AMERICAN TRADITION
INGERSOLL REFOCUSES ON THE USA
Secondary market for luxury watches could be this decade’s great disruptor

Will the global market for pre-owned, vintage and grey market watches be worth $5 billion this year, as its biggest players suggest? We may never be sure as the industry is hardly known for its transparency. But add up the value of watches for sale today at eBay, Chrono24, Watchfinder, Chronext, Watchmerchant, Bonhams, Phillips, Sotheby’s, Christies and your local pawnbroker and you will start to get a feel for the sheer scale of the secondary market.

The attitude of venerable Swiss watch houses to the second hand space has varied over the years from indifference to anger and contempt; rarely recognising or openly appreciating how the secondary market unblocks retail channels, liquidates stock that won’t sell at full price, and gives watch lovers cash for once-loved timepieces that can be spent on brand new models.

This month WatchPro set out to shine a light into the murky corners of the secondary market. We spoke to Watchfinder (who could not say anything on the record following the company’s acquisition by Richemont), we traveled to Germany to visit the headquarters of Chrono24, we sat down with the global head of watches at Bonhams auction house and we interviewed the owner of Bob’s Watches, America’s self-proclaimed king of second hand Rolexes.

What we discovered were not a bunch of crooks and cowboys. Instead we learned how important the secondary market is to the wider luxury watch ecosystem, and how they are determined to build trust in an industry that ordinary consumers and experienced collectors have already learned to love.

Indifference and ignorance is no longer an option for Switzerland’s greatest watch maisons, which is why Richemont’s acquisition of Watchfinder is so important, and why the industry’s most respected CEOs including Georges Kern at Breitling and Jean-Claude Biver at LVMH are actively engaging with these international disruptors.

With the Swiss watch industry booming this year, the temptation for complacency will be strong, but this period of plenty is actually the perfect time to embrace the secondary market and work out how it can improve the watch buying and owning experience for everybody.

Rob Corder
MANAGING EDITOR, WATCHPRO

AUGUST’S COVER COURTESY OF INGERSOLL
Front cover image: Ingersoll, an American watch company that can trace its history back to the late 19th century, is now owned by Britain’s Zeon. The company is ramping up its presence in the USA through a partnership with Timex Group, and highlighting its history through the use of this retro-style photo shoot in New York.
RANGEMAN GPR-B1000 | GPS NAVIGATION / SOLAR

You’ll always find a way. The toughest GPS watch in G-SHOCK history shows you precisely the right direction on a defined track. It also records track logs inside the watch to transfer in the smart-phone app.

THE ULTIMATE SOLAR POWERED GPS WATCH

Navigate & Log - Log up to 20 route maps
Back track - Navigate back to where you started from
Point memory - Record data: altitude, pressure, temp
Solar power charging - Up to 4 hours
Bluetooth app connectivity

g-shock.co.uk
CONTENTS

UP FRONT

8-15 FRON T: NEWS & VIEWS
Aurum Holdings and LVMH announce record sales while Swatch Group says goodbye to Baselworld.

16-17 RETAIL SALES DATA
GfK reports on the mixed fortunes of luxury and mass market watch retailers.

18 QUARTERLY REVIEW
GfK analyses sales results from Q2 as growth across the UK market slows.

FEATURES & SPECIAL REPORTS

20-25 THE BIG INTERVIEW
Chrono24’s co-CEO Tim Stracke explains how his secondary market platform for luxury watches is disrupting the global industry.

28-29 BUSINESS BRIEFING - BONHAMS
London auction house used to sell vintage watches to a sale room packed with scores of potential buyers. Now it takes bids online from hundreds.

32-34 RETAIL FOCUS - BOB’S WATCHES
Paul Altieri is a Rolex lover and collector who has turned his passion into a $40 million business. He explains how a newsletter about second hand prices turned into a global trading platform.

36-37 VIEW FROM THE TOP - JUNGHANS
Matthias Stotz has been at the wheel of German watchmaker Junghans for over a decade, and has just opened a museum that showcases the brand’s illustrious history.

38-39 NOVELTIES
More 2018 novelties that will be reaching watch retailers in the coming months.
FORTHCOMING AUCTIONS
Entries now invited

Watches & Wristwatches
11 September
Knightsbridge, London

Watches & Wristwatches
20 November
Knightsbridge, London

Fine Wristwatches
26 November
Hong Kong

The Art of Time
5 December
New York

Fine Watches & Wristwatches
12 December
New Bond Street

ROLEX. AN EXCEPTIONALLY RARE STAINLESS STEEL MANUAL WIND CHRONOGRAPH BRACELET WATCH WITH EXOTIC PAUL NEWMAN DIAL
Paul Newman Cosmograph Daytona, Ref: 6262/6239, Circa 1970
Sold for £ 212,500

ENQUIRIES
London
+44 (0) 20 7447 7413
watches@bonhams.com

New York
+1 212 461 6530
watches.us@bonhams.com

Hong Kong
+852 2918 4321
watches.hk@bonhams.com

Bonhams

@Bonhamswatches
bonsams.com/watches

Prices shown include buyer’s premium. Details can be found at bonhams.com
Aurum Holdings has reported sales surging by 21.2% to £685.2 million for 30th March 2018. The group overtook the UK’s largest multi-store operator last year, and pushed forward by the take-over of Rolex and multi-brand showrooms in Las Vegas.

The American business has been key to the group’s growth in the past 12 months, with pro forma net sales rising 9.9% across The Pond while UK sales rose by 5.2%. Worldwide earnings (EBITDA) rose 23.2% to £68 million.

Aurum Holdings, which is owned by US-based Apollo Global Management, is rumoured to be in preparation for a public listing early next year. It recently announced it will change its name to Watches of Switzerland Group on September 1, a rebranding that will make it more investor-friendly ahead of a potential IPO.

Speaking to WatchPro as the results were announced, the group’s chief executive, Brian Duffy, said that there was nothing formal to report on the subject of a sale or public listing, beyond confirming that the business routinely prepares for all outcomes.

A list of operational highlights accompanying the 2017-18 financial results suggests that growth opportunities in North America are as important as the larger UK operation to Aurum.

The report points to the successful integration of Mayors, a leading watch and jewellery retailer in Florida and taking over management of a Rolex showroom and multi-brand watch boutique in the Wynn Resort, Las Vegas, in December last year.

The group is investing heavily in refurbishing and relocating some of the Mayors network of around 20 stores, and is on track to open three Watches of Switzerland shops in New York as well as additional luxury watch boutiques in Las Vegas. It also has a programme of improvements to store environments, merchandising, marketing and CRM rolling out in North America in partnership with the key watch and jewellery brands it represents.

"Initiatives are in place to implement Aurum’s best practices in merchandising, marketing and CRM with strong support from all key brands," Mr Duffy says.

Luxury watches now account for 73% of group sales, according to today’s financial report. In the first three months of 2018, this increased to 75%.

Aurum has strategically invested in the fastest growing areas of the jewellery and watch market. Since 2016, the UK has been red hot as the Brexit vote weakened the value of sterling and made luxury goods like watches more than 25% cheaper than comparable Western markets. That contributed to sales rising by almost 25% in the 2016-17 financial year.
Watch brands have adjusted UK prices over the past two years, which has reduced the price differentials and taken some heat out of the market.

The US market is growing faster than the UK this year, with exports of Swiss watches rising by almost 10% in the first five months of 2018. Exports to the UK have dipped by 10.8% in the same period.

“This solid performance was supported by the positive market trends in the UK and particularly in the US. The Swiss Watch Federation report strong growth in the global market for luxury watches. Our strong results and the growth we have seen in our total market share in this category during the year, coupled with the continued momentum in current trading post the year end, is testament to the strength of our retail brands, our store environments and our people, and demonstrates that we are well placed for future growth,” Mr Duffy states.

Since Bucherer bought Tourneau in the United States, the two groups are now competing to upgrade and extend their store network in that market.

“We really believe that flagship-style stores are what consumers want today. We think we have the formula that has worked very well in the UK, and with the support of our shareholder Apollo Global Management, we have a blueprint for investment and expansion in America,” Mr Duffy concludes.
HUBLOT’S WORLD CUP PARTNERSHIP CAUSES INSTANT SPIKES IN SEARCHES

Hublot has been official timekeeper at the past three FIFA World Cup Finals, with the watchmaker this year providing smartwatches for referees, and its branding appearing across advertising hoardings and officials’ sign boards. The challenge with promotions of this kind is measuring their impact.

Hublot CEO Ricardo Guadalupe knows that billions of people watching the World Cup will not even know that Hublot is a watch brand. Fewer still will see the branding and reach for their credit cards to make an instant purchase. The plan, as the Hublot boss told WatchPro in June, is to make as much of the world aware as possible that Hublot is a watch brand.

It is a plan that has made an impact, according to Chrono24, the world’s largest online marketplace for luxury watches. Exclusive analysis of visitor traffic to the Chrono24 website shows that every time the Hublot board is shown in the football, people start searching the web for Hublot.

“The numbers don’t lie. Every time a player is substituted, the world can see the official’s substitution board and Hublot’s page views rise immediately and significantly,” a statement from Chrono24 reveals.

Chrono24, thanks to its scale, digital marketing and technical sophistication of its platform, appears high up on searches when people Google for Hublot and other watch brands sold via its marketplace. It is therefore an accurate barometer of the spike in searches for Hublot every time the fourth official’s board appears.

The graph of Germany’s match against Mexico illustrates the effect perfectly. The number of page views for Hublot watches on Chrono24 is fairly consistent during the match, but increases more than five-fold as early substitutions are made. The effect is less notable as the match progresses.

The surge for Hublot at halftime was even more dramatic, with page views spiking immediately as the referee’s board was raised.

LVMH WATCH & JEWELLERY REVENUE RISES BY 16% IN FIRST HALF OF 2018

LVMH recorded a revenue increase of 10% for the first six months of this year, as sales rose to £19.4bn from £17.5bn.

Profit from recurring operations was £4.1 million, an increase of 28% while the operating margin reached 21.4%, an increase of 2.9 percentage points. Group share of net profit was also up as it amounted to £2.6 million, showing an increase of 41%.

