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JULY 2022 / ISSUE 139
watchpro.com

CHRONEXT SPECIAL REPORT:
THE SECONDARY MARKET IS ADAPTING TO COOLING PRICES



BA1110D BACK AGAIN
The Swiss brand is making a success of doing things differently

Versace V-Palazzo
New combinations are deployed to offer a fresh feel to the collection

LUMINOX

SWISS MADE

#EVERY SECOND COUNTS



Discover the Pacific Diver Chronograph 3140 Series

More on luminox.com

ALWAYS VISIBLE
CONSTANT GLOW
FOR UP TO 25 YEARS

Luminox, Born in the Pacific!

Luminox and The Pacific Coast are inexorably linked. The Pacific Coast is where sport diving really took off and where Luminox was founded in the small town of San Rafael CA. When Luminox was founded in 1989 it was the specific aim to design, engineer and manufacture some of the toughest watches on the Planet for some of the toughest people on the Planet. Originally developed for the Navy SEALs with their training base on the Pacific Coast in Coronado (close to San Diego), the watches are favourite of and used across the Military, Law Enforcement, First Responders, Extreme Adventurers & People who love and enjoy activities outdoors.



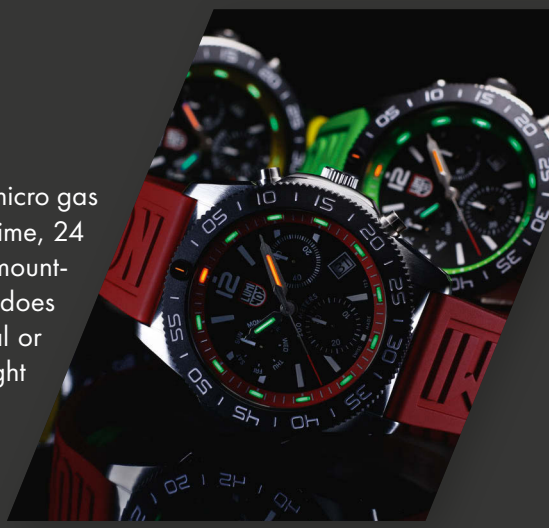
Every Second Counts

Just the name, the Pacific, conjures up images of sun-kissed beaches, palm trees, great days and even greater nights, and adventure. Stretching from the Malibu beaches to Hawaii, Fiji, Japan, Australia, Costa Rica and Peru, the Pacific is the world's largest and deepest ocean and a playground for people who love the outdoors.

The Pacific Diver Chronograph 3140 Series boasts a stainless steel case with a CARBONOX™ unidirectional bezel, a vital instrument for any diver. Like, oxygen, timekeeping is a matter of life and death when underwater and Luminox's new Pacific Diver Chronograph 3140 Series has become a critical tool to ensure safety while below the surface of water.

Luminox Light Technology (LLT)

All Luminox watches feature a self-powered illumination system employing tiny micro gas light sources. This Swiss technology guarantees unsurpassed ability to read the time, 24 hours a day, 7 days a week, for up to 25 years. Each watch has micro gas lights mounted on the hands, dial, and, when necessary, also on the bezel. This technology does not depend on an external light source to "charge" fluorescent paint on the dial or hands in order to glow, nor do Luminox watches require the push of a button to light up as do watches with electroluminescence.





Exhibition Only



Watches of Switzerland Group's deputy CEO and president for North America, David Hurley, has praised the initiative by Rolex to provide 'Exhibition Only' watches that are displayed – but not for sale – at its authorised dealers.

Mr Hurley runs the Mayors chain of jewellers in Florida along with monobrand and multibrand properties for Watches of Switzerland in New York, Boston, Texas, Connecticut and Las Vegas. The operation turned over $578 million last year, with Rolex by far its biggest brand.

Most watches displayed today by Rolex authorised dealers worldwide are not for sale. Customers can try on these exhibition-only watches and plead their case to be added to a waiting list, but the chances of them walking in as a new client and walking out with their long-cherished Rolex are slim.

The Rolex shortage is not of the brand's making, nor is it caused by retailers hoarding watches. In reality, the market has been overwhelmed by demand for a number of years so watches are, in effect, pre-sold to retailers' most lucrative customers before they even arrive at stores.

Customers may be frustrated, and store staff under strain from constantly disappointing them, but Rolex authorised dealers have never had it so good. The same number of watches are being allocated to them, and they are all being sold in record time and at all-time high prices.

Customers have to purchase more and more to have any chance of moving up so-called waiting lists. These lists are nothing like a waiting list you might have at a supermarket counter where your number will come up in order. The only way to move to the top of a waiting list and get a hot watch is to keep spending on other stuff; ideally high margin jewellery or less desirable timepieces.

For a brand built on being accessible to moderately well-off customers – doctors, dentists, small business owners, bankers with bonuses, etc – Rolex has become inaccessible to all but the super-rich or experts at playing the system.

This is not the story customers are being told by Rolex authorised dealers. "Sometimes [customers] have to wait a little bit of time and they have to patient, but we want to keep that dream alive that people can get that timepiece that they want. We're in a very fortunate position that we get to make a lot of people very happy on a daily basis, so that's a great pleasure," Mr Hurley says.

As for Exhibition-Only watches? Mr Hurley is a fan. "I think the exhibition timepieces that are being put into the stores are great because it allows people to try on these timepieces," he says.



COVER PROMOTION COURTESY OF TIMEX GROUP

For these new timepieces, all luminous, Versace says you can rediscover the allure of the Medusa floating above the dial, which has Roman numerals and bold indexes on the bottom half and Arabic numerals and an arrow at 12 o'clock on the top half.

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1970 Paul Newman Rolex Cosmograph Daytona, listed on the saleroom.com by Bonhams

FRONT

THIS MONTH IN THE WATCH INDUSTRY...

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CORDER'S COLUMN: WARNING SIGNS AS SUPPLY OF SWISS WATCHES SOARS AND RETAIL SALES SLOW

In 2016 and 2017, Richemont Group spent close to $500 million buying its own watches back from retailers that could not sell them.

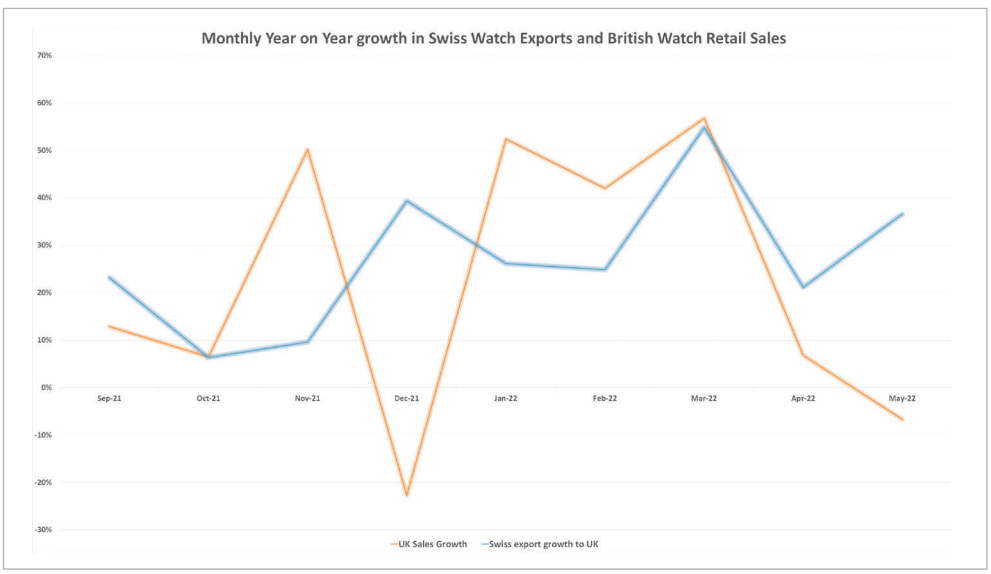
The over-supply was triggered when Chinese officials were banned from accepting luxury goods as 'incentives' in 2015, causing demand to contract sharply.

Richemont calculated that $500 million was worth paying to prevent the global grey market being flooded with watches being offered at huge discounts to prices at its own stores and authorised dealers.

Since 2017, the secondary market has exploded with players like WatchBox, Watchfinder, Chrono24, Chronext, eBay driving each other to ever-higher levels of investment and returns.

Despite the incredible growth of this secondary market in new and used watches, the problems associated with discounting have actually reduced.

Sure, there are still plenty of bargain basement watches being offered brand new online, but the largest part of the secondary market, by far, is for brands like Rolex, Patek Philippe, Audemars Piguet and Richard Mille where watches are traded for well over retail.



Transparency brought about by the rise of ecommerce experts in the secondary market gives us perfect oversight of how well brands are matching supply to demand both overall and right down to certain references.

AP's Royal Oak may be selling for well over retail but there are discounts to be found for some ladies Millenary watches.

Matching supply to demand and keeping watches of the grey market has become easier for brands for a number of reasons.

First, many of them sell most of their watches directly to consumer so they have more timely data on sales and can adjust more quickly. Their own stores are also unlikely to dump unsold stock.

Secondly, retailers have much more sophisticated CRM systems, which improve their own forecasting and this information is fed up to the brands.

Thirdly, manufacturing processes have improved and can be more quickly adjusted when demand changes.

Fourthly, most brands now pay bonuses to their reps based on sell out through retail rather than wholesale sell in. This is crucial when it comes to my next point.



There are commercial pressures that have always increased the risk of oversupply when the market weakens.

Three of the biggest watch manufacturers — Richemont, Swatch Group and LVMH — are publicly listed companies with shareholders to satisfy.

They would prefer not to report quarterly drops in sales (recorded at the factory gate) so they keep the CNC machines turning and are extremely reluctant to reduce production.

I give you this long winded history of recent trends in the market because I fear we are at risk of history repeating itself.

I have tracked the percentage growth and contraction in Swiss watch exports to the UK for the past five years thanks to the excellent data compiled by the Federation of the Swiss Watch Industry.

I also have data over the same period for the growth and contraction of all watches sold at retail in Great Britain, supplied by retail analyst GfK.

If supply and demand are in perfect lock step, you will see no separation between both sets of figures. If you look at the graph over the five years, you will see the two lines are pretty close together. When supply exceeds demand, it tends to be corrected in the next few months and vice-versa.

Remarkably, this was even broadly true through the early months of the pandemic when shops closed and manufacturing was mothballed; and again when pent up demand exploded and supply was constrained.

Which brings us to the data right now. For the first quarter of 2022, retail sales in the UK were on fire after a difficult Christmas, rising by 52%, 42% and 57% in January, February and March.

Imports lagged a little, perhaps because of the slow Christmas, but picked up pace from 26% and 27% in January and February to 55% in March.

No wonder British retailers and the watch brands were on such cock-a-hoop form when they arrived at Watches & Wonders.

But economic storm clouds have been gathering ever since as soaring commodity prices have fed through to broad-based inflation and a squeeze on living standards.

Optimists suggested this would not affect the overheated luxury watch market, but the UK has certainly challenged that view.

In April, retail sales growth slowed to 7% and then went negative to -7% in May.

In the same two months, the Swiss exported watches worth 21% more in April and 37% more in May.

