

## ACCESSORIES

# Vacheron Constantin CEO Eyes U.S. Market

● Revisiting watch models from the Twenties and Forties, the label retells its past as it hopes to gain ground in the U.S.

BY MIMOSA SPENCER

**PARIS** – American consumers might have a weakness for watches that are large and geared to the outdoors, but with the right emphasis, Vacheron Constantin chief executive officer Louis Ferla thinks the dressy, upscale brand can find stronger resonance in the country.

“I think for us, with a bit more focus and explanation, we should be able to properly develop that market,” Ferla told WWD, a perfectly folded handkerchief poking out of his suit’s breast pocket.

The Swiss label, which belongs to Compagnie Financière Richemont, has just launched three new watch models, the latest additions to a two-decade practice of reissuing historic styles.

For two of the three new models, the house reached back to the Forties, a period it identifies as its golden age of calendar complications, a term that refers to mechanisms with specific capabilities.

The Triple Calendrier 1942 comes in steel and features a dial indicating seconds, at the bottom of the round watch face. It also displays the weekday and month, in abbreviated capital letters.

The Triple Calendrier 1948, made of 18-karat pink gold, has a high-precision lunar cycle.

From the Twenties, the American 21 model features a round face set in a cushion shape and was designed at a slightly skewed angle, making it possible to read the time with minimal wrist movement. The current edition of the watch comes in a reduced size compared to its historic predecessor.

Ferla said he still has to nail down the details of the story behind the watch’s original client. An American, as the watch’s name suggests, he was either a driver

seeking to tell the time without lifting his hand from the steering wheel or a priest wanting to peek at the hour while delivering a sermon.

Either way, the story needs to be told to clients, Ferla said.

Like many players in the industry, Vacheron Constantin faces the challenge of finding the right balance between highlighting the house’s deep history and securing its pertinence in a future with a crowded landscape of offers that include models connected to the Internet.

Part of the job boils down to getting the message across to watch consumers:

“Probably what we need to revamp a little bit is to be more engaging in story telling and our communication, because it’s true our communication is very much focused on tradition and history, where actually we are also a very innovative house. I think we have to counterbalance our message...you cannot last that long if you are not innovative,” said Ferla.

The U.S. is a more challenging market for the label than Asia, where it is doing very well, according to Ferla, citing Taiwan, Hong Kong, Japan, South Korea and Australia in addition to China, with Chinese buying increasingly at home. Free-trade agreements lowering duty taxes between China and Switzerland have helped watchmakers, he noted.

In Europe, business is going “relatively well,” according to Ferla. The company does not release financial details for the brand, but Ferla offered that the past 12 months had been “very satisfactory,” businesswise. Richemont’s watch division, which accounts for nearly 30 percent of group sales, last year posted a nearly 11 percent decline in sales, reflecting an industrywide slump that has recently shown signs of abating.

“It’s a little bit more complicated in the U.S....we have probably underinvested in some form,” he said of the brand’s performance by region. While demand in the country tends to be driven by bigger watches, and pieces meant for outdoor use,

there are large collectors who know the brand well, he added.

“American clients are very important to us, they are very well-educated, in terms of high-end watches, they recognize the elegance and the expertise of Vacheron Constantin...so if we communicate a bit more and we explain a bit more what we do, we should be able to engage with them,” said Ferla.

The former Cartier executive took the helm of the brand a year ago, succeeding Juan Carlos Torres, who ran the house for around a dozen years.

The brand does not reveal production figures, either, but maintains relatively low levels compared to its peers, probably around half that of rivals like Audemars Piguet and Patek Philippe, estimates Ferla.

Key to the house’s strategy is relaying the idea that pricing is fair while maintaining a top-tier positioning. Price points have remained fairly stable for the past five years, with a few fluctuations due to a rise in the cost of gold or components, Ferla said.

With prices running into the tens of thousands of dollars – the American 21 is priced at \$28,200, the steel Triple Calendrier 1942 at \$18,400 and the gold Triple Calendrier 1948 at \$33,800 – explanation is necessary, noted Ferla.

“I think the world is asking for more transparency and understanding...if you spend such a large amount of money you want to understand why it’s justified,” said Ferla who cites the technical aspects of the watches as the basis for the steep price tags. “You get a movement which is assembled and finished by Vacheron Constantin, you get complications...with a high level of finishing,” he noted.

The house has a special division geared towards collectors, called the Cabinotiers workshop, which develops custom watches, taking at least two to three years of development. To mark its 260th anniversary a few years ago, the brand made a watch it says has the world’s most

complications. The result of an eight-year development process, the oversized pocket watch’s 57 complications include various calendars and a sophisticated chronograph.

“This is a business that we want to strengthen because this is the ultimate experience, where you can customize your watch without any limit,” he noted.

