

WATCHES AND JEWELRY

Is the future of luxury watches virtual?

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Battered by the COVID-19 closures and restrictions, the luxury watch business needs to assess how it markets to collectors and prospects as the pandemic alters consumer consumption patterns. Image credit: Luxury Society

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In the world of high horology, it is safe to assume that despite the actual complex matter of creating unique timepieces to tell the time, nothing ever moves too quickly.

But desperate times call for desperate measures. The impact from the global COVID-19 pandemic on the luxury goods industry has been dramatic.

In the [latest luxury goods report](#) from consultancy [Bain & Company](#) in collaboration with [Fondazione Altgamma](#), the Italian luxury goods manufacturers' industry foundation, the core personal luxury goods market contracted for the first time since 2009, falling by 23 percent to 217 billion euros, marking the largest recorded decline since Bain began tracking the industry.

The study also found that the crisis had worsened the "already critical consumption pattern shifts" in the luxury watch segment, which saw a 30 percent fall to 27 billion euros.

Combined with the latest numbers from the Federation of the Swiss Watch Industry, which reported that Swiss watch exports continued to decline in October and that 10 months into the year, exports had fallen by a 25.8 percent the sharpest decline ever recorded over the last 80 years the market for Swiss watches seemingly has a long road to recovery.

However, online sales climbed to 49 billion euros in 2020, up from 33 billion euros in 2019, and the share of purchases made online nearly doubled from 12 percent to 23 percent, according to the earlier report by Bain. And its authors predict that online will become the leading channel for luxury purchases by 2025, fuelled by omnichannel.

"We have all experienced a difficult year of rapid, unexpected changes and luxury has not emerged unscathed," said Claudia D'Arpizio, a Bain & Company partner and lead author of the study.

"While the industry has suffered from a pause in global travel and ongoing lockdowns, we believe it has the necessary resilience to manage through the crisis," she said. "We have faith in its ability to transform its operations and redefine its purpose to meet new customer demands and retain its relevance, especially for younger

generations."

Innovation accelerator

For certain, there has been more technological innovation in the luxury watch sector in these past few years than ever before.

Brands such as Breitling and Vacheron Constantin announced they were using blockchain as a way of digital verification. Also, Watches & Wonders announced that it would hold its annual watch fair online as a result of the cancellation of its physical event and is now planning another digital version for April next year.

And the use of Zoom calls, Instagram and WhatsApp messaging to sell to directly to clients is now a common occurrence amongst brands such as Bulgari and Zenith.

So, when **Parmigiani Fleurier**, a Swiss luxury watch brand, took the initiative to launch an augmented reality filter on Instagram with the help of its digital agency, **DLG (Digital Luxury Group)**, it added to the momentum that technology and innovation is starting to take hold in the minds of those in the high horology world.

"The idea with this new technology was to try to create a good relationship with the people that follow us, and to show them, that while we are a small brand, we are also close to our audience," said Sara Parrod, PR and digital project leader at Parmigiani Fleurier.

"We want customer feedback," she said. "We want to share new experiences with them and we want to listen to what our audiences tell us."

The social media filter, which was created by **MSM.digital**, enables users to view one of Parmigiani's latest watch models in 3D projecting the Tondagraph GT into a customer's world so that users can view it from all angles and even place their arm behind the image to visualize how the timepiece would look on their wrist.

"It's a different type of content presentation," said Camillo Stark, head of business development and augmented reality specialist at MSM.digital.

"You can show a video, but you can also say, well rather than a video of the watch, why don't you put it on your desk and you can view it from all sides and all angles as you want to?" he said.

While the concept of augmented reality is not new, it is gaining further traction in other areas of the luxury industry such as fashion and beauty, and in high horology, it represents the equivalent of finally dipping a toe into its virtual waters.

Thinking about tomorrow

At a time when online is growing, and uncertainty around store openings and closures lingers over the luxury market due to the global restrictions that are still in place, brands would do well to adjust their marketing strategies to navigate the new rules of luxury purchasing, and explore meeting their consumers on whichever channels they choose to interact on a key component to a seamless omnichannel experience.

"We have to think about tomorrow," Ms. Parrod said. "The clients that are not clients today could probably be clients tomorrow and we have to fit with their digital environment.

"AR is not something new, but maybe for watchmaking it is new," she said. "It's not widely used within communication, but we need to have more things like that, because if we don't try novelties in terms of communications, we will lose potential clients for the future."

It is all about community growth and engagement and presenting your consumers something new, Mr. Stark said.

"Everybody is doing a video, everybody is showing an image of the watch and some supermodel is sitting on a yacht and wearing this watch, but that's not a wow anymore right?" he said.

"To get interest, and to get attention by others, you need to do something else, and the reality is not only something else but it's also something that it is fun to use, it's innovative, it shows your company is not like from the last century, and lastly it does serve a purpose. You can try before you buy actually."

Looking forward, Ms. Parrod says the company will think about how to integrate more augmented reality as a potential sales tool for its retail partners.

The company is also considering how to create a virtual manufacturing visit as a way to stay connected with clients during global COVID-19 restrictions.

"It's a project that we are brainstorming about it with our different teams around the world, but this is something that probably will be done during next year because our markets are asking about it," Ms. Parrod said.

"For us, it's also an experimentation," she said. "We will see, we are testing. It's a good thing with a small company because you can be more creative and you have to be more creative to shine, I think. Because you don't have the same awareness as bigger brands, so you have to scream more to be more heard."

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