The lines on the graph have diverged, suggesting either that retailers — despite softening sales — are stocking in anticipation of future demand or to restock after such a buoyant Q1. Either way, stock levels in the channel have increased.

For the year to date to the end of May, Swiss watch exports have doubled, but retail sales have risen by around half that.

The UK is the fifth largest market in the world for Swiss watches, but it is not large enough on its own to cause the sort of oversupply that the Chinese slowdown in 2015 caused. It is also a highly professional market with retailers unlikely to dump watches on the grey market.

But the same economic headwinds the UK is experiencing are mostly global in nature, and even the mighty American market is slowing down. Hong Kong and China have both contracted when it comes to watch sales.

Despite this, the worldwide value of Swiss watch exports is continuing to rise sharply, by 13.6% in May. That is down from peak annual growth of 36% in February, so the industry is reacting, but will it achieve the perfect adjustment or will supply run dangerously ahead of demand.

Only time will tell, and hopefully the optimists are right about demand remaining strong, but manufacturers need to be smart. If sales are softening for parts of output, production must be reduced.

Hopefully that will create capacity to make more of the watches that people desperately want to buy, and are still selling at well over retail prices because of supply shortages.

British indie Fears Watches shines across the pond in Silicon Valley

Fears Watches, a historic British independent watchmaker, is marking its first retail partnership in the United States with a special edition made for Topper Fine Jewelers in California's Silicon Valley.

Fears Watches is sitting alongside Grand Seiko, H. Moser & Cie, Omega, Blancpain, Parmigiani Fleurier, Zenith, Nomos, Longines, Seiko Prospex, Zodiac and Oris at Topper in Burlingame, CA.

A special Topper Edition of Fears' Brunswick 40 watch has been made to celebrate the new relationship and launch the brand in the United States.

Fears has only made hand-wound watches since its revival, but the Brunswick Topper Edition is an automatic, the first made by the brand since before its mothballing in the 1970s.



"We've been careful to ensure the Brunswick 40 Topper Edition retains the incredible detail that Fears is known for, while still creating something fresh. It's been a delight to work on such a unique project that combines the Californian aesthetic with Fears' own design ethos. The result is a watch I'm proud to bear my family's name."

There are two versions of the Topper Edition, one with a polished black lacquer dial, the other in white.

Both come in 40mm cushion-shaped cases housing the ETA 2824-2 no date automatic movement with 42 hour power reserve.

Only 25 will be made of each version, priced at $3,900.

François-Henry Bennahmias confirms he will leave Audemars Piguet next year

François-Henry Bennahmias has confirmed that he will leave Audemars Piguet in 2023 after ten years. Rumours that he would move on after a decade as CEO at the business have been circulating since the beginning of this year.

Watchpro shared the news, which was first reported by the Miss Tweed luxury industry blog, back in January.

That speculation was confirmed in an interview by Le Temps in Switzerland with AP's family owner Jasmine Audemars with Mr Bennahmias. Mr Bennahmias has been working at Audemars Piguet for 25 years and as CEO since 2013.



He is credited with modernising the brand image of AP through radical limited editions and innovative brand partnerships while introducing the entirely new CODE 11.59 and maintaining the desirability of the classic Royal Oak, particularly leading up to this year, the 50th anniversary of the Gerald Genta-designed classic.

Now the rumour mill will fire up again with people wondering where Mr Benhammias will appear next. Recent interviews and announcements suggest he may move away from the watch industry into an entirely new industry such as hospitality, film production or high fashion.

Citizen expands dive watch offering with new Orca-inspired Promaster

Citizen has expanded its dive watch offering with the debut of a new Promaster design that is exclusive to the watch market in the United States.

First introduced 16 years ago in 2006, the Citizen design team have ensured that the Promaster Dive watch will remain true to its roots and keep its original shape and features that everyone knows and loves but will be enhanced with new stylistic details to give it a refreshed look and feel.

Inspired by the Orca which is often described as the apex predator of the sea, the case design features a round and plump aesthetic to mimic the whale's body shape with white markers on the dial inspired by the orca's signature colour markings and lower jaw.

Thos behind the design have also given Promaster fans more choice and made it available in a total of three colourways, comprising silver and black/black, silver and blue/blue and black and black/black dial and bezel.



The watches are also ISO compliant diver's watches up to 200 meters and are powered by Citizen's proprietary Eco-Drive technology.

Launched on June 8, the release celebrates World Oceans Day for the brand, as well as being in line with the Orca-inspired aesthetics.

Retailing from £329 – £399, the new release is available online at www.citizenwatch.co.uk and at select retailers nationwide.

For the month of June, a portion of the watch's online proceeds in the US will go towards supporting marine conservation activities of Conservation International (CI), an international NGO that is working to achieve a sustainable society through environmental conservation.

June was an exciting month for Citizen in the US and were on hand at COUTURE in Vegas with Jeffrey Cohen, CEO of the Citizen Watch America Group, included in WATCHPRO's inaugural Hot 100 in the States.

Included in the category of brand champions, Mr Cohen described how his his mission and management statement has barely changed over the decades.

"Work hard, drive change, adapt to new market realities, embrace diversity, and build the best brand profiles and stories in the watch industry," he advises.

His methods are evolving, with digital and data front and center of his priorities though.

"I hope to continue to evolve our digital experience," he says.

"We are a data-driven organization and know more about our end consumers than ever before. We will continue to unlock the power of insights to enable business growth, take additional market share and stay ahead of the curve in the watch industry in all of CWA Group's markets."

Versace flaunts pop spirit with fresh V-Palazzo

Versace has long chosen Medusa as the signifier of the brand due to her model of "determination and courageous self-esteem."

She is respected and loved my many, especially those with a fondness of Greek myhtology but equally by those who sport this Versace watch offering.

For these new timepieces, all luminous, Versace says you can rediscover the allure of the Medusa floating above the dial, which has Roman numerals and bold indexes on the bottom half and Arabic numerals and an arrow at 12 o'clock on the top.

The silicone strap version, graced by the Greca motif, is offered in full black with a white dial or in contrasting colors inspired by the garments and accessories in the Versace collection: red with blue details or blue with green details.

The variety of combinations of material as well as color have been deployed to give the V-Palazzo watches a highly eclectic air, at once sophisticated, edgy and pop.

Available now, the V-Palazzo is on offer at Versace stores, at authorized retailers and on Versace.com.



Growth evaporates as inflation bites

GFK HAS BEEN REPORTING SLOWING GROWTH SINCE A STELLAR FIRST QUARTER. IN MAY, THE MARKET RECORDED ITS FIRST YEAR ON YEAR DROP IN SALES, WITH ALL PRICE POINTS AFFECTED BY THE SLOW DOWN.

The watch business, particularly at the luxury end, would sail through any economic turmoil, such is the demand right now, retailers and brands say. I hope they are right, but the latest research from British retail analyst GfK gives pause for thought.

In May, the total value of sales fell in Great Britain by 6.7%, a negative figure that has felt inevitable with wages not keeping pace with the rising cost of living.

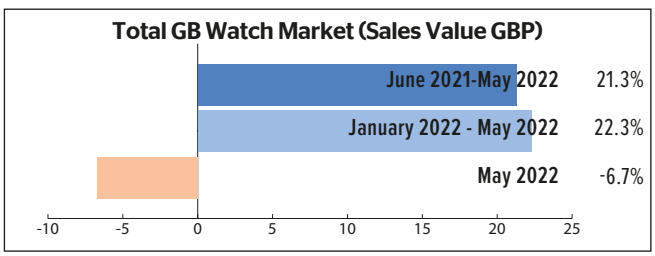
It should be said that May 2021 was a particularly hot month as the UK emerged from a second major lock down, but growth has been slowing for many months now from 52% and 42% in January and February to -6.7% in May.

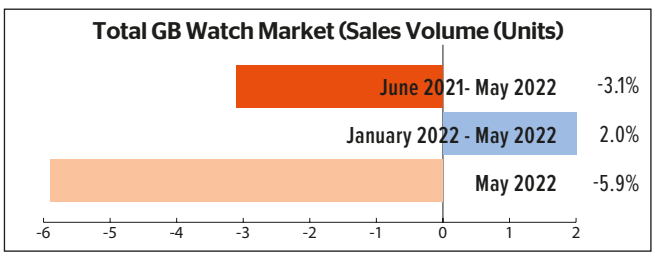
The super luxury end of the watch market — price points of £10,000 and upwards — has held up best, with a dip of just 1.9% in May and annual growth to May of 24.5%.

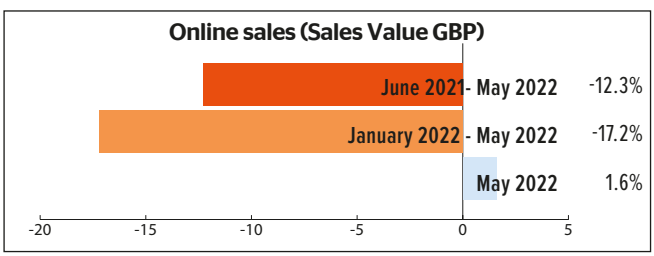
Once you get into the five-figure price category, things get more difficult. Sales in May of watches priced £3,000 to £5,000 were down 10.9% while the £5,000 to £10,000 bracket contracted by 10.5%.

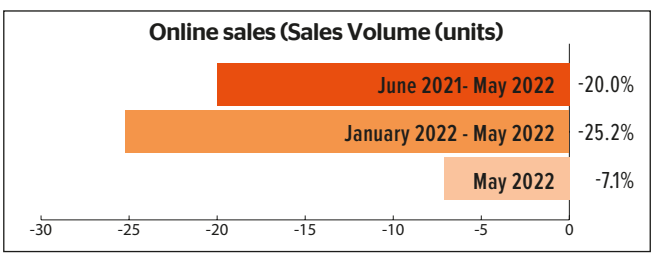
Results in London and the rest of Great Britain are similar, with sales dropping by 6.4% and 8.2% respectively in May.

