

ARTS AND ENTERTAINMENT

Phillips doubles down on live auctions to succeed during pandemic

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The white gold Rolex Cosmograph Daytona is one of a number of watches Phillips has auctioned off to benefit a charity. Image courtesy of Phillips

By ELLEN KELLEHER

Global auction house **Phillips** is navigating its way through the pandemic by staying dedicated to live sales, a departure from other firms which have ramped up digital offerings.

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Sticking to its live-auction format, Phillips, in association with watch consultancy Bacs & Russo, is on pace to at least match last year's total watch sales of U.S. \$111 million after reaping \$31.7 million from its Geneva watch auctions at the close of June and an additional \$43 million from another round of Geneva watch sales in early November. Phillips, which also specializes in contemporary art, design and jewelry, will host its next watch auction, Racing Pulse, in New York on Dec. 12.

"Like so many of us, the pandemic has dealt us a challenge," said Paul Boutros, head of watches at Phillips, New York. "However, we are firm proponents and firm believers in the format of live auctions, led by an auctioneer.

"We don't believe in online-only auctions because of the nature of the watches we sell," he said.

In this Q&A, Mr. Boutros discusses how Phillips has responded to the pandemic and how it has catered to both in-person and online bidders by staying true to its live-auctioneering process. Here is the dialogue:

How has the watch department at Phillips responded to COVID-19?

We were very patient and very careful in how we responded and adapted to the new environment.

We specialize in the world's finest collectors watches. We are hunting the world for the very best quality and we reject 70 to 80 percent of the watches proposed to us.

The quality of these watches deserves a live-auction format. When the lockdowns came, we decided that we would not go forward with the auction unless we felt that the conditions were right such that our consigners' watches would not sell at a discount, but would do as well as possible.

We were under no pressure whatsoever from Phillips management. Our number one priority is to ensure healthy

results for the consigners who entrusted us with their watches and so, we waited patiently.

Our first auction of the year was the Geneva watch auction that was originally scheduled for May 9 and May 10. We postponed it in the wake of the lockdowns and it was held on June 27 and June 28.

We had fortunately consigned and acquired nearly all of the watches for the first Geneva auction before the pandemic began. Surprisingly, none of those consigning clients asked to have their watches pulled as they trusted us to do the right thing to ensure the integrity of the auction.

The postponed sale taking place on June 27 and June 28 was a live auction format. We had the ability to host 100 people in the auction room, based on Swiss regulations.

Social distancing and sanitation measures were all respected and in place. We transmitted the broadcast of the auction online as we normally do and there was bidding from clients all around the world via online bidding or via telephone bidding.

It turned out to be one of the most successful auctions in terms of sales results in history. We sold US\$31.7 million in total revenues on 210 watches and it was the first time ever that 100 percent of lots sold in a general auction.

What other auctions are on the horizon?

In New York, we have an auction coming up on Dec. 12. We do one auction per year in New York and it is a flagship auction, which we turn into a big event.

It has been quite challenging because of the American pandemic situation. It was tough here because we could not travel and collectors and consigners have had to work with us remotely.

Even with that challenge, our clients entrusted us from afar and, working with our shipping partners, were able to collect watches via telephone and Zoom. We've been able to put together a very high-profile and exceptional auction with some incredible watches being offered on Dec. 12.

It is not a charity auction, but there is a section of the auction where the watches will be sold to benefit charity. That piece is in partnership with the One Drop Foundation and the Prince Albert II of Monaco foundation.

What's it like being the head of watches at Phillips?

I am the head of watches for the Americas at Phillips as well as their international strategy advisor. Given our founding back in 2014, we're sort of the new kids on the block as far as watch departments and auction houses go.

I had a previous career completely unrelated to the industry of watches. I was a rocket scientist, believe it or not.



Paul Boutros, head of watches at Phillips, started his collecting career as a child. Image: Phillips

I was first doing engineering work, then my career took different twists and turns with program management, business development, leadership and product development becoming more important. But I followed my passion and I'm enjoying my job as the head of Phillips watches department because I believe in the vision and I believe in the long-term enduring appeal of collectible mechanical watches.

I've been collecting watches with my father since I was 10 years old and the passion continues. So, for me mechanical watches are here to stay and I believe in them wholeheartedly.

What kind of a change or shift have you seen in online demand for your watch auctions?

The watch community is very online savvy and since 2016, we have permitted online bidding in any of our live auctions. It has been incredible.

Every auction season, we have more and more people registering to bid online and submitting bids online during the live auction. So, our online presence has definitely grown to accommodate the very online savvy watch community.

We had over 2,400 individual online bidders participate in the last Geneva watch auction, which was a record for us. At the same time, the highest bid for the top lot in that auction was submitted online.

That was the highest online bid ever in the field of watches and also the highest online bid ever in Phillip's history across categories. It was for a watch that sold for about US \$5.5 million all inclusive.

Are there some categories of watches that are doing better in terms of online sales than others?

It is across the board that we are seeing online bids for watches of all types and all brands. So, it's really independent of the brand.

It is just more about our clients' preferences. A lot of them are enjoying the online bidding process and following the auction online.

Which watches are particularly popular now?

Probably, the most popular are modern timepieces by Rolex and Patek Philippe. And when I say modern, I would say from the year 2000 forward.



The Oyster by Rolex, a product with more than 90 years of history. Image credit: Rolex

Why those two brands?

Rolex and Patek Philippe have historically been the most sought after brands simply because they produce the most.

Are there any smaller brands that are becoming more popular? Is there an independent movement going on?

We also see significant demand in independent watchmakers' wares. These include names like George Daniels, F.P.Journe, Philippe Dufour, Roger Smith, Laurent Ferrier, De Bethune, MB&F, Romain Gauthier, Ludovic Ballouard and Kari Voutilainen.

Their popularity is sort of a more recent development as is the growth in demand. Collectors more and more want what others do not have and what others cannot get.

These independents are being recognized for exceptional craftsmanship, very limited production and great watchmaking.

What are your expectations for upcoming auctions?

We anticipate significant interest, especially in the Racing Pulse auction for New York, due to some very high-profile consignment, including Paul Newman's watch "Big Red Daytona," that was gifted to his daughter and is coming to auction for the first time. A Steve McQueen watch is on offer as well and so is a collection of watches from Sylvester Stallone.

As a result of the celebrity appeal and press coverage these watches have generated, we do expect a lot of people to watch and most likely participate.

What are your projections for the next year if the pandemic lingers?

We're going to march forward in the same manner as we have been and make sure that we don't do anything that jeopardizes the results of our consigners who have trusted us with their watches. God willing, we will hold our scheduled auctions.

We do see the demand and anticipate the demand to be as strong as ever.

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