The watches and jewellery business group recorded organic revenue growth of 16% while profit from recurring operations was up 46%. The momentum at TAG Heuer was reflected in the innovations of its flagship collections Carrera, Aquaracer and Formula 1, and a smaller version of its smart watch was launched. Hublot also enjoyed strong growth and benefited from the enhanced visibility of the brand as the Official Timekeeper of the FIFA World Cup.

Bernard Arnault, chairman and CEO of LVMH, said: “The excellent results of the first half of the year attest to the strong desirability of our brands and the effectiveness of our strategy. The performance of the first half is even more remarkable given the unfavourable currency environment.”

Hettich gives away Rolex GMT Master to hospice fundraiser

Rolex’s Pepsi-coloured GMT Master II is among this year’s most unattainable timepieces for watch lovers, which makes it all the more remarkable that Hettich Jewellers in Jersey is giving one away for charity.

Jeffrey Chinn, director of Hettich, has been supporting Jersey Hospice Care for many years, and when the organisation said it is raising money for a new children’s service he was happy to step in again.

The Hospice, which provides end of life care, receives all of its funding through donations, which need to total almost £6 million pounds per year.

In 2016, Hettich donated a steel Daytona with ceramic bezel – the most sought after watch of that year – to the hospice’s annual fundraising ball. It sold for £22,500, around £15,000 more than its list price.

This year, Mr Chinn hopes that a Rolex GMT Master II will exceed the Daytona result. “It is already almost impossible to even get on a waiting list for this watch, so we hope it will sell for £20,000, even £50,000,” he says.
Swatch Group chief executive Nick Hayek has accused executives at MCH Group, the organiser of Baselworld, of arrogance and snobbery as he confirmed that all of the group’s brands have been withdrawn from the exhibition in 2019.

In explosive interview with American network CNBC, Mr Hayek challenges the fundamentals of giant trade shows like Baselworld at a time when there is year-round communication with retail partners and customers.

“The old traditional watch fair doesn’t make sense anymore. If you look around the world we are close to the consumer, close to the retailer,” he says.

Mr Hayek goes on to accuse Baselworld’s executive team of lacking the courage to make real progress. “I invited the executives and told them they have a big opportunity to change. The Swiss watch industry is booming so now is the time to make changes. All of the Swiss watch industry is ready to help, not just Swatch Group. But you must open up. You must do something now,” he urges.

“We are ready to help, but for 2019 we are definitely out,” he concludes.

Baselworld managing director Michel Loris-Melikoff, who took control of the exhibition on July 1 this year, concedes there is no chance of persuading Swatch Group to return in 2019, but has not given up hope of attracting the business back in the future. “I do not think that such a decision can be communicated without being final. But we are of course in regular contact with this partner, as we are with all major Swiss watch groups, and we will strive to bring [Swatch Group] back,” he says in an interview with Swiss newspaper Le Temps.

He went on to defend the way Baselworld has communicated its ideas to develop the event. “Some even claim that we have presented a fait accompli of Baselworld 2019, but I have trouble with this terminology. After the review of the 2018 edition, we presented new ideas for the first time May 3, then in the form of a summary concept in front of Swiss exhibitors gathered in Neuchâtel on May 29, and finally before the World Exhibit Committee on July 4th. We have incorporated the feedback into our plans and will present a detailed version on September 3rd. The design of our 2020 Vision is expected to be completed by November. But we had to launch without delay the sales process for 2019,” he explains.

Mr Loris-Melikoff goes on to state that the 2019 event already has 650 exhibitors confirmed, but could not rule out further departures. “It is far too early to say. I note that our ideas for the fair were mostly received positively. This announcement, of course, raises questions. We will respond with transparency, letting you know in which direction we want to go. The press release that will be released Monday, as we had planned, was drafted in consultation with Swiss exhibitors,” he states.

Swatch Group issued the following official statement regarding its decision to withdraw from Baselworld:

Today everything has become more transparent, fast-moving, and instantaneous. Accordingly, a different rhythm and a different approach is needed. With its 18 watch brands, Swatch Group has operated for a long time very successfully along these criteria in production, distribution as well as in marketing.

In this new context, annual watch fairs, as they exist today, no longer make much sense. This does not mean that they should disappear. But it is necessary that they reinvent themselves, responding appropriately to the current situation and demonstrating more dynamism and creativity. At the moment, the trade fairs are failing to do so.

The MCH Group, which organises Baselworld, is clearly more concerned with optimising and amortising its new building — which, incidentally, is largely financed by the watch industry during the fairs — than it is in having the courage to make real progress and to bring about true and profound changes.

For all these reasons, Swatch Group has decided that from 2019 onwards, it will no longer be present at Baselworld.”
Timex has signed a deal with Britain’s Zeon Ltd to distribute and market Ingersoll watches in the USA, Canada and Mexico. Zeon will continue to be responsible for its creative direction and the production of the watches.

Lost in the mists of time is the fact that Ingersoll and Timex have a shared history. Dating back to 1892, Ingersoll was a brand manufactured by Waterbury Clock Company the corporation that is today known as Timex Group. Silvio Leonardi, Timex Boutique senior vice president, says: “The Timex and Ingersoll brands share the same values and are grounded in a history of superior watchmaking. Partnering with Zeon to market Ingersoll watches is a natural extension of our shared DNA. With this announcement, we celebrate our joint heritage and the craftsmanship and quality that are fundamentally ingrained in both brands.”

Zeon is committed to positioning Ingersoll watches as a quality product with American heritage. “The partnership with Timex Group is a new and exciting chapter in the modern history of the Ingersoll brand,” says Simon Gilham, president of Zeon US Inc. “Our expectations for this partnership are high. We want to ensure that Ingersoll re-establishes itself as the watch of choice for consumers looking for uniquely designed, quality timepieces.”

Timex Group, one of the world’s largest watch companies, will use its vast sales and marketing network within those territories to continue the momentum generated by the Ingersoll brand since it’s re-launch at Baselworld back in 2016.

Hugh Rice becomes first retailer in Hull to open dedicated Rolex room

Luxury jeweller Hugh Rice has added a ‘Rolex Room’ to its flagship store in the St Stephen’s shopping centre in Hull. The new dedicated space represents a big coup for Hugh Rice, as it is the first time that the jeweller has stocked Rolex in any of its stores.

Indeed, Hull as a city hasn’t had any Rolex points of sale since high street jeweller Berry’s last stocked the brand in 2010. Any Hull resident who would currently have to travel to York, Leeds or Grimsby to source a new Rolex watch. “Hugh Rice the Jewellers are immensely proud to announce their new partnership with world-renowned watchmaker Rolex,” said a Hugh Rice spokesperson. “Their landmark innovations have helped to shape the watchmaking world. Hugh Rice is devoted to quality, both in the brands they choose to work with and in their exceptional customer experience. Their partnership with Rolex further underpins this company belief.”

The new relationship with Rolex is a sign of ongoing growth by Hugh Rice, who in 2017 announced to WatchPro its plan to open five new stores by 2020 and reported annual turnover of almost £11.5 million.
MARCUS MARGULIES SELLS BACK URWERK AND MB&F STOCK AHEAD OF TOWNHOUSE OPENING

Marcus Margulies is close to opening a luxurious townhouse in Mayfair, where VIP clients will be invited to experience some of the finest timepieces in the world.

Mr Margulies is one of the most influential watch executives in Britain as the man behind Sekonda and Accurist at Time Products as well as a host of prestige watch brands in the Time Products Luxury portfolio.

Since closing his Marcus showroom on Bond Street last year, Mr Margulies has been preparing for the opening of his five-storey townhouse on Berkeley Square.

Along with extensive renovation to the property, the entrepreneur has also been refining the line up of watches he will offer to his clients.

WatchPro has been told that Urwerk and MB&F have both ended their association with Mr Margulies and bought back a number of high value timepieces from the business.

Greubel Forsey, which makes around 100 watches per year with prices in the region of £500,000, is expected to continue its partnership. Sylvain Van Muylders, client director for the watchmaker, told WatchPro that there had been no official request for Greubel Forsey to buy back any of the 25 watches owned either personally by Mr Margulies or by his company.

“We have been told that Marcus strongly wants to continue working with Greubel Forsey. He wants to have exclusive stock to show,” Mr Van Muylders says.

Urwerk confirmed that it has bought back stock. “When Marcus finally closed his shop in London we bought back some of the unique pieces he had ordered. They are brand new as they were kept in his safe and they will join our ‘museum’ collection,” said Yacine Sar, head of communications at Urwerk.

MB&F was also represented at the Marcus boutique on Bond Street until its closure brought the partnership to an end. “With the closing of their boutique on Bond Street, we decided to put an end to our relationship with Marcus earlier this year – and as always in such cases, we buy back any unsold stock, rather than seeing it potentially liquidated on the market,” says MB&F head of communication Charris Yadigaroglou.

MB&F recently announced it will start trading in its own pre-owned watches, but the watches from Marcus will not be sold in that way.

“Our Certified Pre-Owned initiative has other origins. We’ve been noticing increasing demand from collectors for MB&F products that are no longer available and we simply feel that it is essential to maintain a healthy second-hand market in order to build a strong brand,” Mr Yadigaroglou asserts.
FOSSIL GROUP FINALLY PRESENTS EMPORIO ARMANI SMARTWATCHES

Fossil Group has finally presented a family of Emporio Armani smartwatches that will go on sale this September in the UK.

The group’s annual exhibition of new models, which Fossil ran alongside Baselworld in March this year, did not have any 2018 smartwatches on show from any of its watch brands.

But Fossil has remained publicly committed to its strategy of introducing hybrid connected watches and/or touchscreen smartwatches across all brands including Michael Kors, Skagen, Diesel and Fossil.

Emporio Armani’s 2018 Connected touchscreen smartwatches use the Wear OS by Google and the Qualcomm Snapdragon Wear 2100 SoC chipset. The watches are compatible with both iPhone and Android phones. The waterproof smartwatches include heart rate, swimming and GPS distance tracking so that people can leave their phones at home when out walking or running. An in-built NFC-based payment system will work with contactless systems in UK retailers. The watches are also fitted with Google Assistant, which responds to voice controls and questions.