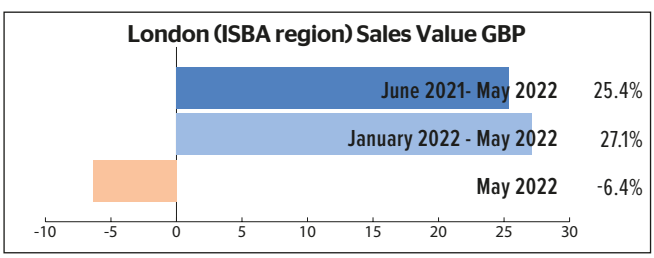
This data is supplied by GfK, the UK's leading analyst of retail performance and consumer confidence. For information please visit www.gfk.com

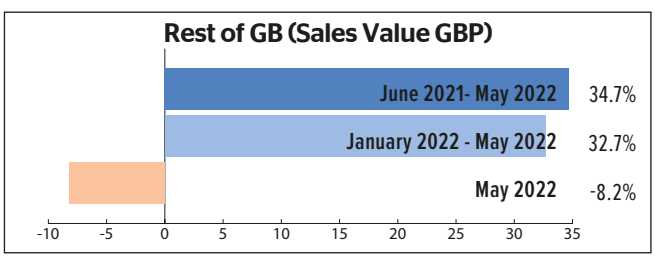






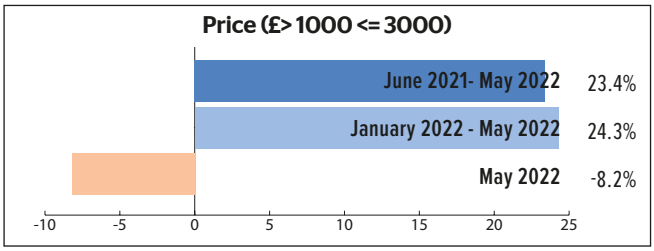


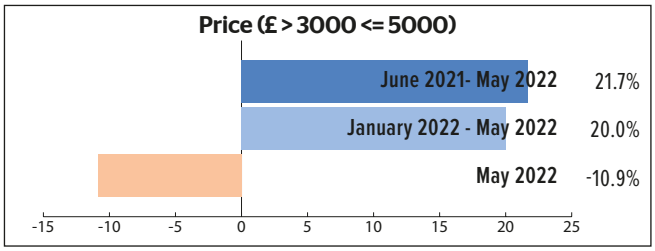


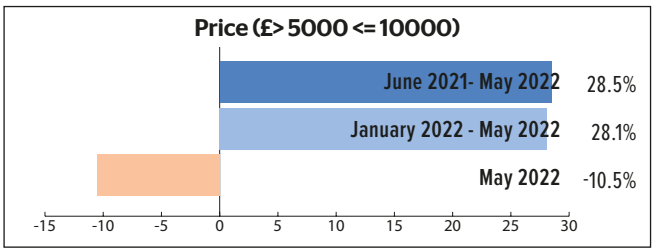




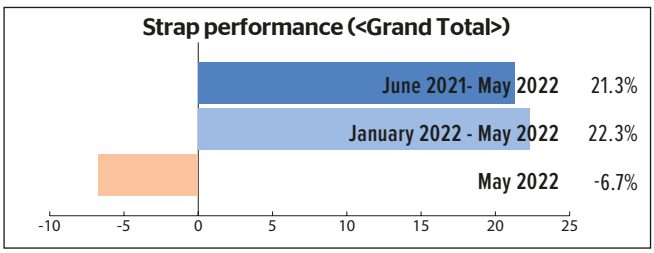


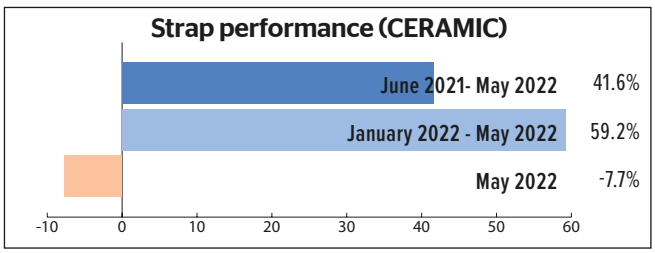

Price (£> 1000 <= 3000)
June 2021- May 2022
23.4%
January 2022 - May 2022
24.3%
May 2022
-8.2%
-10 -5 0 5 10 15 20 25

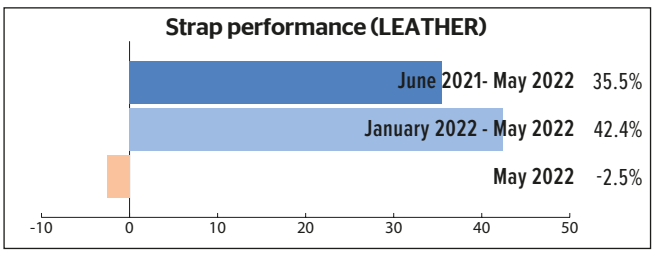

Price (£ > 3000 <= 5000)
June 2021- May 2022
21.7%
January 2022 - May 2022
20.0%
May 2022
-10.9%
-15 -10 -5 0 5 10 15 20 25

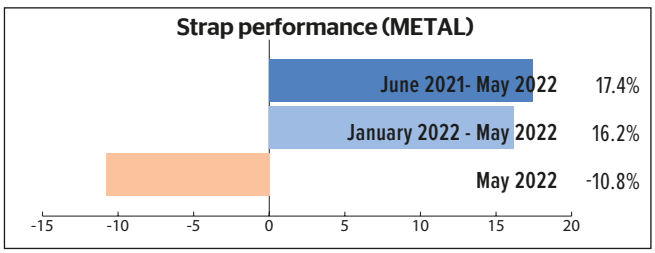

Price (£> 5000 <= 10000)
June 2021- May 2022
28.5%
January 2022 - May 2022
28.1%
May 2022
-10.5%
-15 -10 -5 0 5 10 15 20 25 30

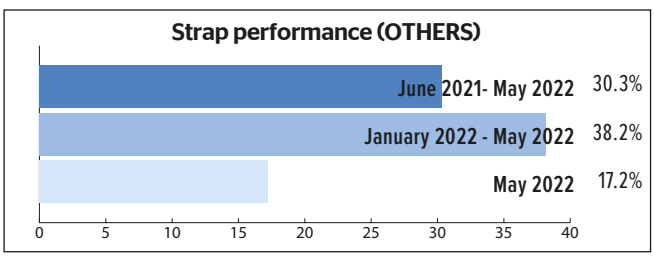

Price (£ > 10000)
June 2021- May 2022
24.5%
January 2022 - May 2022
23.0%
May 2022
-1.9%
-5 0 5 10 15 20 25

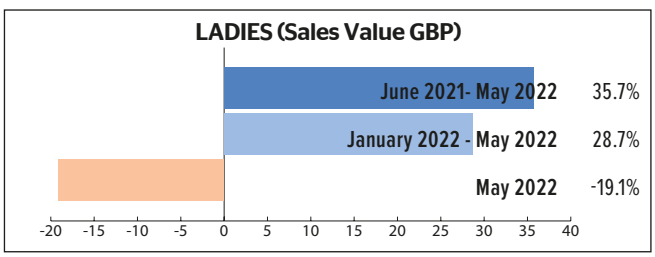

Strap performance (<Grand Total>)
June 2021- May 2022
21.3%
January 2022 - May 2022
22.3%
May 2022
-6.7%
-10 -5 0 5 10 15 20 25

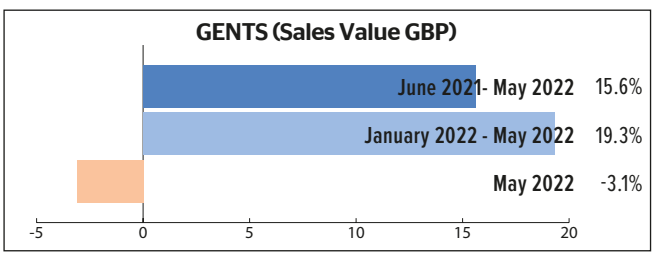

Strap performance (CERAMIC)
June 2021- May 2022
41.6%
January 2022 - May 2022
59.2%
May 2022
-7.7%
-10 0 10 20 30 40 50 60

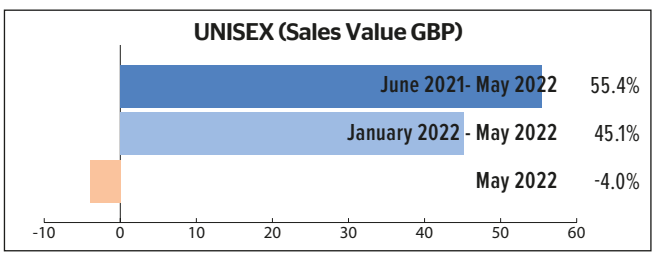

Strap performance (LEATHER)
June 2021- May 2022
35.5%
January 2022 - May 2022
42.4%
May 2022
-2.5%
-10 0 10 20 30 40 50

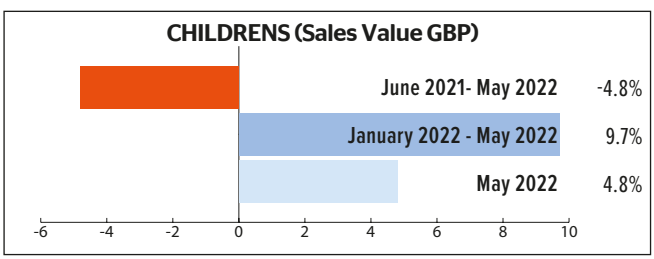

Strap performance (METAL)
June 2021- May 2022
17.4%
January 2022 - May 2022
16.2%
May 2022
-10.8%
-15 -10 -5 0 5 10 15 20

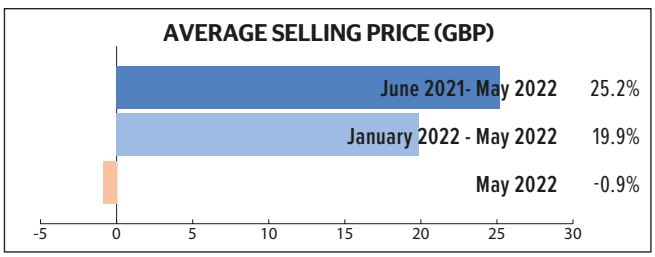

Strap performance (OTHERS)
June 2021- May 2022
30.3%
January 2022 - May 2022
38.2%
May 2022
17.2%
0 5 10 15 20 25 30 35 40


LADIES (Sales Value GBP)
June 2021- May 2022
35.7%
January 2022 - May 2022
28.7%
May 2022
-19.1%
-20 -15 -10 -5 0 5 10 15 20 25 30 35 40


GENTS (Sales Value GBP)
June 2021- May 2022
15.6%
January 2022 - May 2022
19.3%
May 2022
-3.1%
-5 0 5 10 15 20


UNISEX (Sales Value GBP)
June 2021- May 2022
55.4%
January 2022 - May 2022
45.1%
May 2022
-4.0%
-10 0 10 20 30 40 50 60


CHILDRENS (Sales Value GBP)
June 2021- May 2022
-4.8%
January 2022 - May 2022
9.7%
May 2022
4.8%
-6 -4 -2 0 2 4 6 8 10


AVERAGE SELLING PRICE (GBP)
June 2021- May 2022
25.2%
January 2022 - May 2022
19.9%
May 2022
-0.9%
-5 0 5 10 15 20 25 30

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Piaget cuff watch in malachite and yellow gold, circa 1970. One of only eight sets in the same design produced between 1970 and 1976. Offered with matching ring, sautoir and pendant earrings. Est. €80,000 – 120,000.)



Piaget coral and yellow gold cuff watch, circa 1970. One of only 15 with ornamental hard stone dials created between 1969 and 1971. Est. €60,000-80,000.)

WOMEN'S WATCHES ON THE BLOCK

TWO UPCOMING ARTCURIAL AUCTIONS IN MONTE CARLO ARE FOCUSING ENTIRELY ON LADIES' TIMEPIECES, AN UNDERRATED SEGMENT OF THE INDUSTRY THAT JUST MIGHT BLOSSOM THIS YEAR. **SIMON DE BURTON** REPORTS.

The common denominator applicable to the dozen or so major watch auctions that took place in May and June was the fact that the top 10 lot lists of each were dominated by the Patek Philippe and Rolex dial names with a smattering of independents. Which is exactly what we've come to expect from such sales.

