists, collectors and watch journalists.

We also have a lot more video content to present the watches, and we give clients the option of requesting virtual meetings with our team.

We also decided to give our clients the opportunity to buy and sell watches throughout the year, with watches being offered at fixed prices through Phillips Perpetual.

We have a brick-and-mortar boutique located within our London office, on Berkeley Square, but naturally the

watches are available online and we will continue to develop our ecommerce platform so that clients can purchase or sell watches outside of the auction season, because the love of watches isn't seasonal. For many, it's a life-long passion.

The biggest adjustment auction houses will need to make is in their business-getting strategy.

Most, if not all, of the watches that have been sold in 2020 were watches consigned before nationwide lockdowns were put in place in response to the spread of the COVID-19.

We've been unable to meet with clients and offer valuations in person, except where we are already present, but finding fresh-to-market watches will require new methods.

What does the experience of a live auction offer and do you feel it's irreplaceable? Is digital a means, not an end? As a journalist, I got to cover the auction market for several years, flying in and out of Geneva to attend historic sales in person, and it was the excitement in the room every time the auctioneer presented an incredibly rare watch that made me want to be a part of that world.

Auctions are massive events for collectors, and while the community is thriving on social media, the only time you really get to share your passion for watches in a public setting is during the auction season.

Digital auctions simply do not provide that experience, and it would be wrong to build them to try to achieve that.

Instead of replacing live auctions, I believe digital auctions will complement live auctions, by giving auction houses more freedom when building their catalogs, as online sales can be held more regularly, and as they are the perfect platform for all of the commercial, modern watches.

Auction houses will then be able to create smaller, more theatrical events around their live auctions, the kind that collectors love to be a part of.

Has there been a recent pique of interest in cross-category sales? Is this something we can expect to see more? What about other online consumer trends?

Auction houses, just like watchmaking brands, hope to convert clients of one product segment into clients of every product segment.

I'm not sure either will be successful in their mission this depends as much on the products that are being offered as how consumers behave, and at the moment brand loyalty is low, with little sign of this changing with the next generation of consumers.

But cross-category sales can be successful even if collectors stick to their own collecting field. What it has done is bring auction house specialists from different departments together, and that can only be a good thing for us.

What about innovation in digital auctioning? Are auction houses using digital platforms in any unexpected or innovative ways?

We've made considerable progress in the past couple of years, and of course, I know I'm personally looking at a couple of innovations that could really benefit auction houses, and I believe we're not far from adopting them.

At the moment, bidding online or in person is the same process, just on a different platform. The user experiences are different, as you would expect between bidding remotely from one's sofa, and bidding in a room of 400 watch collectors. But the actions they are taking are not.

The highest bid wins, plain and simple. The goal, up until now, was to give clients those options, to guide them through each process, and let them decide which one they prefer.

What we know now is that many prefer online bidding, and auction houses will start refining that experience.

Will we one day organize auctions that place every single product in the collector's home, via augmented reality, and will the auctioneer be able to teleport into every home via hologram to conduct his or her sale yes, I believe it will happen but the technology isn't there yet.

Making a 3D scan of one watch to sell thousands like some watch brands are doing is very different from scanning every single watch in a catalog, to sell it just once.

What has been the response from your own long-time sellers/buyers?

Many have adopted online bidding years ago, and while some now follow our auctions and bid from the comfort of their own home in one case, we had a client place the winning bid on a \$1.5 million Patek Philippe Ref. 2499 from

his living room others still come to see us and meet fellow collectors.

I've even spotted quite a few collectors placing bids from their iPads while sitting in our auction room, in order to be discreet and/or fool a competitor into thinking they were not vying for the same watch. It's become part of their bidding strategy, which maybe we weren't expecting.

What are the unexpected things technical, banking systems, etc. you've come across as of much higher importance during online versus live auctions?

The biggest challenge for any auction house putting together an online-only sale is the presentation of the property to clients. This is where I expect to see the biggest transformations taking place when it comes to digital versus live sales, as specialists can no longer rely on private meetings with their clients to go through every angle of the watch, inspect dials with their loupes and discuss every facet of the watch's life.

For now, we've adapted by organizing Zoom meetings original, I know.

I expect all auction houses will be developing more refined systems and branding them over to create a unique customer experience.

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