Emporio Armani Connected retailers will be supported with a fresh Autumn/Winter campaign featuring singer and songwriter Shawn Mendes, who is now face of the entire collection of Emporio Armani watches.

The new smartwatches were first made available on pre-order at armani.com, with retail partners only able to sell them from September.

Prices range from £329 to £389.

DID YOU KNOW

WatchPro sends out daily news updates via email to over 5,000 qualified professionals in the UK watch industry.

You too can receive daily updates from the watch industry to your inbox by signing up at www.watchpro.com/dna
BUYING & SELLING WITH BONHILL

PROFESSIONAL RETAILERS AND PRIVATE CONSUMERS CAN TURN UNWANTED WATCHES INTO CASH BY WORKING WITH BONHILL GROUP. THE COMPANY IS ON A ROLL RIGHT NOW AS THE MARKET FOR PRE-OWNED WATCHES (WORN OR UNWORN) GROWS IN SIZE AND SOPHISTICATION, AND BONHILL WANTS TO GREASE THE WHEELS WITH ITS FINANCIAL FIREPOWER WHILE IMPROVING TRUST BETWEEN SELLERS AND BUYERS AS UK DIRECTOR ELOI GUILERA EXPLAINS.

Watchpro: Tell us about the history of Bonhill Group. How long have you been trading in the UK and around the world?

Eloi Guilera: Bonhill began operations in 1987 in New York, buying from the public and professionals, and this remains our global headquarters. In 2013 we opened our European HQ in Barcelona and in 2017 launched satellite offices in Dubai, Hong Kong and the United Kingdom as well as affiliate programmes in Central America, the Far East and North Africa.

Watchpro: What is the unique selling point of your business model?

Eloi Guilera: Product that has been in store inventories for more than three years is an underperforming asset declining in value. Tying up capital and devoting time and energy to selling this product limits competitiveness and curb appeal compared to a store or boutique with the latest models. Our global buyback programme enables our partners to free up capital for replenishment and growth.

Similarly, private clients also have underperforming assets in jewellery and watches they no longer wear or need. These items can be turned back into cash that can be put to better use.

Bonhill is dedicated to forging relationships to provide an exclusive, expert and trustworthy experience for the sale of these items directly through our own offices or via one of our Global Affiliate Program partners. Our established channels then ensure discrete distribution.

Watchpro: What country represents your biggest market?

Eloi Guilera: Our biggest market for purchases might not necessarily be our biggest for sales and this changes often by season and trend. Our strength and expertise as a global business is knowing the most appropriate marketplace for a particular product category or brand at a particular time, thus ensuring our vendors and customers realise maximum value.

Watchpro: How sustainable is the current popularity in the second-hand watch market?

Eloi Guilera: It certainly seems to be ‘en vogue’ at the moment but, rather than just a trend, we see it as a fundamental shift in attitudes towards second-hand watches and product in general on the buy and sell side rather than just a trend. Owners are more conscious of unused items and tend to see them more as underperforming assets rather than family heirlooms and are more likely to turn these items back into cash when they’re no longer being used.

There’s also a greater overall awareness of recycling and the benefits that has for the environment and this is true for buyers also. People are generally more open to buying and using something that has been previously owned. Previously owned products also open up a whole additional field of options to the aspirational consumer who is normally limited by high retail prices and availability.

Watchpro: Do you handle stock, or do you simply act as an agent / marketplace to bring together buyers and sellers?

Eloi Guilera: Our objective is to realise maximum value for clients and pay the highest prices possible whilst accommodating their need for discretion and/or over-exposure. To ensure this everything goes into our product cycle where we strategise and establish the best marketplace for distribution.

Watchpro: How can customers be sure of the authenticity of the watch that they buy using Bonhill Group?

Eloi Guilera: Before sale, as part of the product cycle, every item is thoroughly examined by our experts and is guaranteed 100% authentic and original for life. We also provide a warranty on parts and functionality.

Watchpro: What expansion plans do you have over the coming year?

Eloi Guilera: There are no plans for any additional Bonhill offices in the coming year. We have already achieved our goal of expanding our physical locations into Europe, Hong Kong and Dubai. These we see as the hubs for our global operation and our focus now is on bringing our services to new clients and countries via the Global Affiliate Program, which can be implemented in anywhere that has any sort of luxury product market.
Sub-£500 watch market falls again

SALES OF LESS EXPENSIVE WATCHES ARE DOWN BY 10% FROM THIS TIME LAST YEAR, A PART OF THE MARKET THAT HAS BEEN IN DECLINE SINCE 2014 AND IS UNDER SUSTAINED ATTACK FROM TECH COMPANIES’ SMARTWATCHES.

Britain’s booming watch market has been notching slower rates of growth since April last year, but continues to outpace the wider retail sector thanks to the enduring strength of luxury sales.

The two speed market continued into June, according to data from retail analyst GfK, with the value of sales for watch priced at over £1000 rising by 10.8%. This compares to the continuing weakness of the sub-£500 watch segment, which saw the year-on-year value of sales drop by around 10%.

The volume of watches sold in Great Britain declined by 7%, but an annual rise in the average price paid for each watch of 11.7% meant that the market at all price points rose by 3.9% in June.

For the first six months of 2018, the entire GB watch market is 3.8% bigger than the same period in 2017.

Specialist watch shops, jewellers, department stores and fashion outlets will be wondering which way to turn to ignite sales for cheaper watches, which have been in decline since the Michael Kors boom in 2014.

Adding online might be necessary to stand still for retailers, but is unlikely to provide substantial growth. The value of watches at all price points sold online in the first six months of 2018 is down 1% on the same period in 2017.

This data is supplied by GfK, the UK’s leading analyst of retail performance and consumer confidence. For information please visit www.gfk.com
Market growth slows, but rising average selling prices at the top end keep ship afloat

WATCH RETAILERS WILL BE LOOKING FORWARD TO ANOTHER SUMMER WHEN THE WEAK POUND WILL HELP TO ATTRACT TOURISTS TO THE UK WHO CAN BUY LUXURY GOODS AT A CONSIDERABLE DISCOUNT TO BACK HOME.

Despite fewer watches being sold in Great Britain over the past year, the value generated from these sales continues to grow, but that growth is slowing down. Annualised performance up to the end of June 2018 shows a value growth rate of +4.4%, compared to +7.9% in the year to March 2018 and +9.1% in 2017.

It’s recognised that the growth has been driven by watches over £1,000, with the luxury end of the market over £5,000 responsible for much of the increase. Whilst growth from these premium brands remains strong, it too is slowing down. Looking at the 12 month picture, sales above £1,000 increased by +14.0%, but comparing June 18 vs June 17 that growth rate is lower, at +10.8%, indicative of an on-going short term trend where sales are still robust, but not as strong as they were previously.

In comparison, the market at lower price points continues to decline. Sales fell -11.6% under £100, -12.3% between £100-£500 and -8.4% between £500-£1,000 (all over the 12 months to June 2018). This represents a shift in the market with sales of watches at these priced points continually accounting for a lower proportion of overall sales, both in volume and value. This, coupled with the performance of luxury watches, is fueling the rise in average selling prices (ASP), which are up +18.1% over the past year.

However, it’s important to note that the strong increase in ASP is largely driven by the different sales trends above and below £1,000. With the market at lower price points in decline and the luxury market continuing to grow strongly, the change in ASP is exaggerated. If we look at the ASP trends within individual price points, we see a different story.

Interestingly, the market under £100 recorded an increase in ASP over the year to June 2018 of +0.5%, with the market between £100-£500 seeing ASP rise by +0.9%. Given this, it’s clear that the overall volume declines in this market are one of the key areas which really impacted prices at a total market level.

In contrast to this, ASPs within the £500-£1,000 market fell by -1.1%, driven by modest growth at the lower end of this scale and a slow down in sales over the past year at this price point.

Finally, we can compare the overall rate of increase for ASP in the whole market (+18.1%) to the rate of increase for the market over £1,000, which stands at +3.3%. Again, the total market trend is impacted by the proportion of sales coming above and below £1,000, whilst the high-end market is seeing more premium sales coming through, the actual increase in prices is relatively modest compared to the increase over the whole market.

What’s clear from all this is that, unless you’re playing at the premium end of the market, it may not be easy to find any quick wins. Sales online no longer offer a clear route to growth, whilst that the online market grew by +0.6% June 18 vs June 17, value sales performance over the first six months of this year was down -1.0% compared to the first half of 2017. The rise in ASPs we’ve seen up to £500 is partly down to the mix of watches sold in this market, partly down to brand performances, but it may also be indicative of brands and retailers seeking what value they can in a contracting market.

Unless you’re playing at the premium end of the market, it may not be easy to find any quick wins.”

Annual rise in average watch sale prices
18.1%

Rise in ASP for sub-£100 watches for year to June
0.5%

AUTHOR CREDIT:
Paul Mitchell,
Senior Client Insight Director
paul.mitchell@gfk.com
+44 207 890 9045
www.gfk.com/uk/www.twitter.com/gfk_en
Liberté Eternité Fiabilité*

CMJ Summer Trade Event - Stand 250, Hall 2

www.michelherbelin.co.uk
#michelherbelin

Antarès
Interchangeable straps
CHRONO24 COMES IN FROM THE COLD

IT HAS BEEN EIGHT YEARS SINCE TIM STRACKE AND HIS FELLOW INVESTORS BOUGHT A LITTLE KNOWN ECOMMERCE BUSINESS CALLED CHRONO24 FROM A COUPLE OF FELLOW TECHNOLOGY WONKS. NOW THE ONLINE MARKETPLACE WELCOMES MORE THAN 7 MILLION UNIQUE VISITORS PER MONTH AND IS ON TRACK TO SELL LUXURY WATCHES WORTH €1.2 BILLION THIS YEAR. HAVING GIVEN CHRONO24 THE COLD SHOULDER FOR YEARS, CEOS OF THE WORLD’S BIGGEST WATCH BRANDS ARE NOW BEATING A PATH TO THE GERMAN COMPANY’S DOOR, AND LOOKING FOR WAYS TO WORK TOGETHER WITH THE DISRUPTOR. WATCHPRO’S ROB CORDER WANTED TO KNOW MORE, SO HEADED OVER TO KARLSRUHE TO FIND OUT FROM CO-CEO MR STRACKE WHICH WAY HE PLANS TO MOVE NEXT.