But a perhaps more obvious (and likely more interesting) parallel is that there wasn't a single women's watch among the top-selling pieces because, quite simply, women's watches are just not as collectable or as widely appreciated as those made for men.

The reason for that is made obvious at every watch auction, where at least 85% of attendees are male (and where an even greater majority of actual buyers are men).

But back in January 2018 French house Artcurial inadvertently discovered a gap in the market when it put together a sale dedicated to women's watches. The catalyst for the auction was the consignment of 80 Piaget watches by a Johannesburg retailer, to which a further 158 pieces from various owners were added to create a stand-alone sale that grossed close to €500,000.

Since then, Artcurial's 'Le Temps et Feminin' events have happened twice a year (in January and July) with the nine individual catalogues to date raising around €5.5m between them.

On July 17 and 19, Artcurial will up the ante by staging not one but two women-only watch auctions at Monaco's Hotel Hermitage Monte Carlo, the first being a remarkable single-owner hoard entitled The Sparkling Collection which comprises no fewer than 80 lots, all of which have been locked in a safe since the 1980s.

Owned by an elderly (and highly anonymous) female vendor, the collection is headlined by 15 rare Piaget creations, many featuring the coloured, hard stone dials for which the maker became famous





during the 1970s.

Among them is a cuff watch in malachite and yellow gold from around 1970 which will be offered with a matching ring, sautoir and pair of pendant earrings at a pre-sale estimate of €80,000–€120,000. Only eight such sets were produced by the Swiss jeweller/watchmaker between 1970 and 1976.

Other Piaget highlights include a 1970s coral and yellow gold cuff watch, one of only 15 with ornamental hard stone dials (est. €60,000-80,000) and a manchette watch in yellow gold, sapphire and lapis lazuli from 1968 that could draw a similar price.

Further standout pieces from the collection include a 1920s Cartier Art Deco wristwatch in diamonds and onyx (€15,000-20,000) and a 1972, yellow gold, diamond set Boucheron (€15,000-20,000).

Artcurial's Temps et Feminin sales are put together by the firm's watch division director, Marie Sanna-Legrand, who takes an interesting approach to catalogue photography by illustrating the lots in 'still life' situations rather than in the no-frills format generally favoured by watch auctioneers.

In addition to the 'Sparkling Collection' Sanna-Legrand has also put together another multi-owner 'Le Temps et Feminin' sale comprising around 100 lots with estimates from as little as Euros 1,000 to as much as Euros 100,000 for a Patek Philippe 'parure' from 1978 that combines a pink coral, hand wound watch with a necklace and bracelet.

Sanna-Legrand compiles these women's watch sales with the help of independent consultant and veteran auction house specialist Geoffroy Ader (one of the curators of the recent OAK Collection exhibition) who believes the potential market for female-orientated timepieces has yet to be fully realised.

"Traditionally, women's watches either end up in jewellery sales where they are often overlooked, or in general watch sales where they are overshadowed by the far greater numbers of men's watches and, usually, completely ignored because such sales tend to attract a large majority of male collectors," Mr Ader told WATCHPRO.

"It was the collection from Johannesburg that made us think, four years ago, that we could be doing something more with women's watches. Prior to that, we had kept a lovely Piaget in the safe for more than 12 months because we didn't really know what to do with it in terms of presenting it and getting it the recognition it deserved," says Mr Ader.

"And one of the really interesting things about the best vintage women's watches is that they were mostly made when the Swiss watch industry was having a bad time due to the introduction of quartz movements – I'm talking about the period from the 1960s to the 1980s.

"That was when Cartier and Piaget made their very best watches for women. It was truly the golden era for Piaget , when it was employing its abilities as both a jeweller and watchmaker to create some absolutely spectacular pieces – if you look back at fashion magazines from the '70s such as Vogue, Piaget watches were everywhere."

Mr Ader says auctions of women's watches differ from those for mainly men's models both in the most collectable makes (Piaget and Cartier instead of Patek and Rolex) and in the fact that the 'complication' pieces that make high prices at conventional sales barely exist in the vintage female watch category.

"I really think people are beginning to discover the significance of some of these great women's pieces," says Mr Ader, citing the sale of January 2021 where a Cartier 'Peau de Panthere' watch from 1938 realised €331,200 against an estimate of €20,000-30,000.

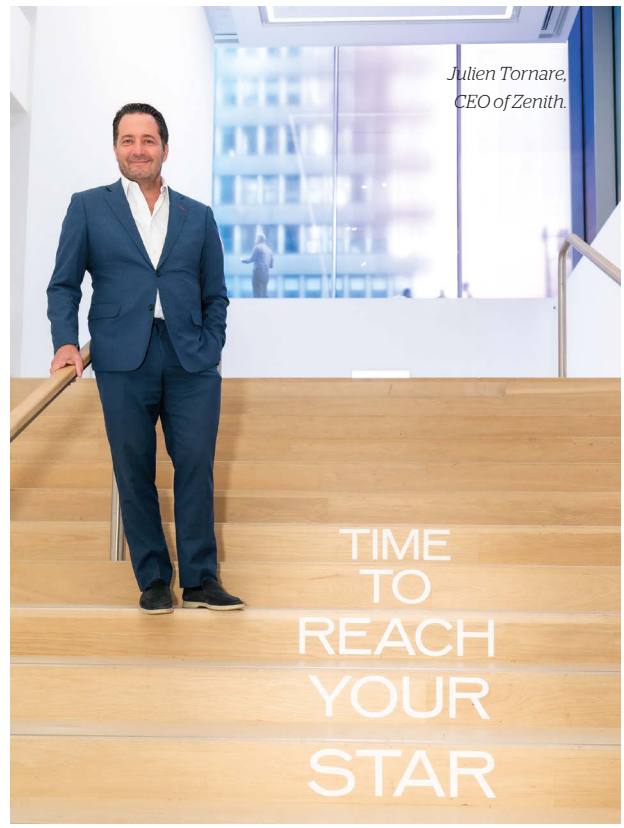
"Bringing them out into the daylight with their own catalogues and photographing them in an almost magazine-like way is definitely raising awareness – the auction world needs fantasy, and that's exactly what many of these watches provide."

Artcurial's 'Sparkling Collection' and 'Le Temps est Feminin' auctions take place on July 17 and 19 respectively at the Hotel Hermitage Monte Carlo, Monaco. Full details of viewing and sale times at artcurial.com .

Above: *Omega Joaillerie à Secret, Frisons d'Or cuff watch in yellow gold, sapphires and emeralds, circa 1964. Est. €15-000-20,000.*

Gerald Genta Fantasies Minnie Ladies' wristwatch in yellow gold and diamonds, circa 1990. Est. €6,500-8,500.

ZENITH EXHIBITION SHEDS LIGHT ON A RISING STAR



Julien Tornare, CEO of Zenith.

HOW **JULIEN TORNARE** PUT ZENITH BACK TOGETHER AND WHY SALES HAVE INCREASED 52% SO FAR THIS YEAR. **CAROL BESLER** REPORTS.

Zenith's "Master of Chronographs" exhibition, which took place in the middle of June at the Phillips auction house in New York, traced the brands roots as a maker of chronograph movements – starting from 1865.

The date is a revelation even for those of us who are familiar with the brand and its merits. The year 1969 is what mostly comes to mind when we think of Zenith's heritage, when the first El Primero chronograph rolled off the production line and made its way into the Swiss watchmaking hall of fame – though not right away; the quartz era was about to happen, and as we know, the El Primero was shelved in an attic for more than a decade before being rediscovered.

The exhibition walked us through the brand's trajectory as a maker of chronographs and other complications, begins with archival pieces, including pocket watches and professional chronographs, progressed to iconic examples of the El Primero, and culminated in current state-of-the-art versions of the high-frequency movement, with 1/10th of a second and 1/100th of a second functions.

The exhibition revealed the extent of its authenticity as one of Switzerland's elite heritage brands, one that served as a supplier of components to other luxury brands, including Ebel and Rolex (Zenith made the movements for Rolex Daytonas from 1988 to 2000).

"We wanted to recap the history of Zenith's chronographs because it started a lot earlier than 1969, and many people don't know that," says CEO Julien Tornare. "The company has been working on chronographs and precision chronometers since the late 19th century, and we want to remind people of that."

Mr Tornare says the exhibit is part of his effort to reinterpret the brand with a greater focus on heritage. Like many Swiss watch companies in the aftermath of the post-quartz era, Zenith lost its way for a few years. "In my first meeting with the board of directors of Zenith in 2017 [following a 17-year career as an executive at Vacheron Constantin], I told them very frankly, I can do things very fast, but it's not going to last long. Or you give me a bit of time. You let me build the brand properly and we'll do something that will last forever.' And they said, don't look immediately at the numbers. Create a vision, and develop it."

That vision was based on bringing back the true Zenith. "I'm not going to give names, but under the leadership of some of my predecessors, you know, at one point it was going crazy, with big parties, and crazy open heart models, and watches that sometimes went too far. And then suddenly there was a very classic approach. In both cases, some good things were done for the brand, but the direction was so different, that people got confused." Mr Tonare recalls. "When I came on board, I decided we would build and respect the heritage, and stay very authentic, while expressing that identity in a modern way. I want to hold the balance between past, present and future – tradition and innovation."

One of the first things Mr Tornare did after being brought on board was to fix the website. "It was not even responsive; you couldn't use it on a mobile device. It hadn't been touched for years. So I spent CHF 80,000 (about $82,000) on that. We also changed the packaging, and we made staff changes. Now we have the right people in each market. In the U.S., it's growing so fast that we are set to hire more people – 2021 was a record year. In 2022, we are already ahead of last year's sales by 52%."

Despite the boom, Mr Tornare says he is building the brand slowly, and he really has



Above: *Inside the Zenith Master of Chronographs exhibition in New York.*

no choice. "One rule we will stick to is that 100% of our watches will be equipped with Zenith movements, which is very rare in the watch industry – there are four, maybe five brands today that can say that," he states. "If tomorrow I went to Sellita or ETA and bought external movements, I could do 10,000 more tomorrow morning. But if we're using all Zenith movements, it takes more time."

Last year, the company made 20,000 watches, and hopes to end this year with production at 23,000. "At one point in our past, when we were supplying many other companies with movements, we were making some 200,000 movements a year. Can you believe it? So I know we have the capacity, it just takes a while," Mr Tornare describes.

Given the production restraints, it's not surprising that Zenith's plan will include a slow roll out of monobrand boutiques. "There will be maybe three or four in the US over the next few years, but we're in no rush," he says. "We'll look for the right location, the right opportunity. In the meantime, we have great partners. Our retailers are doing a fantastic job. I'm not in line with brands that want to go to 100% boutiques. We aren't selling t-shirts, and at some point you need to have neutral advice. If you go next door [to Cellini in New York City], and say you want to buy a nice chronograph, they are going to put five on the tray – hopefully including a Zenith – and say, these are all beautiful chronographs. And then you have the choice. If you go to a monobrand boutique, obviously people are paid to tell you this is the best brand of the world. I think many end clients are still looking for neutral advice."