Shunning the industry’s widespread practice of recruiting official brand ambassadors, such as star athletes, or even an entire family, as in the case of Omega which recently added Cindy Crawford’s children Kaia and Presley Gerber to a long-standing partnership with the super model, Vacheron Constantin has instead focused on the qualities of its watches.

When the brand threw a sumptuous party in the five-star Le Crillon hotel in Paris to mark the new watch launch, clients rather than celebrities were the guests of honor.

As hostesses in elegant flapper-style dresses and rhinestone headbands scrutinized the list of invitees, guests flocked to balconies overlooking the Place de la Concorde, tried their hands at casino card games and observed a watchmaker demonstrating his meticulous vocation. There was also an employee presenting vintage Vacheron Constantin watches – for sale.

In addition to the real-life event, however, the brand is also working on bulking up an online presence.

“Digital is everywhere now, we will invest more and more in digital, whether in editorial, in advertising, in e-commerce – for me all these channels should complement each other,” explained Ferla.

“If you are a client today, you go through a web site, through print, you visit some blogs, some forums, you speak with your friends, who are also collectors, you visit points of sale and in the end you make a very informed decision of buying a brand or not,” he said.

Ferla estimates the average age of the watchmaker’s clients is in the early 40s, relatively young for the high-end sector.

## BUSINESS

# Farfetch’s Chief Strategy Officer on Growth Opportunities

● Stephanie Phair talked scaling in China, Style.com and tech solutions.

BY KARI HAMANAKA

**China, monetizing** content and continuing to expand the Farfetch marketplace. There’s no shortage of things to do at the London-based luxury online marketplace.

Farfetch chief strategy officer Stephanie Phair sat down with WWD while in town last week for the fourth annual Fashion Tech Forum, held for the first time in the Los Angeles area, to talk about the growth of the business, which is continuing with its multipronged strategy.

China-based e-commerce company JD.com pumped \$397 million into Farfetch in June for a minority stake to fuel the company’s expansion in China.

“We’re exploring a couple of areas, but one is to really leverage the amazing data that JD has gathered because we feel that in order to access that Chinese customer, you need to do it via a platform or an e-commerce destination like JD,” Phair said. “The traditional rules of marketing in China that we do in the U.S. or Europe don’t apply and so the way to do it is via JD’s technology.”

That technology, more specifically, is JD’s BlackDragon digital marketing platform to help companies with automated marketing efforts.

“We’ll look to leverage [BlackDragon]. We’re also looking at their logistics solutions,” Phair said. “So there’s a lot of different areas we’re exploring, but it’s a huge strategic investment. The chief executive officer of JD [Richard Liu] sits on our board so there is absolutely a focus on Farfetch.”

The vast amounts of data that marketplaces such as Farfetch have on their user base has spurred side businesses of sorts, plugging some into the realm of solution provider to assist other companies looking for greater insights on consumers. But Farfetch doesn’t view endeavors such as its recently revealed Store of the Future or Black & White solutions for businesses as simply technology packaged in a box to sell.

“We don’t really think of ourselves as solution providers because that would just entail us selling a technology and walking away,” Phair said. “Really what we do is a part of our brand, joining our ecosystem and a part of our platform. What we do with our solutions, it’s less discreet technologies and more tools that allow [companies]

to do what they do better by working with Farfetch.com. Gucci is a good example of a brand we work with completely 360, and so I think it’s less about individual tech solutions and more about how all the dots connect to really engage a brand and its customer in a full solution.”

On Farfetch’s purchase of Condé Nast’s Style.com this summer and broader partnership with the publishing house, work has already begun in earnest on monetization of product and shopping guides.

“We’re also exploring other opportunities around content, ideas that will really leverage some of the most beautiful content from Condé Nast that, up until now, really hasn’t been distributed or monetized,” Phair said.

Even with growth plans for China, providing a broader suite of tech solutions to brand partners or helping publishing houses monetize, there’s still plenty of opportunity to continue growing out the actual Farfetch marketplace, Phair said.

“The marketplace is still growing very, very well and our new business is as well, whether it’s Black & White, Store of the Future or some of the other incubated initiatives,” Phair said. “We have to move on both fronts, but certainly our marketplace

opportunity is far from over. We’ve got a lot there, whether it’s expanding through territories or growing our customer base.”

How companies do that no doubt will evolve and change as the customer changes with no one business or executive privy to a crystal ball. But does Phair see how people shop a few years from now drastically different than today?

“I don’t think it’s going to be dramatically different in that I don’t think something’s going to come out of nowhere that is going to change things just in five years,” Phair said. “That said, customer behavior moves quickly, so I think that what we’re already seeing is if brands don’t adapt to that, they will be left behind. The idea that a Millennial audience wants the brands to know who they are and they want to get personalized service, they want storytelling and they want to feel special, that is going to be key. And the only way to do that is through technology. There’s no such thing as a digital customer or an online customer or an off-price customer or a full-priced customer. It’s completely fluid, so we’re seeing now a lot of the elements of what the industry will look like five years from now. And now is the time to act.”