WatchPro: Can you give me a quick history of Chrono24 and details of your management team and investors?
Tim Stracke: Chrono24 was established in 2003 and was run by two guys as a side business. In 2009 we faced a choice of whether we should compete with Chrono24 or buy them out. The company at the time was not even a legal entity: it had an out-of-date web design; it was a bad website. But when we met the owners and looked at the numbers, we were deeply impressed. We were amazed that a business that was not really doing anything special could already have such a massive global audience. Compared to what we do today, it was small, but already in a market leading position among true watch lovers. We were amazed that a business that was not really doing anything special could already have such a massive global audience. Compared to what we do today, it was small, but already in a market leading position among true watch lovers. And since marketplaces are usually ‘winner-takes-it-all’ businesses we decided to buy them out even though it seemed back then that we had to overpay it. From there we turned Chrono24 from a website into a company.

That was 2010, and less than 10 years later Chrono24 has close to 200 employees, we are headquartered here in a beautiful castle in Karlsruhe, Southwest Germany, and have offices in Berlin, Hong Kong and New York to service Asian and US markets. Today, one out of every three watch lovers worldwide uses Chrono24. The total purchasing power of our users is about a third of the overall global market.

My business partners and I have long term experience in online marketplaces, and we have always liked watches. Our CTO Michael Krkoska is actually a deep fan of pocket watches, while Dirk Schwartz and I have a great love for mechanical wrist watches and online marketplaces. The three of us had a marketplace business before, and it was an obvious next step for us to go into new and pre-owned - or as we often say pre-loved luxury watches. When we started with Chrono24, many industries had already shifted online but not the watch industry.
Two years ago, Holger Felgner, previous CEO of TeamViewer, one of the few German unicorn businesses, joined the team. Holger has already a quite impressive collection of Speedmaster watches. Our main shareholder is Insight Venture Partners from New York, a $5 billion private equity and venture capital fund and our portfolio manager is a watch collector himself as well.

**WP: What do you mean when you say one in three watch lovers ‘uses’ Chrono24?**

**TS:** With using, I mean visiting our platform – to search, sell, buy watches, research prices and price developments, learning about our services, checking specific offers on watches they have on their list or reading articles in our magazine. Depending a little bit on the month, it is around 12 million visits every month right now. Unique users is a little bit less, around 7-8 million per month. Of course, not all of them buy a watch but the transaction volume that is being generated has also been growing significantly. This year we are on track to do around €1.2 billion in transactions through Chrono24, 20% more than a year before.

That is a massive volume, which attracts more and more sellers to the platform. Today, we have 2500 professional sellers from around 100 different countries. We also have close to 10,000 private sellers at any given time offering watches through Chrono24.

**WP: That is extraordinary reach and transaction volume. Where do you go from this point?**

**TS:** Long term, we have the aim to be in contact with every single watch lover on the planet. We also want to know every single watch on the planet; not only the watches that are being offered on the platform, but also the ones that people have in their collections.

A year ago, we started offering a feature on our website so that people could upload their collection and tell us what they have, since when they have owned them and for what they paid for them. Then you can track your collection’s value over time. That does not mean the watches are for sale, but it is a way for people to get daily estimates of their collection and manage their current collection. A lot of people have been doing that, which helps us to better understand our users and make very personalized recommendations.

We want to bring all these people together and help them to connect and make trustful transactions; to buy and sell their watches – making both sides of the market happier than before.

**WP: The size and potential of the secondary market is only now being analysed, understood and talked about at both a dealer level and manufacturer level. It used to be seen as a dark and shady part of the market, but the Swiss manufacturers realise the scale of the opportunity and the danger of ignoring it or making ineffectual attacks on it.**

**TS:** We always knew that brands would move into the pre-owned business eventually, but it was a surprise to us earlier this year when François-Henry Bennahmias (Audemars Piguet CEO) first openly talked about it. In the mean time we have met almost all the top CEOs to talk about their view on the market.

Most brands realise that helping customers to trade-in pre-owned watches often helps to sell a new one. Many of our dealers accept a trade-in on every second watch they sell. Another reason is that labelling watches as pre-owned could be a way to sell overstock at a discount without having to put a discount price tag on the offer.

I was always wondering if brands really know what it means and what it really takes to run an outlet that trades in pre-owned watches. We have spoken to many leaders in the industry and most want to do it, but few already know the playbook of...
how to do it and the consequences it has on the way you manage your business. That’s why I think that the acquisition of Watchfinder by Richemont is a very smart move – to bring somebody in-house that really knows how to do it.

WP: Do you think the acquisition of Watchfinder was more about buying expertise and learning how to do pre-owned rather than invest in a business that can quickly be scaled and taken global?

TS: Probably both. It is a very different business than being a major Swiss watchmaking business. Watch manufacturers are focussing on building global brands and producing excellent hand-crafted timepieces – or watches that feel like they are handmade – and selling them at huge margins. You don’t really need to squeeze out every percentage point out of the process chain because strong margins allow for huge marketing budgets.

The success drivers in the pre-owned trading are, in my experience, having access to sellers, implementing highly efficient processes, and knowing exactly how to price a watch. Acquiring pre-owned watches is much harder than selling them. Margins are not that big, so you have to be very efficient. It is not something you can just step in and do, you either need to learn it over several years or acquire the expertise. There are not that many companies like Watchfinder in the market, so it is very smart for Richemont to have moved in for it.

WatchFinder is a great and unique business. I deeply congratulate Stuart [Hennell] and Matt [Bowling]. It has been an amazing entrepreneurial journey for them. I am very happy for their outcome, and I am also certain Richemont will be happy with the acquisition short-term, and especially long-term.

WP: How has Chrono24 changed since you acquired it in 2009?

TS: Originally Chrono24 was built on a simple listings model; dealers paid a monthly listing fee to be present on the platform. Very slowly, step-by-step, we improved the product. First, we offered dealers different tiers for listings so that they could better promote their offers. Next, we started charging private sellers, which were able to list for free before. That also helped to clean out the non-sense offers. We also shifted the company from a web focused product to a mobile company. Today around 70% of our traffic is mobile. One feature that users had wanted for a long time was an escrow service which we introduced in 2014. We also heavily invested in marketing and hired an entire team of 15 native speakers from different countries helping us to generate local content. Ideally, we want our users – buyer and sellers – to feel like Chrono24 is from their own country. Even though we act global we want to be seen as a local platform with local and global offers.

Since 2017 we have also started working with brands to sell new watches directly through Chrono24 at full retail pricing in our brand boutique.

WP: How was the acceptance of the escrow service?

TS: To our surprise, we found that comparatively few users took advantage of the escrow service. The good news is this tells us that there was already a considerable level of trust in the platform. The bad news was that, as a revenue stream, it has not worked out as well as we thought. We have since decided to make the escrow service free of charge to the buyers and make it an integral part for every transaction through our platform.

WP: Some of the professional dealers that I have spoken to have told me that your lists fees might be too low.

TS: I don’t get dealers saying that to me too often (laughs). We know that we could charge more but we see our prices as part of a fair partnership that we want to build with a long-term perspective. For us, this is key. We have never been very aggressive in our pricing strategy but when you look at our numbers you will see that we have been running the business slightly profitably, but intentionally without huge profits. Other marketplaces charge 10 times what we do.

We try to spend the money we make on marketing, product development and improving our technology and especially customer service. We have never paid any
dividends to ourselves or our shareholders; we reinvest everything into the business. That’s how we want to become better in what we do for our customers and partners – both on the dealers’ and on the buyers’ side.

Let me give you an example. Our transaction fee for Premium dealers is today only 1.5% and that includes payment and card fees. This is less than what most dealers pay for a credit card alone. And we have brought the buyer as well to the seller.

**WP:** Tell me a bit more about the 2500 professional dealers that work with you. What is the typical business model for them?

**TS:** It is a full spectrum. They start with a one-man show who doesn’t have a store front and just deals a few watches part time. They need to be registered businesses, but not necessarily work full time or have employees. The biggest and most professional dealers are businesses like Watchfinder with more than 100 employees. The average dealer runs a small store, his or her own website and a presence on Chrono24.

We also have more and more authorised dealers coming to us, and a lot of them are looking to move into pre-owned within their stores, and also buying and selling via Chrono24. We are happy to help and support them. We hear from a lot of authorised dealers that have moved into pre-owned that the pre-owned part of the business becomes bigger than their strongest brand.

**WP:** It is very easy to go onto Chrono24 and find vast amounts of new, unworn watches. Is the majority of that from authorised dealers that could not shift the stock and need to offload it before they buy new watches?

**TS:** The majority of watches traded on Chrono24 are vintage and pre-owned. And there are also some dealers that sell overstock from brands or authorised dealers at a discount which is a great for our users. You can also find and buy new watches on Chrono24 directly from the manufacturer at full retail. Our offering is very international, if you include private sellers we deal with around 100 countries.

**WP:** You must have an excellent oversight of what is happening across the global watch landscape, including the primary and secondary market businesses. You have said that the grey market is shrinking, what is your view on why?

**TS:** The big manufacturers realised that the grey market, or parallel market business is only a short-term healing of their challenges. It was interesting that in 2015 and 2016, grey market watches and prices were incredibly low, our dealers said that people stopped buying if discounts got too big. Either they thought that they could just wait a couple of months and the watches would get even cheaper, or they thought there must be something wrong with the brand.

People love discounts, but they also want price stability. Everybody wants to be the only person getting a discount. Once everybody gets a discount, it no longer feels like a discount. This is what the industry came to understand. Selling into the grey market is like taking drugs. It might feel good in the beginning, but you get addicted very fast and it is hard to get back to a normal life. It is very short sighted and even turns off customers that in the end also prefer price stability once they own the watch.