To drive home the legacy of Zenith's heritage, Mr Tornare recently brought one of the brand's chronometer movements back to life. His team uncovered several vintage chronometer movements (caliber 135-O) at the manufacture in Le Locle, Switzerland, that had been made especially for observatory competitions in the 1950s, which are judged without cases. "We made the movement in 1949, and from 1950 until 1954, and it won the top chronometry prize five years in a row. We were the only ones to have done that, and it's never been done since," says Mr Tornare. To bring them back to life and put them in cases, he enlisted the help of star independent watchmaker and chronometer restoration expert Kari Voutilainen, and together they produced a limited edition of 11 watches, one of which will be auctioned for charity in November by Phillips in Association with Bacs & Russo.

"My first choice for restoring the movements was Kari, so we went to him and shared this treasure we had," recounts Mr Tornare. "I thought he would be too busy – his watches are already pre-sold through 2028 – so I was expecting a 'no.' But he liked the project so much, he said, listen, if it's just 11 watches, I can do it. We introduced them at a private event in Geneva, and our phone started ringing – within an hour and a half, they were all sold. These 10 people, they know they have something that nobody else can have and nobody will ever have."

The brand's next introduction will be something in the Defy collection, which Mr Tornare says represents the future of the brand – it holds the most advanced El Primero movement, the 21, which displays time to 1-100th of a second.

"It will be something sporty and bulky," he says. "That's the kind of watch it is."

After that comes another nod to the brand's heritage: a Pilot watch. Zenith's Pilot model has been produced in some form since 1904, and set the design architecture for pilot's watches of that and subsequent eras."

"It's time we came out with a contemporary version of that part of our heritage," says Mr Tornare.

Stay tuned.

LOOK, TRY, LEAVE

ROBIN SWITHINBANK INVESTIGATES HOW MUCH 'EXHIBITION-ONLY' WATCHES THAT CAN BE SEEN BUT NOT BOUGHT ARE HARMING THE INDUSTRY.

It's become a familiar scene. Walking through Geneva airport in June, I passed its Rolex boutique, where a rather gruff gentleman was quizzing a member of staff. Why could he not have the watch in the window? Because it's an exhibition model only, sir. So when will you be getting one in? Maybe next week, maybe in a few months. We never really know...

Impasse.

While the tone was far from incendiary, the frustration was palpable – on both sides. Not having the product you're there to sell is one thing; to have no clear idea when you might get it another altogether.

Worse, the awkward but unspoken reality. Both sides knew that never in a month of Sundays was this guy getting his watch in that boutique. And yet there it was in the window.

I might have been anywhere. The same scenario is playing out every hour of every day in watch showrooms across the globe.

And not just for Rolex. Want a Vacheron Constantin Overseas? A Tudor chronograph? One of IWC's new ceramic Pilot's Watches? What about a Zenith Chronomaster Sport? Good luck.

And that's without mentioning the usual suspects. Or MoonSwatch. I dropped into a Swatch store the other day to get a battery change for a few watches. I was there less than 10 minutes and three people came in asking for MoonSwatch. Each turned away, wearing the same gloomy facial expression.

The industry needs to be careful here. Building hype and expectation makes sense, but only as part of a contract. If you lead consumers to believe they can have something, only for them to discover they can't and never will, the contract is broken. Broken contracts break trust. Broken trust ends relationship. And this business is all about relationship.



It's no good for the public face of the watch industry, the sales force, either. Their job is to establish that trust, build those relationships and produce the one thing the industry relies on – customers. Who'd have their job right now?

Reports are of frazzled store staff brow-beaten by cheque book-waving customers to whom they have nothing to sell. Some are being retrained in the art of the registration of interest. Lucky things. Others are being put on 20-minute shift cycles so they can decompress between interrogations. Some luxury watch stores have become shrinks' waiting rooms.

The exhibition collection culture, now prevalent, has to be seen as the unwanted successor to waiting lists. These were already anti-consumer, but no one seemed to want to stop them coming.

At Dubai Watch Week in 2019, I chaired a discussion on 'wait lists', as the Americanisation has it. On the panel was Mohammed Seddiqi, head of the powerful Middle Eastern Seddiqi network of multiples.

He was unapologetic in his assessment of the then growing phenomenon, which largely affected only Rolex, Patek and the Royal Oak. Some customers would simply never get the watch they wanted, he said. Unless you'd bought your wife and your mother a Day-Date, you could forget getting your hands on a Nautilus.

His candour was shocking, even if it was refreshing. The Swiss, more encumbered by discretion, would not have made such a

"So, when will you be getting one in? Maybe next week, maybe in a few months. We never really know...



Above: *Faced with a choice of empty cabinets or exhibiting Rolex watches that customers cannot buy, many retailers are opting for the latter and labeling them as exhibition only.*

public declaration, even when they knew it to be true.

His line was also a portent, albeit in ways he could not have envisaged. Covid-fuelled boredom and lust, and filled bank accounts with unspent earnings, much of which were earmarked for luxury goods. Meanwhile supply levels dipped. The result was perfect conditions for selling low-volume, high-end watches, as last year's FHS reports of record export values proved.

There was a sense in the room that day in Dubai that what Mr Seddiqi was describing was somehow aspirational in itself. Yes, make the people wait! Desirability is wanting what you don't have. And so on.

In the years since, brands hungry for a seat at high table seem to have picked up the formula. As a manufacturer, it's always better if your order list is longer than your production capacity, right?

Lange, a pocket-sized brand by comparison to Patek and AP, makes 5,500 watches a year. Far fewer than it could sell in the current climate. One of its most in-demand pieces is the Odysseus. The titanium model released at Watches and Wonders was adjudged to be one of the watches of the year. And yet word is that since the line was introduced in 2020, fewer than 100 pieces have been made – in total. Hens have more teeth.

Watchmaking has a choice at this point. And it's a simple one. Does it want to be a recherché, low-volume market serving the few? Or does it want to be a global force, a product and brand known and loved by many?

At that same event in Dubai, Jean-Claude Biver was given an hour on stage. Tubthumping all the way, he urged the industry to think bigger. Make more watches, sell more watches, generate more cash. Consumer appetite is there, he said, so if there are 7 billion people on the planet, how is it that Switzerland is only selling them 20 million watches a year? Three years on, that figure shows no signs of growing.

The industry isn't entirely to blame here, if indeed we see this direction as a problem. We're in an undersupply economy. Cars, PlayStations, cabin crew, dentists... Apparently there are too many of us and not enough of them.

During Covid, watch supply chains were put out of whack, and many have yet to recover. The industry, for all it would have consumers believe it's perfectly integrated inside Swiss borders, is a muddle, with a complex network of suppliers that crisscross countries and continents. Some suppliers went under during Covid, creating a parts shortage that echoes the tech world and its missing microchips.

But beyond the fence, consumers neither know nor care. Which is a problem for the industry, which must not rely on consumer patience. People need cars; but they don't need watches. And post-Covid, they have more to spend their money on again. Watchmaking knows better than most that if something better comes along, the consumer's head will be turned. And the story can take an unexpected turn in the blink of an eye.

Waiting lists and exhibition collections may fuel the theory that luxury is simply something you can't have, and therefore a sign of a healthy marketplace. But that's true only to a point. There has to be some hope. It has to be worth the wait. Otherwise, what's the point of paying attention in the first place?

CHRONEXT
&WATCHPRO

SPECIAL REPORT

PRE-OWNED LUXURY WATCHES AND THE SECONDARY MARKET

VOLUME 05



It has been around a year since CHRONEXT and WATCHPRO worked together on a special report on the secondary market, and what a year it has been!

In 2021 we were still in the grip of the pandemic, but already the market for luxury watches had bounced back from the very early months of lock downs to record its best ever year, according to export figures from the Federation of the Swiss Watch Industry.

Up to March, the primary market for new watches was still on fire in Europe, the Middle East and America, but there was an interesting dip in prices on the secondary market for the hottest waiting list watches from the likes of Rolex, Patek Philippe and Audemars Piguet.

This correction was expected as market prices for watches like the Nautilus, Daytona and Royal Oak soared to great heights.

I am proud of how CHRONEXT has adapted to wildly varying market conditions over the past year. We have built a team of expert executives that have only become stronger as the challenges and opportunities kept coming our way.

The rest of the secondary market ecommerce players have also been busy growing and improving. Competition is intense, but I welcome this as well because, the more professional and well-funded players we are up against, the more reputable and trusted we all become.

Most of the biggest and best businesses are offering some kind of authenticating and offering warranties on the watches they sell. This is building trust and pushing less reputable players back into the shadows.

Nobody should be ignoring the gathering economic challenges facing the world, but our experience at CHRONEXT over the past year has convinced me that the secondary market will evolve to take advantage of any opportunities faster and more effectively than most in the luxury sector.

The market is developing and we are focusing on what we do best: delighting our buyers and sellers with market leading customer service.

Philipp Man, Co-Founder and CEO, CHRONEXT
CHRONEXT.com



SHIFTING TIDES IN THE SECONDARY MARKET

WARREN BUFFET ONCE FAMOUSLY SAID THAT "ONLY WHEN THE TIDE GOES OUT DO YOU DISCOVER WHO'S BEEN SWIMMING NAKED". WELL, THERE WERE SIGNS THAT THAT THE TIDE WAS TURNING ON THE HOTTEST WAITING LIST WATCHES EARLIER THIS YEAR, WITH PRICES DIPPING BY 20% OR MORE. WILL THIS STALL THE MOMENTUM OF BURGEONING SECONDARY MARKET FOR LUXURY WATCHES? NOT AT ALL, INSISTS CHRONEXT CO-FOUNDER AND CEO PHILIPP MAN, WHO WELCOMES THE CORRECTION AND IS SEEING NOTHING BUT OPPORTUNITY.

There has never been a time when it has been easier to procure product than it is today, according to CHRONEXT co-founder and CEO Philipp Man.

With authorised dealer showrooms and direct to consumer boutiques for the hottest brands stripped bare like a field of crops after a plague of locusts, the secondary market is the only market that has any product for sale to an ordinary punter.

The primary market is rigged in favour of the wealthiest to such an extent that 99% of customers, who might dream of buying a Daytona, a Royal Oak or a Nautilus as a treat to mark an anniversary, are frozen out.

"Unless you buy a 5-carat engagement ring from an authorised dealer, you will not get the waiting list Rolex you want," Mr Man advises.

A few months ago, a Corder's Column for WATCHPRO suggested that Rolex is no longer a retail brand because normal customers cannot rock up to an official store and buy one.

Mr Man agrees that this is the reality and makes a compelling case that this is leading to opportunities for reputable secondary market players like CHRONEXT.

"People stop going into stores because, not only are they not going to get the watch they want, they are also made to feel stupid for even asking. So they go online and search for the product they want from a place that authenticates every watch and can get that watch to you tomorrow," he describes.

The bigger the gap between supply and demand, the higher prices are pushed on the secondary market by the inescapable laws of economics. "People say these watches are selling at "over retail", but it is not really over retail, it is the true market price. There is no retail price if you cannot find a single place on the planet where you can walk in and buy the item," Mr Man insists.

The market price peaked for unicorn watches early this year, and sale prices are off by around 25% for some references. That is leading to even more product being put up for sale through the likes of CHRONEXT.

Prices retreating from their peaks does not mean meaty profits are off the table for waiting list watches. The market price for the likes of the Rolex GMT Master II or Daytona: Patek Philippe Nautilus or Aquanaut; or Audemars Piguet Royal Oak are still two to more times what authorised dealers have to charge, so anybody who manages to buy at the AD rate is still quids-in.

If CHRONEXT is concerned about prices turning, Mr Man is not showing it. "We are relaxed about whether prices go up or down, but what I will say is that the ongoing shortage of product at authorised dealers has caused people to shift their attention to shopping online, and staying there for good. This is an incredible opportunity for us because, not only

Above: *With the Historiques 222, Vacheron Constantin has created a future investment piece. CHRONEXT expects strong demand from collectors.*

MARKET MOVES IN THE SECONDARY MARKET



1. The hype surrounding the MoonSwatch had a positive effect on demand for the Omega Speedmaster. In the week of the release we saw that sales almost doubled (+78%) for this model.
2. We've seen speculation in advance about precious metal versions of the Daytona. Especially the Platinum Daytona with ice blue dial (116506-0001) and the yellow gold with green dial (116508-0013) were requested and sold significantly more often in the weeks leading up to the show. Prices increased by 10-15% and were still on this level, although the models were continued. We saw corrections back to the previous level in the last weeks.
3. The colorful Oyster Perpetual models (41mm +36mm) increased significantly as they were discontinued. Front runner is the version with the so called „Tiffany blue" dial. Even for the not discontinued version in 36mm the market value raised by more than 100% in the meantime. We've seen corrections here in recent weeks as well.
4. The new versions of the SeaDweller and the Air-King, which removed the old references (126660) and (116900) from the program and launched a new one with minimal changes, did not affect the market value, prices have remained quite stable.
5. Still trend to release models in the 70ies style (steel watches, polygonal bezels, blue dials, integrated bracelets), we expect models like Zenith Defy Skyline, Baume & Mercier Riviera or Oris Propilot will benefit from customer demand as much more affordable alternative to Nautilus, Royal Oak or Overseas.
6. With the Historiques 222, Vacheron Constantin has created a future investment piece. We expect strong demand from collectors.
7. The Tudor novelties, especially Black Bay Pro (with the similarity to the „Steve McQueen-Explorer") and the bi-color GMT, created strong demand as soon as they were available.

Source: CHRONEXT

are frustrated customers coming to us, we also make that customer so happy that, within two to three years, 30% of them buy from us again. Once customers have had the online experience, with the authentication, warranty and a wide selection they won't go back, he suggests. "This situation is translating into the best trading conditions and the highest margin opportunities in the history of CHRONEXT," he reports.

It seems counter-intuitive that shortages in the authorised dealer channel for the likes of Rolex leads to more of its watches being put up for sale on the secondary market. Evidence that the phenomenon is real can be seen in the recent hysteria for Omega and Swatch's MoonSwatch. Immediate demand outstripped supply many times over, causing riots outside Swatch Shops, but that did not mean the watches did not get resold on the secondary market. Despite their desirability, thousands of the watches appeared online overnight because the opportunity to make a quick profit was irresistible.

We do not see scrums outside Rolex stores because everybody knows there is no chance of walking in off the street and buying one. If there are watches in the windows, they appear behind the dreaded "Exhibition-Only" signs confirming they are not for sale. "What is the point?" Mr Man scoffs. "If you want to look at beautiful watches you can go to the Patek Philippe Museum."

It would be easy to believe that authorised dealers for the hottest brands are suffering when their windows and cabinets are empty. Yes, they have to train their staff to handle frustrated customers. They are advised on how to spot the difference between a genuine customer who wants to own and wear their watches, and a flipper who wants to sell them immediately for a profit. They are terrified that brands could sack them as agents if too many watches they have sold appear on the secondary market and aware that the brands do spot checks on what is being offered online.

One authorised dealer told WATCHPRO, on condition of anonymity, that they bought back a rare Patek Philippe watch from a secondary market platform at twice what they had sold it for because they could not risk it looking like they had sold the piece to a flipper.

Tough luck, but before striking up the violins in sympathy with these ADs, remember that they are selling just as many watches as ever before, and at significantly higher prices set by the brands. The fact that the public cannot see watches being sold simply means they are being allocated to the best customers and stored in safes until being paid for and collected.

It isn't retail, as we know it, but it is easy money.

If authorised dealers require little sympathy, so-called flippers who manage to beat the system might not deserve the demonization meted on them by the industry. It is not that black and white, according to Mr Man. "Brands hope customers who buy their watches truly want to wear them on their wrists. I get that. I want that too. However, I do not agree there should be a stigma pointed at the sellers," he suggests.

Adding: "The attraction is to products that appreciate in value. Even if you do not like it, it is naive to assume that somebody will not sell something that brings in a ten, twenty, fifty thousand dollar profits. That is real money and often reinvested in new higher-value assets. At the end of the day, there is no way you can stop people monetising the profit sitting in their watches," he states.

Even if flipper is a pejorative term, it should not be applied to every individual who has sold a watch for its market value. "When people say flippers, it is not a job title or a type of person who has it tattooed across their foreheads. Most of the time, people who flip a watch did not intend to sell it when they bought it. But the money they can make is so alluring, it is hard to resist," Mr Man insists.

Perhaps the only time that flippers identify themselves is when they are playing the game in precisely the way some authorised dealers want them to..

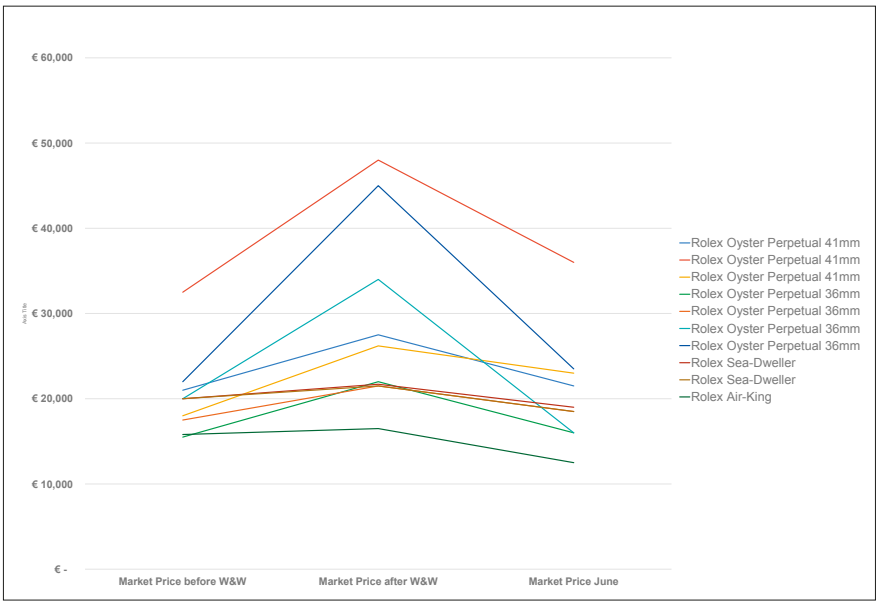
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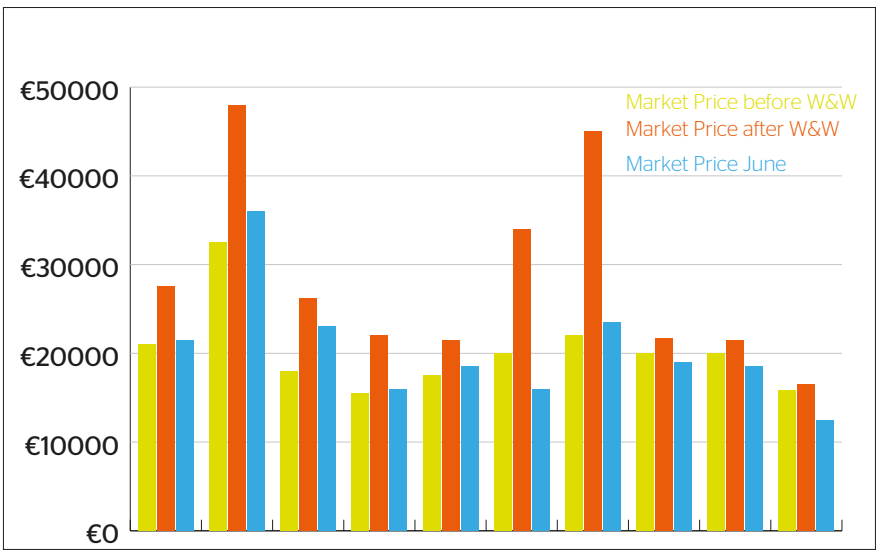
Discover over 7,000 new and certified
pre-owned luxury watches from 49 brands.



CHRONEXT.com

Prices of Unicorn Watches since start of 2022





"The AD wants an end consumer to buy watches, but what happens is that customers cannot buy the watch they want without first buying a load of jewellery they do not want. If a customer decides to play that game, they end up selling off the jewellery because it was only part of a transaction to secure the watch they wanted," Mr Man describes.

Much has been written about this version of flipping, but there is another version that only a red hot market of continuously rising prices makes viable: the business-to-business flip.

In this instance, professional traders buy watches from other dealers at well over retail prices in the expectation that they will rise even further and create a profitable opportunity. This pours paraffin on an already raging fire because it is in everybody's interest to drive prices ever-higher. It is also the most volatile because, in a cooling market, professional buyers sit on their hands in the hope that prices will fall further and create a more profitable buying opportunity down the line.

This is precisely what has been happening for the past few months, with prices falling by as much as 20 to 30% since March.

"We are seeing small corrections on very high-end watches like Royal Oaks or Nautiluses, But prices for all these watches are still at the level of the beginning of the year and significantly higher than a year or two ago. Same for the more affordable steel sport Rolex watches, prices were corrected a little bit, but they are still very significantly above list price and have been for a long time. Retail availability is still very limited, and this will not change," Mr Man predicts.

Morgan Stanley's annual report on the state of the Swiss watch sector estimated



Model: Rolex Oyster Perpetual 41mm,"
Market Price before W&W: **€ 21,000**
Market Price after W&W: **€ 27,500**
Market Price June: **€ 21,500**



Model: Rolex Oyster Perpetual 41mm
Market Price before W&W: **€18,000**
Market Price after W&W: **€ 26,200**
Market Price June: **€ 23,000**



Model: Rolex Oyster Perpetual 36mm
Market Price before W&W: **€17,500**
Market Price after W&W: **€ 21,500**
Market Price June: **€18,500**

Model: Rolex Oyster Perpetual 41mm,"
Market Price before W&W: **€ 32,500**
Market Price after W&W: **€ 48,000**
Market Price June: **€ 36,000**



Model: Rolex Oyster Perpetual 36mm
Market Price before W&W: **€ 15,500**
Market Price after W&W: **€ 22,000**
Market Price June: **€16,000**



that Rolex unit sales dropped by 20% from 1 million to 810,000 between 2019 and 2020. Omega's volume fell from 720,000 to 500,000. The same research saw a strong recovery in 2021 with Rolex unit sales back up to 1,050,000 and Omega to 570,000, contributing to an all-time record year for Swiss watch exports.

2022 also started strongly with exports growing by over 30% year-on-year in January, February and March. Little wonder the mood at Watches & Wonders in Geneva was so ebullient.