Dealing with over-supply, and creating scarcity, really works from our experience. Why does everybody want the Patek Philippe Nautilus or Rolex Daytona in steel? Because nobody can get it. The steel Daytona is being sold at about 30% above full retail on Chrono24 right now. The current Nautilus trades at 30-40% above retail. This is probably the grey market that all the brands want.

**WP:** You frequently meet with CEOs from the major watch brands, how do you think they view Chrono24 before they arrive here? Are you a disruptor, which the tech industry would see as a very positive description? Are you a saviour of the industry that flushed through thousands of unsold watches from authorised dealers? Are you seen as a potential partner, or as an enemy?

**TS:** The attitude of many brands has changed over time. When we first started, most brands would not even reply to our e-mails. Then around five years ago, they started replying to e-mails but merely to thank us for reaching out. Most of them declined any attempts to meet with them. They said they have their own digital
Platforms and they did not need to talk.

About three years ago, they started talking ... or let’s say, they started listening, to be more precise. They started replying, they invited us to see them, and they came here.

Now they are talking to us – inviting us and coming here and asking questions about how we can help them to reach new customers and keep their prices stable. Brands more and more realise that a liquid pre-owned market makes watches tradeable and therefore valuable. And they know that we want to support them in their effort to provide price stability which is healthy for the entire market in the long-term – it helps buyers who want timepieces that preserve value and brands that want to preserve their image.

WP: What do you talk about with executives from the watch brands?

TS: They are interested in our data. They are interested in our access to a global user base. They know that a lot of people make their purchasing decision after checking Chrono24 and that our platform is used to get an overview on watches the user is interested in. Some users even visit Chrono24 many, many times before they buy. In a store they might only go once, maybe twice. Some of our users visit us 50 times before making a purchase.

Within this decision process, it is often not a huge step to go from a Nautilus to a Royal Oak, or from a Speedmaster to a Carrera. And when it comes to that, our data gives us a good knowledge base that enables us to act much more effectively than a well-experienced watch retailer.

Imagine if you are a brand and you are able to step into the purchasing process, saying: “I see you are looking at a Speedmaster, here is an interesting offer”. This is a very effective touchpoint for them.

WP: And presumably that intervention might not simply suggest a Speedmaster on Chrono24, it might suggest a deal if a customer goes into the Omega store on Oxford Street in London?

TS: We can definitely include authorised dealers in that process, especially when users prefer to touch the watch upfront, which is often the case.

The brands also realise that we are just the marketplace provider. If they want to manage the grey market, we are probably the best partner they can work with. In the past, some considered Chrono24 to be the root cause of the grey market. Now they realise that we are just the ones that made prices for our users transparent. If brands want to control the grey market, we can help them. We have solutions that work impressively well. It only takes a few months for the grey market price to change once supply is reduced. Also, when you reduce supply to improve the health of prices in the market, you can directly work with Chrono24 to keep those prices stable.

WP: Why has it proved so difficult to eradicate the grey market?

TS: It is a matter of strategy. When I speak to the watch industry CEOs, I ask them how they incentivise their sales teams. Most have bonuses based on revenue, which means that those people will keep pushing watches into the market that might not find customers at full retail.

At Chrono24, we do not believe in bonuses at all. Nobody in the company gets bonuses. We strongly believe in inherent motivation. We think people should be motivated by doing a great job, working in a great team, in a great environment and accomplishing great results. Our salespeople take pride in bringing dealers onto the platform. If we were paying them a bonus for every dealer they brought on, maybe they would bring the wrong dealers to the platform. That would not be smart.

Within a watch brand, you might have a salesperson responsible for expansion in North America. They serve an account that is taking huge amounts of watches, more than they could ever sell, so it is pretty clear they are feeding the grey market. If the brand’s salesperson gets a bonus based on how many watches they sell, you know they are going to keep on selling to this dealer, even though they know it is creating a problem.

It is interesting that the big families: Rolex, Patek Philippe and Audemars Piguet and some of the smaller companies, are doing very well today. The bigger groups have more challenges because there is more pressure on revenue from the stock market.

WP: What other data do you see that might be beneficial to the brands?

TS: Our data can be very helpful to identify current and future trends. Do users shift from 38mm to 41mm? Or back from steel to more gold? That even might be a different answer in Europa, Asia or the US. Through...
MODERN AUCTIONEERING FROM 225 YEAR-OLD BONHAMS

IN this special edition of WatchPro with its focus on the secondary market for watches we have looked at a technology and marketplace entrepreneur whose platform never touches watches and a collector who turned into a multi-million pound second hand Rolex dealer. Both Chrono24 and Bobswatches.com are less than 10 years old. Bonhams, by contrast, began life in 1793, 100 years earlier than even the most historic watches houses were created.

The global ecosystem for the trading in new, nearly new and vintage luxury watches has become increasingly sophisticated for the businesses operating in that world, but a great deal easier for consumers who can now search for watches from Thailand to Tijuana from the comfort of their sofas.

Despite its 225 year history, Bonhams has not been slow to move with the times, and now does more than half of all sales over the internet. “Our auctions are based in London, but our sales are global. People come to physical auctions less and less and bid online more. We might have 600-700 people registered for a sale, but in the room we might have 40 people. In the olden days there would have been people flowing out into the corridors,” Jonathan Darracott, Bonhams’ global head of watches, told WatchPro during a preview lunch for its latest auction. “15 years ago, it was either the telephone or people sitting in the room. 50-60% of sales are via the internet today from anywhere in the world,” he adds.

Bonhams is roughly neck-and-neck with Sotheby’s when it comes to the annual value of sales through its watch auctions. Christie’s is larger, and Phillips is the clear market leader by value, thanks mainly to its focus on blockbuster sales of the world’s most sought after pieces.

Bonhams would love to be setting world records, as Phillips did last year with the sale of Paul Newman’s Rolex Daytona for over $17 million, but Mr Darracott insists that these eye-watering deals are not always the most lucrative for an auction house because of the marketing cost and horse trading to get the rarest watches onto the books. “The middle market is actually very profitable. The deals you have to do to get the extraordinary items are very cut throat. You could sell a watch for $17 million and make absolutely nothing,” he says with only a trace of envy.

An unconfirmed rumour has it that the record-breaking Daytona was bought by Rolex, and the Swiss watchmaker was determined to ensure it became the world’s most expensive watch ever sold at auction (an honour normally held by Patek Philippe). Owning that honour is a considerable marketing coup for a watch brand.

Right
Jonathan Darracott, global head of watches at Bonhams.
because it stimulates demand for other vintage and pre-owned pieces, and this has a positive effect on new watch sales. After all, who would not want to buy a new watch that might one day be worth millions?

This relationship between auction prices and new watch sales is an intriguing characteristic of the global watch market, which is why the current boom in auction prices is great news for authorised dealers of the strongest brands. The effect is most clearly seen in the market for Rolex and Patek Philippe, but other brands are starting to heat up as well. “The whole market has moved up a notch. We are seeing demand for the likes of Longines and Zenith all the way up to the premier brands like Rolex and Patek Philippe,” Mr Darracott says.

The number of people that are now happy to look at second hand watches is rising as volume and sophistication of information on the Internet increases. There is a growing feeling that vintage watches are an asset class that is worth investing in, although the complexity of understanding whether a rare treatment of a dial, a logo, a crown or a bracelet clasp make a watch more or less valuable makes it a market where only true experts should play for profits. For less experienced watch enthusiasts, Mr Darracott says they should shop for pleasure rather than as an investment, and suggests they focus on understanding what qualities of a watch increase its rarity.

A Rolex Cosmograph Daytona that was sold by Bonhams in June is a good example. The watch is described as Oyster Sotto, because the word Oyster — a Rolex family of watches — appears on the dial below the word Cosmograph when it normally sits above. So what would normally read as a Rolex Oyster Cosmograph is instead a Rolex Cosmograph Oyster. That nuance prompted a pre-sale estimate of £500,000 from Bonhams. “We know that there were only 20 of those dials made, so it is extremely rare,” Mr Darracott described ahead of the auction.

In an era when there are so many ways for watch enthusiasts, collectors or professional dealers to sell their watches, auction houses continue to thrive and grow. That’s because they offer a more sophisticated service to sellers, and a high level of trust to buyers. Mr Darracott concedes that the likes of Chrono24, Watchfinder and others do compete to list the best pieces, but their business models are vastly different. “We do affect each other, but all those groups that are aiming for the slightly easier market where getting a new Submariner or Daytona is the name of the game. They don’t make much profit from those sales, but they know what their customers want,” he suggests.

Chrono24 does not buy any of the watches that are listed on its global trading platform. It charges professional dealers to appear on the site, connects them to a global audience, and takes a cut of any sales that are made. Other online businesses such as Watchbox, Bobswatches.com and Watchfinder do buy stock, which increases their exposure if they pay the wrong price. The risk to an auction house like Bonhams is somewhere between the two. The company does not buy the watches that it sells at auction, but it does stake its reputation on getting pre-sale estimates right, and it does invest heavily in marketing to make sure owners keep getting the best prices for the watches they sell.

Using an auction is also less risky for a seller because they can set their own guide price, and if the watch does not sell, no harm is done. “We can provide a platform for somebody who believes their watch is worth £150,000 and see if it sells. If you are a pre-owned dealer, you do not want to take a punt on buying a watch at £150,000 that might not sell,” Mr Darracott explains. “We are in the same market, but our models are different. Occasionally, we have been in a position where we have recommended to a client to put a watch into auction at £5000 to £7000, and they have told us they’d been offered £7000 cash by Watchfinder. In that instance they would probably go with Watchfinder,” he concedes.

Intriguingly, Mr Darracott reveals that Bonhams might in the future work with other secondary market players like Chrono24, Watchbox or Watchfinder. “No. It could and might happen in the future, and I would not say we have not had conversations.”

There is certainly an opportunity for collaboration that could help both parties in any formal arrangement. “They are able to source pieces that we are not able to source ourselves, while we can give them positive direction on pricing. They could give us pieces for auction. For example, they might be sitting on 40 Audemars Piguet Royal Oaks. They know they’ll be able to sell 20 in the next 6 months and be looking for a way to move the other 20. We would be able to offer them a platform for that. So it could be an interesting symbiotic relationship,” Mr Darracott suggests.