The froth came off in April, with the top six global markets for Swiss watches growing by a more modest +15.9%. Hardly a recession, and unlikely to fix the worldwide drought any time soon.

"Shortages look like a permanent feature because demand is outstripping supply in a structural way," Mr Man suggests. "We saw a bit of a correction, but structurally prices will remain above retail for a very long time. Then the question is, what is an acceptable amount to pay above retail? Is it 20% above, as used to be the case for steel Daytonas as recently as 2014. Or is 6-times retail the right amount? That is not certain, but I see prices for Rolex, AP, Patek Philippe etc, continuing at over retail. The question is just for how many models and how much delta to retail prices."

It is often said that professional flippers are responsible for such eye-watering prices, but if CHRONEXT's Mr Man is right, there is a much more deep-seated, structural driver of demand and therefore prices, and that is the rising number of wealthy people who can afford luxury watches, and the way they are being influenced by marketing.

More than five million people became millionaires across the world in 2020, according to Credit Suisse research. More than 42% of millionaires live in North America and 28.1% are in Europe. That is an awful lot of existing and new rich people with the money to buy a Rolex, Cartier or Omega.

Mr Man believes that luxury watches have also become more desirable as a result of Instagram and other marketing. "More and more customers are being drawn towards the luxury watch category. Social media is continuously accelerating that rising demand because showing them off on Instagram suggests a certain lifestyle and success in life. That is basically the Rolex marketing campaign as well. That will mean prices remain structurally higher than retail," he says.

When it comes to the cost of living crunch the world is enduring right now, Mr Man's optimism is undimmed. "What we see every day is that new money keeps coming to this market and customers are prepared to buy at $50k in cash..

Little wonder that investment has been flowing into the secondary market space, starting with Richemont's acquisition of Watchfinder. Hodinkee raised $40 million in 2021 and promptly acquired Crown & Caliber. Watchbox launched in 2015 with an investment bank roll of $200 million and has received additional funding since to put towards buying more stock and opening trading lounges across the United States and internationally. CHRONEXT has closed a number of 8-figure funding rounds, even though it makes a profit on every watch it sells. This before you get to the incalculable money being invested by giants like eBay, Amazon and Chrono24.

Despite growth, the market is still highly fragmented, and Mr Man believes nobody has more than 10% market share. That may lead to mergers and acquisitions, as we saw last year with Chrono24 buying British pre-owned specialist Xupes and Watches of Switzerland buying Analog Shift in the United States, but it will likely take years for any market leader to build a dominant position.

CHRONEXT's own research suggests the majority of players are still quite small, particularly those that have watches on their balance sheets like Watchfinder and WatchBox. Among those doing listings, eBay is by far the biggest, but even eBay does not have anything like 25% of market share globally. "Consolidation is about to happen. It has started, but it is still early days," Mr Man describes.

How that consolidation will play out is another question. Many of the most prominent players are backed by venture capital or private equity, and they will be looking for an exit at some point. For larger businesses that might be an IPO. For smaller ones, they might to sell to somebody.

It would be foolish to gaze into a crystal ball and believe the entire future of the secondary and pre-owned market will be revealed. There are simply too many variables. For example, what will major brands do about certified pre-owned (CPO)?

At Watches & Wonders, there was a rumour doing the rounds that Rolex is working on a plan to bring CPO to its network of authorised dealers and service centers. Does that trouble CHRONEXT? Not at all, according to Mr Man. "We do not know what they have planned, but I think it would be great because it would further legitimise the pre-owned category and encourage people to consider pre-owned as a natural alternative to new," he says.



Model: Rolex Oyster Perpetual 36mm
Market Price before W&W: **€20,000**
Market Price after W&W: **€34,000**
Market Price June: **€16,000**



Model: Rolex Oyster Perpetual 36mm
Market Price before W&W: **€22,000**
Market Price after W&W: **€45,000**
Market Price June: **€23,500**



Model: Rolex Sea-Dweller
Market Price before W&W: **€20,000**
Market Price after W&W: **€21,500**
Market Price June: **€18,500**



Model: Rolex Sea-Dweller
Market Price before W&W: **€20,000**
Market Price after W&W: **€21,700**
Market Price June: **€19,000**



Model: Rolex Air-King
Market Price before W&W: **€15,800**
Market Price after W&W: **€16,500**
Market Price June: **€12,500**

CHRONEXT

24 months CHRONEXT warranty
for each watch in every condition



CHRONEXT.com



BA1110D IS BOOMING

EVER SINCE ITS CHAPTER 1 WAS LAUNCHED, **THOMAS BAILLOD** HAS BEEN A MAN ON A MISSION IN SHOWING THE WORLD HOW HIS METHOD CAN AND WILL BE SUCCESSFUL IN THE MODERN ERA. IN LAUNCHING THE CHAPTER 4.1 FOR WOMEN LAST MONTH, HE HAS SHOWN SIGNS OF A BRAND GOING FROM STRENGTH TO STRENGTH.

After winning the hearts of many with its Chapter 4.1 The Veblen Dilemma Tourbillon, BA1110D is back to conquering the hearts of women with a new version. The brand says the new iteration looks to combine the warmth of pink gold, the purity of diamonds and the softness of ceramics with the watchmaking magic of the most desired of complications.

BA1110D explained: "Imagined and designed by a woman for women, there is no doubt that the Chapter 4.2 Lily Tourbillon will find its audience."

Thomas Baillod's design and development department is headed by a woman, Liliane Murenzi. Active for more than 15 years in watch and jewelry design, she joined the BA1110D team in 2021 and quickly grasped Thomas Baillod's expectations.

She designed the brand's first watchmaking complication, the Chapter 4.1 The Veblen Dilemma Tourbillon which has already sold nearly 400 pieces.

Designed by a woman, for women

For this version, Thomas Baillod gave his Senior Designer carte blanche: "Create THE watch you would like to wear, make yourself happy!"

Liliane Murenzi was very touched by the trust shown in her, especially with regard to the most prestigious watchmaking complication, the tourbillon, and she imagined the piece that would accompany her in her daily life.

Murenzi explained: "Soft and strong, today's woman is multi-active. She juggles between professional life, family life and friends, personal projects... For me, it is in this balance that I blossom. And this is how I imagine this watch, with several facets.

"Elegant, impertinent, with an assertive character but with a softness that is still there, thanks to feminine curves, very few angles and polished bridges. Her love of rose gold led the young designer to opt for the warmth and elegance of a 4N rose gold pvd coated case, combined with the links of a ceramic bracelet."

The open-worked dial features a tourbillon cage between 6 and 8 o'clock. The hour markers are transformed by nine diamonds that complete the model, the 9 symbolizing inner strength, destiny, responsibility, intuition, strength of





" My goal is to launch spectacular watches at affordable prices. I want to show that it is possible to democratize fine watchmaking without compromising on quality."

character, high ideals and freedom.

Like its male counterpart, the Chapter 4.2 Lily Tourbillon is equipped with an NFC (Near Field Communication) connected sapphire crystal.

The Chapter 4.1 The Veblen Dilemma Tourbillon was the first model in the history of watchmaking to be equipped with this technology, placing BA111OD in the select circle of players who bring art and technology together.

The integration of NFC technology in the sapphire crystal means that it does not interfere with the mechanical movement and does not alter its aesthetics. The objective is to strengthen the relationship and the customer experience, to improve the traceability of watches and to allow a control of exchanges on the secondary market.

The options are endless and allow a dialogue between the brand and the purchaser of the timepiece. The only condition is that the latter wants it, as his chip only works if he asks for it.

Above: *The Chapter 4.2 Lily Tourbillon.*

"It's a bit like the genie in the bottle," explains Thomas Baillod. "In addition, customers can have their own "boutique" on their wrists, if they wish, allowing them to become prescribers and give "rights" to acquire the BA111OD watches available to others, by scanning their watch with a smartphone (less than 1cm away).

"This option is rewarded by the brand, which gives him access to privileges, based on the principle of "afluendors" (a contraction of "ambassadors, influencers and sellers)."

A tourbillon developed and produced in La Chaux-de-Fonds

With a very feminine architecture, horns that blend into the case, very few angles and polished bridges, this timepiece distances itself from its much more rough masculine counterpart. This new model combines softness and power in its design: 40mm diameter case, in 4N pink gold pvd. On the dial, 9 natural diamonds set in a circle represent the hours.

Inside, a hand-wound movement beats at 21,600 vibrations per hour. Developed and produced in La Chaux-de-Fonds by the renowned watchmaker Olivier Mory, this tourbillon caliber, whose carriage rotates in 60 seconds, has an impressive power reserve of 105 hours, i.e. more than 4 days.

"My goal is to launch spectacular watches at affordable prices. I want to show that it is possible to democratize fine watchmaking without compromising on quality," says Thomas Baillod.

Available now for subscription, the BA111OD team confirmed that the Chapter 4.2 Lily Tourbillon is going to be produced in a first series of 111 numbered pieces. The first 30 of these are going to be be priced at CHF 4,800 excluding VAT.

From then on, the price will increase to be CHF 5300.00 excluding VAT. Delivered shortly before Valentine's Day 2023, these timepieces will be preceded by an original card to slip under the Christmas tree.



Raketa
SINCE
1961







Time always starts from 0

Being classic without being classic

Raketa is finally relaunching its most emblematic watch design - the Big Zero.

The Big Zero is one of the few Soviet-era watch designs to have conquered the hearts of the world and to have stood the test of time. It shares with Brutalist architecture a taste for a minimalistic and functional aesthetic: a black & white dial with oversized numerals crowned with a big 0. A self-evident, functional, but nevertheless radical design!

By common standards, this is not a classic watch design. But, with its unique and timeless quality, this design has become a Raketa classic!

This new version of the Big Zero dial reconnects with its original bold design. The original typography and the very specific triangles have been entirely recreated. But the sobriety of the black & white dial is counterbalanced by thick embossed printing which brings a touch of three-dimensionality and elegance.

A new case with a compact design was developed to highlight the dial. This short case preserves the roundness of its original Soviet-era design, even if its architecture is now articulated around a "cushion shape" design: a volume that offers a lot of surface where brushed sides contrast with polished ones.

A synthetic ruby stone glows behind the Raketa factory's logo that is cut on the side of the crown: a reminder of the stone-cutting origins of the Manufacture, 300 years ago.

The case back, with deep engraving, reveals the beautifully decorated Raketa automatic movement. If black & white defines the Big Zero's identity on the front of the watch, Raketa's traditional red color dominates the back of the watch with the red rotor and red strap lining.

The origins of this bold design

When asked what inspired Soviet designers to create this bold design with a big 0, old specialists of the Raketa factory answer that it is simply more logical to start counting time from 0. Indeed, time, like everything else in our lives, always begins from 0.

With this radically innovative concept, the Big Zero watch is at the avant-garde of time reading: time starts from 0, not from 12! It directly challenges the worldwide established convention that there should always be a 12 on the dial.

Watch lovers from all over the world must have related to this concept because this Soviet Raketa watch quickly gained mainstream worldwide popularity and was nicknamed "Big Zero".