For now, Bonhams will focus on its day job of encouraging private owners to trust the auction house with the sale of their precious timepieces, and market those watches to a growing global audience. “Unlike some of the other auction houses, we predominately deal in watches from private sellers. The things that we sell, even at the top end, are from individuals rather than dealers or brokers. That often means it is fresh to the market, rather than something that is being resold several times. That is probably where we differ the most from Christies, Sothebys and Phillips. Very little of our trade is business to business. The auction world has players who work with items coming in from dealers or runners who specifically go out and look for pieces for auction,” Mr Darracott describes.

Above: Bonhams experts identified the potential for this rare Rolex Daytona Oyster Sotto, one of only 20 in the world.
Ingersoll highlights its true American heritage

ZEON-OWNED WATCH BRAND IS BOOSTING ITS PRESENCE IN THE HOME OF ITS BIRTH AS TIMEX GROUP TAKES OVER DISTRIBUTION FOR INGERSOLL IN NORTH AMERICA.

2018 is shaping up to be a big year for Ingersoll. The American watch brand, now owned by British-based wholesaler and watch designer Zeon, is dramatically ramping-up its presence in the United States by signing Time to handle distribution in North America.

That expansion comes at a time when Ingersoll is enjoying unprecedented success in the UK with its network of retail partners now including Selfridges, Goldsmiths, John Lewis, Chisholm Hunter, Watchshop and Very.com.

Ingersoll can trace its American heritage back to 1892, when the original Ingersoll Watch Company was founded by Robert H Ingersoll and his brother Charles. The New York-based business had a simple goal, but one that was technically and commercially difficult to achieve at the time: to offer Ingersoll watches to the general public at an affordable price, whilst maintaining real quality and credibility.

The breakthrough for the business came when the brothers studied the production line method pioneered by Henry Ford, which they used to make pocket watches and wristwatches that sold for one dollar, around the average daily wage at that time. Ingersoll timepieces became known as dollar watches, and over one million were sold.

Ingersoll watches have been sold continuously since their inception and today the Ingersoll brand is renowned the world over for its American styling and affordable luxury positioning. Today the brand prides itself upon creating quality product with sincere brand values and is known for its luxurious skeleton and open-heart movements backed up with a lifetime warranty.

The distribution deal with Timex is a throwback to the early 20th century when Westbury Clock Company, a business that morphed into the present day Timex Group, made watches for Ingersoll. “The partnership with Timex Group is a new and exciting chapter in the modern history of the Ingersoll brand” says Simon Gilham, President of Zeon U.S. Inc. “Our expectations for this partnership are high. We want to ensure that Ingersoll re-establishes itself as the watch of choice for consumers looking for uniquely designed, quality timepieces.”

Timex Group, one of the world’s largest watch companies, will use its vast sales and marketing network within those territories to continue the great momentum generated by the Ingersoll brand since it’s re-launch by Zeon at Baselworld back in 2016.

Silvio Leonardi, Timex Boutique Sr Vice President adds; “Ingersoll and Timex both were born out of the Waterbury Clock Company more than 160 years ago, so for us partnering to distribute Ingersoll watches is a natural extension of our shared values and history. With this announcement we celebrate our heritage and the craftsmanship and quality that are part of both brands’ DNA.”

This year’s autumn/winter promotion of Ingersoll is based on a photo shoot that took place in New York using the historic Tin Type style that emphasises the brand’s long historic heritage. The watch shown is The Triumph, which launches this month. It has an open heart automatic movement with 40 hours power reserve and date function.
SALON QP 2018: EUROPE’S HUB OF LUXURY LIFESTYLE DISCOVERY AND FINE WATCH CONNOISSEURSHIP.

SAATCHI GALLERY, LONDON
NOVEMBER 22-24

To pre-register for the event visit www.salonqp.com/exhibition
GLOBAL SALES OF PRE-OWNED LUXURY WATCHES WILL HIT $5 BILLION THIS YEAR, ACCORDING TO PAUL ALTIERI, CHIEF EXECUTIVE OF SECOND HAND ROLEX DEALER BOB’S WATCHES (BOBSWATCHES.COM). THERE MAY BE A DOSE OF SELF INTEREST IN PLUCKING SUCH AN ENORMOUS NUMBER OUT OF THIN AIR, AND THE EVIDENCE TO SUPPORT IT IS OPEN TO CHALLENGE. BUT WITH CHRONO24 CLAIMING TO BE ON TRACK FOR $1.2 BILLION IN TRANSACTIONS (A FIGURE THAT INCLUDES NEW AND UNWORN WATCHES AS WELL AS USED), AND EBAY RECKONED TO DO ANOTHER $1 BILLION, THE ESTIMATE MAY NOT BE AS FAR FETCHED AS IT FIRST APPEARS.

BOB’S WATCHES CLAIMS IT SOLD ROLEXES WORTH $32 MILLION LAST YEAR, AND EXPECTS THAT TO RISE BY AT LEAST $10 MILLION THIS YEAR, AS ROB CORDER DISCOVERED IN CONVERSATION WITH THE MAN WHO CLAIMS TO BE AMERICA’S MOST TRUSTED PRE-OWNED ROLEX WATCH TRADER.

BUYING & SELLING SECOND HAND ROLEX? HEAD TO BOB’S

The oldest business advice in the world is to turn your passion into a moneymaking enterprise; an adage that Paul Altieri, chief executive of Bob’s Watches, has taken to heart. The avid Rolex watch collector, who made his first fortune from mass market jewellery and cash for gold upcycling, is now running Bob’s Watches, which claims to be the biggest dealer of second hand Rolexes in America with sales on track to touch $45 million this year.

America’s relationship with pre-owned luxury watches is different to the UK. Here, the biggest authorised watch retailers such as Watches of Switzerland, Bucherer, Fraser Hart and Ernest Jones steer clear of second hand watches and focus their energies on new watch sales.

Equivalent chains in the United States, such as Tourneau (now owned by Bucherer) are authorised partners of Rolex and most other premier Swiss watch companies, but also have a major certified pre-owned watch business. Watchbox, a more recent entrant into the secondary market, is part-owned by Govberg, an authorised dealer for around 50 Swiss watchmakers.

Bob’s Watches, which was founded 10 years ago, deals solely in pre-owned and vintage watches, with Rolex accounting for well over 90% of its stock. Because he was a Rolex collector himself, the company’s owner Mr Altieri is aware of all the pitfalls of buying and selling watches in a market where both dealers and customers risk trading in fakes, Frankenstein refurbs and over-inflated claims of rarity or provenance.

He set out to bring transparency to the second hand market by publishing a newsletter featuring hundreds of Rolex references and their prices. That transparency has survived to the present day, with Bob’s Watches publishing both the price of the watches it sells, and the price it is prepared to pay for the same model if somebody wants to sell it. “In those early years, I kept hearing more and more from customers who wanted to know what their watch was worth, what I would pay for their watch, and how they could be assured they were getting a fair deal. I soon came to realise that there was no open source information on the prices of second hand watches. When we
started Bob’s Watches it was just a price list where we published a list of all the models with current buy and sell prices. Then we decided to put that information on a website so that people could see it and we could make constant pricing updates to it as needed,” Mr Altieri describes.

To illustrate the model today, take a Rolex No Date Submariner 114060 Steel Oyster, which is on sale for $7295, and Bob’s Watches will pay $5600 to anybody that wants to sell the exact same model. The difference between the two prices, in this case $1695, is used to pay for authentication and servicing of the watch before it goes back on sale and, of course, a profit margin for the business.

The simplicity of the business model is a key strength, but it would also be its downfall if Bob’s pays the wrong price for its watches. That risk is minimised because Mr Altieri does not obsess about outbidding all other potential second hand watch buying businesses. All he wants to do is keep it simple, transparent and useful to his thousands of buyers and sellers. “Unlike most competitors, all of the watches on our site are in stock, ready for immediate sale and shipment. And we buy and restore all of our watches on the site so our clients don’t need to wait for their watch to sell like with the consignment model. Customers want a simple and safe solution so we cash them out immediately on the spot and then handle getting the watch serviced, cleaned and repaired as needed. It is as simple as that. A lot of our customers are successful, busy people, and they just don’t have the time to deal with it. It takes a lot more capital to do it our way, but that is what our customers prefer,” he explains.

Bob’s Watches has around 340 Rolex watches on sale today, all of which have been checked, repaired, cleaned up by authorised Rolex service centres. They are also authenticated by Watch CSA, an agency with a team of watch experts trained to spot fakes or false claims. Neither Bob’s Watches, nor Watch CSA have any formal relationship with Rolex, so they are trading on their historic reputations. Bob’s Watches is an independent pre-owned watch dealer and thus we have become the most trusted name in pre-owned Rolex watches because people know we don’t cut corners. Before the price even becomes a consideration, customers want to be certain they can trust who they are buying from. Folks place an enormous amount of trust in us before they buy an expensive watch and we don’t take that for granted – not for a minute,” stresses Mr Altieri.

The company claims it will only ever use genuine Rolex parts and works with over a dozen full service watch repair facilities. “It is much more expensive to repair a watch using only genuine Rolex parts but we think it’s worth every penny in the long run. We outsource the restoration and repairs of all our watches to these authorised service centres, including to Rolex itself for certain watches,” Mr Altieri says.