A watch with a history

This design dates back to the end of the Soviet era. It was first popularized by Gorbachev, the Secretary General of the Communist Party of the USSR, who opened up the country by initiating radical social and economic reforms known as Glasnost and Perestroika. During an international political summit in Italy, he was asked to explain what "Perestroika" meant. He simply showed his Raketa Big Zero watch and said: "It's like on my watch: the Soviet people want to start everything from zero". This immediately made the headline of Italian newspapers. Thus began the legend of the "Big Zero"!

The price

The cost is 958 EUR (without VAT). For the comfort of customers, Raketa watches are delivered worldwide free of charge by DHL directly up to the front door.











Here at eBay, everything we do is centred around the trust that our users have in the buying and selling process that we provide on our platform.

This is why the launch of our Authenticity Guarantee was such an important next step for us in the world of luxury watch sales.

When it comes to purchasing luxury goods such as watches, confidence and trust are paramount for our customers. Our number one goal is to bring more trust to our marketplace for our entire eBay community, which is why we are investing in Authenticity Guarantee for watches £1,500 and over, at no extra cost to the buyer or seller, so customers can buy or sell luxury watches with complete confidence.

Last year, a watch was sold on eBay every 28 seconds and we saw a 31% increase in searches for luxury watches on eBay UK. We know that the demand is out there and that collectors are looking to us to lead the market in authentication and security.

We've partnered with Stoll & Co in the UK, which is the watch repair service company that has been doing such a stellar job for us in the States. To see the work of Stoll & Co's head watchmaker Graham Foster and his team up close is truly eye-opening. Their attention to detail and eye for even the slightest inconsistency or blemish gives me enormous confidence that we're providing a market leading service for our sellers and buyers.

The fact that our sellers get additional peace of mind if the watch is returned by the buyer has also proven to be a big hit for the eBay community. The verification process takes place again to the same meticulous standards to ensure that the watch is returned in exactly the same condition that it was sold in.

At eBay we're passionate about beautiful timepieces but we're even more passionate about the watch enthusiasts out there that want to buy and sell their dream watches with complete confidence.

I feel that the rollout of our Authenticity Guarantee gives UK watch collectors and sellers the absolute confidence that they rightly demand in a market as huge as this one.

Kirsty Keoghan,
Director of Luxury Goods, eBay UK



DEEP DIVE: EBAY'S AUTHENTICATION OPERATION

E Bay has been a leader in the trade of pre-owned luxury watches for over a decade. The marketplace, used by around 140 million people worldwide to buy and sell goods, has spent the past few years rolling out services in the luxury sector with the express intention of building trust within its community so that buyers and sellers are protected and confidence grows between the two.

However, its approach is not simply to impose its strategy on the community, but to listen, learn and lead in the luxury watch space.

Tirath Kamdar, general manager of luxury for eBay US, describes the challenge and opportunity as "analysing and understanding today's brand and consumer trends, aligning our marketplace with the ever-evolving ways that people buy and sell luxury online, and ensuring that eBay is a trusted and valued community for watch enthusiasts".

Ten years ago, the online market for prestige timepieces was a Wild West. Collectors were certainly searching for and buying great watches, but it took a considerable level of expertise to feel confident that purchases would arrive as advertised.

Things have moved along at a pace over the past decade as sophisticated businesses like Watchfinder (now owned by the mighty Richemont) and Watchbox raised standards and issued warranties for the watches they bought and sold.

This created the conditions for a boom in online trading of luxury timepieces, and to such an extent that expert analysts now predict that the secondary watch market will become bigger than the primary sector.

That will not be possible without rising confidence, which is why eBay developed a detailed service that physically checks watches sold on their platform for £1,500 and over.

eBay calls the service its Authenticity Guarantee, and it does what it says on the tin. After first launching in America, luxury watch sales rose to a record high in the first half of 2021, including brands like Rolex, Omega, Breitling, Patek Philippe and Cartier.

With more sellers lured to the marketplace because of the protection they are given, and more consumers prepared to spend more freely on luxury watches, sales have continued to soar in the luxury



watch category in the United States and now Britain.

Authenticity Guarantee launched in the UK last year, the second market in the world to offer the service.

WATCHPRO visited eBay's authentication facility in the UK shortly after its launch. The process blends advanced technology and human expertise checking every timepiece on route from a seller to a buyer.

Authentication in the UK is handled by Stoll & Co, a leading giant service business in the United States that opened a UK subsidiary last year.

Stoll & Co's experts carry out a multi-point physical authentication inspection of the watches including the crown, bezel, dial, case, clasp/buckle, hands, end links, and reference number to guarantee the watch is genuine and that the seller has described it correctly in their listing.

Cleverly, the process protects both the buyer and the seller. Once authenticated by the experts, the watch is dispatched to the buyer. If the buyer decides to return it for any reason, the watch is checked again to ensure it continues to be the same item, in the same condition, as it was when heading in the other direction.

"Giving our customers the confidence to purchase luxury goods, in this case a watch, knowing it is authentic, is pivotal. We launched Authenticity Guarantee for watches, as part of our wider goal to build more trust on the eBay marketplace for the whole community and allow them to buy with complete confidence." says Kirsty Keoghan, director of luxury goods at eBay UK.

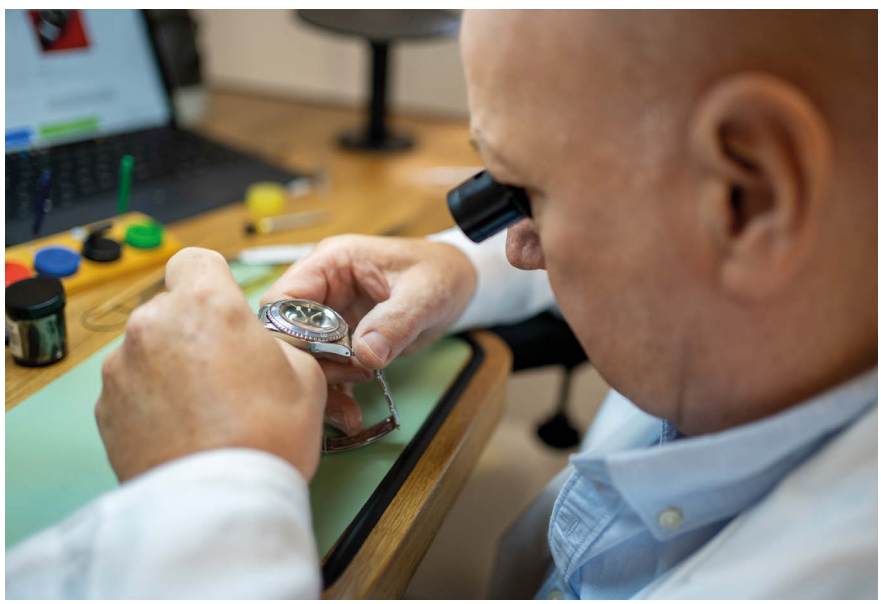
Stoll & Co head watchmaker, Graham Foster, adds: "Buying an expensive watch online can be a nerve-wracking experience, that's why this process is of utmost importance to the second hand luxury watch market, giving customers the security of knowing that their purchase is authentic. It's the details within high end watches that make us tick, so we're excited to bring our skills and expertise to the UK to help power eBay's Authenticity Guarantee for watches."

A recent update from eBay UK reveals that more prestige timepieces are being traded on the marketplace since launch and average selling prices are also rising, with a £94,000 2019 Patek Philippe Aquanaut processed through the centre earlier this year. In June, alone, sales of luxury watches were up by over 40% compared to the same month last year.

Speaking to WATCHPRO, eBay also revealed that, at one point in June, Rolex was the sixth most searched for item on eBay.co.uk. In the same month, a 2020 Rolex 'Paul Newman' Cosmograph Daytona in yellow gold sold for over £50,000 through the Authenticity Guarantee service.

With confidence and trust growing, as a result of the Authenticity Guarantee, more buyers and sellers are attracted to the platform. eBay says that today there are now around 10,000 watches available to buy on eBay.co.uk with Authenticity Guarantee included for free.

Rolex dominates the market for pre-owned watches trading online, but eBay is seeing a number of other luxury watch brands increase in popularity on its platform. The UK is following a similar trajectory to the United States, which registered sales of over 25,000 watches in the first half of 2021.



"Additionally, following the US launch of eBay's Authenticity Guarantee service for watches in September 2020, many luxury watch brands saw upticks in searches, such as IWC, whose searches increased +12% in October compared to September. We saw more than 22 million site searches for Cartier and more than 15 million for Tag Heuer in the past year as well," Mr Kamdar describes.

One reason demand is rising for a wider range of brands is that supply is tight for the most popular models from the likes of Rolex and Audemars Piguet, even on the secondary market. If the current Daytona or Royal Oak is tough to find at anything other than an eye-watering price, why not consider something just as well-made from Omega, TAG Heuer or Breitling?

eBay's ongoing mission is to offer the largest choice of prestige watches, and it works with sellers of all sizes from large operations across the world including Watchbox, Chronext, Beckertime, Shopworn, Hessfineauctions, Chrono_Store, and authorised dealers like Burdeen's Jewellers and Shreve Crump and Low.

HOW EBAY AUTHENTICITY GUARANTEE WORKS

When a watch purchase is made, the seller ships it directly to the Authentication Centre for a comprehensive, multi-point inspection by UK authenticators. There are a number of key elements to the Authenticity Guarantee for watches with eBay:

Proof of authentication. Upon receiving the item, the authenticator confirms they are consistent with the listing title, description, and images. Each watch is given a unique barcode, and entered into a tracking system. An eBay tag embedded with NFC chip technology is attached to guarantee its authenticity and finalise the process, driving confidence in the collectability and resale value.

Third-Party authentication. eBay has partnered with an independent team of authenticators from watch-specialists Stoll & Co, who carry out a multi-point physical authentication inspection. The authenticators verify multiple inspection points, including the crown, bezel, dial, case, clasp/buckle, hands, end links, and reference number. Any collateral that is sent alongside it is also vetted, including the watches' inner and outer boxes, as well as the pillow on which the watch is presented

Enhanced seller protection with verified returns. For sellers who choose to offer returns, eBay's Authenticity Guarantee programme ensures the exact item initially sold is returned to the seller, via a verified returns process. Returns are shipped back directly to the authentication centre, where the third-party authenticators verify each item and its condition before returning to the seller.





Below: *eBay's Authentication goes through a secure and important process.*

The Authenticity Guarantee coupled with eBay's sheer scale and reach is a perfect combination for both buyers and sellers who, before the creation of online marketplaces, would have found it almost impossible to find each other.

Globally, eBay has over 100,000 watches covered by the Authenticity Guarantee spanning across new, pre-owned and vintage watches that come with the stamp of approval from independent experts.

"What sets eBay apart from its competitors is our unique selection of inventory from top luxury brands to new, pre-owned and vintage items. Our customer base knows they can discover exactly what they're looking for on our platform and again, we're seeing quarter over quarter growth in the luxury category, and this will only continue to grow," Mr Kamdar suggests. "As one of the largest luxury marketplaces in the world, eBay has one of the best pre-owned inventory of top brands including Rolex, which are not actyually easily found on other marketplaces," he adds.

Independent authentication

Your timepiece is verified by a team of independent authenticators.

Secured delivery

Your watch is sent directly from the authenticator via two-day, signature-required delivery.

No extra cost to you

eBay covers all costs of the authentication process.

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FREE ESTIMATES
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VULCAIN

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