Bob’s Watches is just one of many companies that are transforming the secondary market for luxury watches, and these companies are also influencing the primary market for new watches. The sheer volume of second hand watches in the world, all of which have a resale

<table>
<thead>
<tr>
<th>Model</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ladies Datejust</td>
<td>88</td>
</tr>
<tr>
<td>Submariner</td>
<td>65</td>
</tr>
<tr>
<td>GMT Master</td>
<td>40</td>
</tr>
<tr>
<td>Daydate</td>
<td>21</td>
</tr>
<tr>
<td>Datejust</td>
<td>20</td>
</tr>
<tr>
<td>Daytona</td>
<td>18</td>
</tr>
<tr>
<td>Ladies President</td>
<td>16</td>
</tr>
<tr>
<td>Yachtmaster</td>
<td>15</td>
</tr>
<tr>
<td>Sea-Dweller</td>
<td>13</td>
</tr>
<tr>
<td>Explorer</td>
<td>13</td>
</tr>
<tr>
<td>Ladies Yachtmaster</td>
<td>8</td>
</tr>
<tr>
<td>Air King</td>
<td>7</td>
</tr>
<tr>
<td>Cellini</td>
<td>7</td>
</tr>
<tr>
<td>Milgauss</td>
<td>6</td>
</tr>
<tr>
<td>Sky-Dweller</td>
<td>3</td>
</tr>
</tbody>
</table>

“In the last 10 years, Rolexes worth $90 billion have been sold. That is all potential pre-owned inventory that will someday come to the resale market. That is just Rolex and that is just in the last 10 years.”
value, makes the potential size of the market enormous. "The numbers always tell the story. Think about new sales for Rolex, which are about $8 billion to $9 billion per year (retail value). That means that in the last 10 years, up to $90 billion have been sold world-wide. That is all potential pre-owned inventory that will someday come to the resale market. And that is just Rolex and that is just in the last 10 years. By our estimates it easily exceeds $5 billion per year already and could double in less than five. We estimate that eBay alone does almost one billion dollars per year in just used Rolex watches," Mr Altieri calculates.

Second hand operators are also unafraid to innovate at the retail level, whether that is online or in the physical world. The future, Mr Altieri, will be shaped by customers, not manufacturers. "The only constant I see is change. Brick-n-mortar retail has changed. Forever. When you walk into our store you won’t find any fancy watch showcases. Instead, we hand you an iPad and a glass of wine. The customer selects the watches they want to purchase from our website and we provide them. Welcome to a new way of retailing," he says.

Change is also on the cards for Bob’s Watches. Right now the business is all about pre-owned and vintage Rolexes, but Mr Altieri would like to offer new watches to his growing customer base as well. "We are looking to offer our customers the ability to purchase new watches someday soon. But it would need to be a good fit — a watch brand that is complimentary to Rolex since that is our speciality now. A brand like Oris or Omega might be great but Rolex will always be at the top of our list. We’re still waiting for the phone to ring. We do get a fair number of customers every month wanting to buy new watches. These watches would all be sold at full retail," he pitches.

Irrespective of whether Bob’s Watches earns authorised dealer status for any of the world’s biggest brands, the company is certain there is scope to grow dramatically. The target, according to Mr Altieri, is to continue to grow at 30-35% per year so that in five years sales will hit $100 million. "We don’t have any debt and we don’t have shareholders or a board to answer to; and we have not taken any venture capital money so we do not have anybody breathing down our necks demanding targets are hit. We can patiently grow at a sustainable level," he concludes.
TIME TO LIVE

BY GERARD BUTLER

Tel: 020 7405 5523 sales@uniqueandco.com
www.festina.com

#TheOriginals
WatchPro was delighted to attend the first press tour of Junghans’ new museum this summer, which is housed in the Terrace Building that clings to hillside above the company’s watchmaking facilities in the Black Forest town of Schramberg in the Southwest of Germany. The Terrace Building was purpose built over two years from 1916-18 in a feat of engineering that not only coped with the extremely steep slope to which it is anchored, but also to provide maximum daylight to every watchmaker working in the eight-layered structure in which every room opens out to the sky.

The museum takes visitors on a journey through the history of clock and watchmaking in the Black Forest starting in the 18th century through the boom in cuckoo clocks in the 19th century and then the meteoric rise of Junghans in the first half of the 20th century. Some of the highlights are the descriptions of Junghans at various points in its history. For example, the fact that in the first decade of the 20th century, Junghans was the largest clock and watchmaker in the world, with 3000 employees making more than three million timepieces per year.

The company was even bigger in the 1950s, when 6000 employees working in over 100 buildings churned out more chronometers.

HOW MANY CLOCKS AND WATCHES DO YOU THINK JUNGHANS HAS MADE SINCE ITS CREATION IN 1861? 5 MILLION? 20 MILLION? 50 MILLION? INCREDIBLY, THE ANSWER IS HALF A BILLION TIMEKEEPERS, ACCORDING TO THE GERMAN COMPANY’S CURRENT CHIEF EXECUTIVE MATTHIAS STOTZ. WITH HISTORY LIKE THAT, IT IS SMALL WONDER THAT MR STOTZ IS LOOKING TO HARNESS IT AND PROJECT IT FORWARD INTO A NEW ERA OF INDUSTRIAL SCALE WATCHMAKING IN THE BLACK FOREST.

Above: Matthias Stotz, Junghans CEO, enjoys one of the vintage cars in the collection of the watchmaker’s owner.

JUNGHANS LOOKS BACK TO DEFINE ITS FUTURE
than every other watchmaker in the world except Rolex and Omega.

Today the company is much smaller, making around 120,000 watches per day. Like many of its peers in Switzerland, Junghans misjudged the impact of quartz watches in the 1970s. The company decided at the time that customers wanted the highest level of accuracy in their watches, which quartz delivered in comparison to mechanical watches. Even more accurate was the invention of radio-controlled watches that communicated with radio towers and adjusted themselves to within minuscule tolerances.

Junghans focused on quartz and radio-controlled watches and abandoned its mechanical watch business in 1976; a near fatal decision according to Mr Stotz, who took over as CEO in 2007. “We followed quartz with radio-controlled watches, and for me Junghans did not pay enough attention to the rebirth of mechanical watches in the 1980s. In 1990, we created the first Swiss-made radio-controlled wristwatches, which put us in the lead with that technology, but we did not have any mechanical watches. That lost us the opportunity to rebuild the business into one of the biggest in the world in the 1990s and 2000s,” Mr Stotz recalls.

Junghans may have turned its back on classic mechanical movements, but it remained a leader in classically designed watches. Max Bill and Meister, the names of today’s core collections, have been in use for decades, and have grown to be associated with minimalist, Bauhaus-inspired design.

These watch families have been the saviour of the business as it once again started offering Max Bills and Meisters with mechanical movements. “I joined Junghans in 2007, and since then we have changed our image to be known again as a classical watchmaker, and that is our position today. If you see our watches you will feel they have great tradition and design; they have incredible history and a fantastic price. This is the reason why I hope the trade and its customers will explore the background of Junghans,” Mr Stotz suggests.

Junghans could be viewed as just another watch company assembling watches around ETA movements, but the company uses its history too good effect in its current portfolio. The Max Bill and Meister style is used as a foundation for all its volume watches, but customers have the choice of buying these classic watches with quartz, mechanical and — from later this year — radio-controlled movements.

The press tour of the new Junghans museum was timed to coincide with the launch of radio-controlled Meister and Max Bill models; a retro move that the company could not resist celebrating in the company of a tribute Back to the Future act complete with a Delorian car powered by a flux capacitor.

The radio-controlled watches, which will hit retail this autumn, will be branded as Mega, but look like either Max Bill or Meister models. Mega was the name of Junghans’ first radio-controlled watch that launched in the 1990s, and has been brought back to life in 2018 with a J101 radio-controlled manufacture movement.

The radio-controlled movement guarantees precision when it is in range of a timekeeping radio signal. On three continents, including Europe, the time is received via a time signal with a deviation of just 0.006 seconds in one million years. If the watch is outside of the reception range, it continues to run automatically with a maximum time deviation of 8 seconds a year.

The Max Bill Mega and Meister Mega watches automatically adjust to the correct time every day. When travelling to another time zone, the time can be adjusted via the crown, either in hourly steps or by using the stored time zones, without losing the precision of the seconds. The Max Bill Mega collection, which uses a steel 38mm case, ranges in price from £790 on a leather strap to £835 on steel mesh.

Junghans knows that radio-controlled watches are a niche product, but they contribute to the story of a watchmaker with serious history of accurate timepieces and a clear contemporary identity.

“When I started we were in a phase where we need to think about our identity. We stopped selling imported watches and decided to only sell watches that we assembled here Schramberg so that everything would be made in Germany. We would be smaller, but everything would be assembled here. The result is that the company turnover has doubled in size in the past 10 years. The share of mechanical watches was very small 10 years ago, but today it is more than half our production. There is a good balance between mechanical, quartz and radio-controlled watches today,” Mr Stotz asserts. ♦
WENGER
ATTITUDE CHRONO
Wenger has released this Attitude Chrono as part of its 125th anniversary celebrations. The watch has a vertical chronograph with 30-minute and 1/10 second red profile counters. The 44mm case is made from brushed stainless steel with black PVD. It houses a Ronda 3540D chronograph movement.

The matt black dial picks out the numbers 1, 2 and 5 in red to signify anniversary of the brand. It comes with a three year warranty and is water resistance of up to 100m. Suggested retail price will be £259.

TW STEEL
ACE SPITFIRE LIMITED EDITION
TW Steel has teamed up with BMW Motorrad and VTR customs to design the ACE Spitfire watch collection. Inspired by the legendary fighter aircraft, the timepiece combines the worlds of aviation, watches and custom motorcycles.

TW Steel has released six ACE Spitfire Limited Edition timepieces. Their large steel cases with matte finish house Sellita automatic chronograph movements with power reserve of 48 hours. The dials are protected by scratch-resistant, anti-reflective sapphire crystal.

Ton Cobelens, chief designer officer of TW Steel, said: “We’ve got six timepieces here, each one is luxury, each one has Swiss-made quality at its core and each one has that TW Steel energy running through it. When we saw the response from the ACE Genesis timepiece, we knew our next ACE watch had to be a step above and I think that’s what we have here. It’s something were incredibly proud of.”

ZENITH
DEFY CLASSIC
Zenith’s Defy Classic collection is on sale in a broad range of styles that includes commercial blue dress watches and more challenging fully skeletonised designs. The Defy Classic is at the heart of Zenith’s emerging strategy to offer a much simpler product line-up that the company hopes will fly through its retail partners’ stores.

Zenith says the 2018 Defy Classic exudes casual urban elegance. The watches house an Elite 670 SK automatic movement in 41mm titanium cases. Three hander dials display the date at 6 o’clock in the skeletonised models and at 3 o’clock for the closed blue-dialed pieces. Customers can wear the watch on an integrated titanium bracelet, a rubber and leather option, or an all-rubber strap.

Skeletonised models range in price from £5400 to £6100. The blue model on titanium bracelet sells for £5500.

RESULTCO / BREED
BREED ESPINOSA
Breed, a watch brand created and distributed by Resultco in North America, has unveiled the Espinosa, an urban chronograph with a Japanese quartz movement. Resultco offers retailers a no-stock model that means they can promote any of the watch brands that Resultco has developed on their ecommerce sites. All the images and tech sheets are provided by the wholesaler, and the retailer does not have to tie up any cash in buying the stock. Every time a watch is sold, Resultco handles the logistics and ensures it arrives quickly and reliably to the customer. It then pays the retailer its cut of the sale price.

The Breed Espinosa collection is sleek and stylish with an hour, minute and seconds dial featuring three subdials and a date aperture. It is offered in a range of colours and is worn on an alloy mesh bracelet.
GUCCI
G-TIMELESS & G-FRAME

Gucci has added four floral-themed timepieces to the G-Timeless and G-Frame families that were presented at Baselworld. The 38mm G-Timeless comes in two key colours: beige or aquamarine with a strawberry motif engraved on the case back.

The 21x34mm G-Frame watches, housing Ronda quartz movements, are both crafted from the same materials, the key difference being the size of the flower print, which is smaller and more detailed on one variant. White leather is combined with a yellow gold PVD case and a white mother of pearl dial with pyramidal glass. The case backs are engraved with the feline head, a recurring Gucci motif.

Selfridges in London is selling an exclusive blue version of the G-Timeless piece.

CORUM
MINI BUBBLE

Corum has created a limited edition miniaturised Bubble for ladies. The original Bubble is a hefty timepiece in 42, 47 and 52mm versions while the ladies watches are a dainty 17mm across. They come in round stainless steel cases with the iconic domed sapphire crystal and a bubble-shaped crown.

The quartz-based watches match stone-set bezels to the colours of their bracelets: topaz on a turquoise bracelet, ruby on a red bracelet and diamonds on a brown bracelet. Only 18 pieces for each style are being produced initially.

CEO of Corum, Jérôme Biard, says: “In the past, we had already offered some rare Mini Bubble collections in 26mm. These are now our collectors’ most sought-after pieces. With these new versions, we wanted to preserve this unique dimension, with an exclusive limited edition that perpetuates the Mini Bubble collector spirit, while renewing the creative exercise by daring to go down to only 17mm.”

RADO
TRUE OPEN HEART AUTOMATIC

Openworked dials in affordable mechanical watches are a hot trend this year, and Swatch Group’s Rado is getting in on the act with the True Open Heart Automatic, which hits retail this month. The collection uses a Swiss automatic movement, and uses monobloc construction for its ceramic case. It is sold with several colour choices including plasma, chocolate brown and polished black, the True Open Heart Automatic movement has a power reserve of up to 80 hours.

A. LANGE & SÖHNE
1815 TOURBILLON

The 1815 tourbillon has been recreated with a white enamel dial in a special edition series of 100 numbered timepieces. It has been four years since A. Lange & Söhne first combined the stop seconds mechanism with a zero-reset time setting feature for the tourbillon. Together, the patented mechanisms allowed the watch to be stopped and then set with one-second accuracy. Now, this precision timekeeping instrument has been re-introduced in an edition limited to 100 pieces. The special variation of the 1815 tourbillon is understated but a large aperture at 6 o’clock provides a view of its complexity and reveals the tourbillon suspended beneath a black bridge. Introduced in 1997 with the Langematik model, the zero-reset mechanism interacts with the stop-seconds mechanism for the tourbillon to assure one second accuracy when stopping and setting the timepiece. The 1815 tourbillon has a 39.5mm platinum case, with the manufacture calibre L102.1 on show through the sapphire-crystal caseback.
collaborative filtering we can make personalised recommendations – probably in many cases even better than in a store. And this data in the end also helps to better meet the customers’ needs.

WP: As a technologist, do you think that the big groups – Swatch, LVMH and Richemont – are using modern technology well enough?
TS: Richemont acquiring Yoox Net-A-Porter was expensive, but in my opinion smart. It taught Richemont a lot about how online luxury ecommerce works. Acquiring Watchfinder was a very smart move, too. It will be interesting to see what innovations come from the other groups. It seems, at least in the past 2-3 years that Richemont is moving a lot faster in the ecommerce market than Swatch Group. But I am sure that all of them will gain speed. LVMH does a lot of investing in new technology and new markets like China nowadays. But the brands neither have the technology nor the reach that we have developed, to build really deep relations with end-customers world-wide.

WP: What do you think about LVMH? I have certainly found Jean-Claude Biver incredibly open to new models and innovations.
TS: I think Mr Biver, who I have met recently, is very innovative. He knows exactly what is happening in the industry. I perceive him as someone who is driving innovation, who is a proven innovator himself. Imagine if he would still run his own company, maybe he had already created a digital behemoth in the industry. To me, his entrepreneurial success is probably the most impressive of anybody in the recent history of the watch industry and second to none.

WP: Maybe the watch brand to keep an eye on then is Breitling. Georges Kern has flipped from a Luddite about technology, perhaps because he was hamstrung by being part of a larger group, into an evangelist for ecommerce and all things digital.
TS: Well, of course this is all just assumptions, but I am very optimistic about Breitling. I met Mr Kern a few months ago, and it was a very interesting meeting. I know that many of the long-term fans of Breitling – as of any other big brand – do not like too much change. But I think the vision of Breitling will make it hugely successful, and I have not seen anybody else in the watch industry with as much entrepreneurial drive as Mr Kern.

I could imagine Breitling or its investors buying another watch brand. I really hope that he doesn’t sell Breitling to one of the groups, but instead remains independent or even creates another group. The chances for that look good to me.

WP: What are your plans for the coming 2-3 years?
TS: We are about to launch an auction channel for dealers on our platform. We have recently started a marketplace for jewellery called Finejewels24.com, because we realised that most of our dealers are selling jewellery as well as watches. We are looking to the US and Asia to expand our brand. We are going to target those markets with better marketing.

From the dealer side, we are finalising the development of our dealer app, so that sellers can work through a mobile app similar to the way customers do. This will make it even easier to work with Chrono24 and reach a global user base.

WP: The perception in the market is that Chrono24 is not a highly profitable company, and not a cash generating business. That would keep most entrepreneurs awake at night because investors or the banks might lose patience.
TS: We are generating profits, not a lot and this is by design.

We would rather spend our money on becoming better at what we do for people that are interested in buying and selling with us. So we invest in marketing, technology and product innovation rather than paying dividends.

WP: What do your investors want? Is there an exit plan?
TS: First, all our investors, including myself, have a lot of time. We think this business has just started and has a very bright future. Long term, we want to shape the online luxury watch category. We want to be one of a small number of companies that shape the online luxury watch industry. This may take another decade, but it is lot of fun. We are not hugely profitable, yet, but we are profitable, growing very fast and we have quite a lot of cash in the bank.

WP: Do you think that an exit for you and your investors is likely to be a public listing or an acquisition? If it were an acquisition, would you expect that to be from private equity or perhaps one of the watch groups or technology groups?
TS: An acquisition is not an issue right now. An IPO could be an option in the future.

WP: If Richemont had decided not to go for Watchfinder, it might have gone for Chrono24. It might have, and still could, acquire both.
TS: Maybe this statement of yours should rather be commented on by Johann Rupert (smiles).

WP: I will make another statement then. Having come to your office here in Karlsruhe, it is clear to me that you are building a company, a team, and an environment that values its independence. You do not strike me as a CEO or a team that wants to be part of a larger group.
TS: Interesting observance. Chrono24 is here to stay. We know globally more luxury watch customers than anybody else especially among a younger target group and millennials but also among experienced collectors. We have very rich relationships with them. The brands need to accept that there is a third player in the room now besides manufacturers and dealers.

In all my professional life, I have never had as much fun as I am having today. We have the size and position to shape the future of the industry. In the past eight years we have been shaping our business, which was a lot of fun, too, but now we are in a situation where we take our part in shaping the industry. When we make a decision, like going into auctions, that might have an effect on the industry.

We might be changing the pricing model for brands. We can decide which brands we allow onto the platform, or not. The decisions we make now will to some degree or another have some impact on the industry, and it will take a lot of effort to take that away from me. And there are of course many ideas we are working on, so I’m confident that the exciting and successful times at and for Chrono24 will continue.
ITP Promedia Publishing is the fastest growing business-to-retail publisher in the UK today...

But we are already massive around the World!

ITP Publishing Group and its subsidiaries publish over 80 magazines and 32 websites in 10 countries and we’re getting bigger all the time.
HUBLOT AT THE WORLD CUP

HUBLOT’S WORLD CUP FINAL WRAP PARTY

The FIFA World Cup in Russia has been celebrated as one of the greatest in history, even by England fans who saw their team outperform expectations to reach the semi-final. Indications are that Hublot also exceeded its targets, with brand awareness rocketing thanks to its in game branding plus promotions from its ambassadors including Gareth Southgate, Usain Bolt, Pele and Alan Shearer.
Subscribe to our daily news alerts:
www.watchpro.com/dna
Follow us on social media:
Twitter @WatchPro
Facebook WatchPro
LinkedIn WatchPro

KEEP UP TO DATE
SIGN UP TO OUR DAILY NEWS ALERTS
AND FOLLOW US ON SOCIAL MEDIA

Subscribe to our daily news alerts:
www.watchpro.com/dna
Follow us on social media:
Twitter @WatchPro
Facebook WatchPro
LinkedIn WatchPro
GROW Internet Sales with Guaranteed Profit

- New Profit Stream
- No Monetary Investment
- Multiple Price Points
- Zero Defectives, Returns or Markdowns
- Full Profit Margin
- Added Cash Flow - No Investment
- Guaranteed Profit

3160 Haggerty Rd, Suite K
West Bloomfield, MI 48323
USA

6 Boundary Road
Swinton, Manchester M27 4EQ
UK

RESULTCO.COM