

What Makes a \$60,000 Watch So Expensive?

An insiders' guide to the sometimes surprising factors that account for prestige timepieces' shocking price tags



UNCOMMON CENTS Analyzing a watch's price can be as complicated as the timepiece itself. Watch, \$40,400, jaeger-lecoultre.com.

PHOTO: F. MARTIN RAMIN THE WALL STREET JOURNAL, STYLING BY ANNE CARDENAS

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Most luxury wristwatches are similar in size; they (should) all tell the time. Yet their costs vary as widely as the prices of contemporary art. A stainless steel Rolex Submariner will set you back \$7,900, but a pink gold Roger Dubuis Excalibur rings in at \$76,000. Aside from the material differences, what factors determine such watches' retail value?

Here, we're discussing mechanical timepieces—those that run on a windable mechanism. Timex's \$65 battery-powered Weekender is an excellent watch—it's good looking and keeps the time. But with its electric mechanism and machine production, relatively few elements play into its cost. Meanwhile, a high-priced mechanical ticker, typically handmade in Switzerland, can be dauntingly complex; each cog, complication and marketing scheme contributes to its pulse-quickenning price tag.

Material certainly plays a part. For example, an 18-karat white gold Rolex Cosmograph Daytona goes for \$41,300 while a stainless steel model of the same watch is \$13,150. However, the degree to which a watch's material proportionately hikes up the price is less significant than you might think. Currently,

18-karat white gold sells for around \$40 per gram. So for a \$40,000 white-gold watch weighing 200 grams, roughly \$8,000 of its price could be attributed to material if its entire weight were gold, which it's not. Stainless steel trades at around \$2.65 per kilogram, so for the steel version of our hypothetical watch—which might cost, say, \$14,000—the metal could run the watchmaker less than a dollar. These estimates don't factor in watch companies' ability to buy metal in bulk at below-market-value prices.

Time is one of the biggest factors when setting a watch's price.

Given a watch's compact nature, “the raw materials in general are not that expensive,” said Eric Wind, the owner of high-end watch dealer Wind Vintage in Palm Beach, Fla. Often, he said, a watch's material is milled using a swift CNC (computer numerical control) machine, which makes constructing the shell one of a build's least time-consuming tasks.

Which brings us to the time required to craft a mechanical watch, perhaps the biggest consideration in setting its price. There are “thousands of individual little parts,” said Paul Altieri, founder and CEO of Bob's Watches, an online shop based in Newport Beach, Calif., that sells watches by Rolex, Patek Philippe and Cartier.

Crafting those minute components and piecing them together takes an extraordinary number of hours. Ask George Mayer, the watch buyer at Pennsylvania's Govberg Jewelers. During a trip to the Geneva factory of Vacheron Constantin, whose watches often cost in the low five figures, Mr. Mayer met a worker who specialized in making minuscule screws that go inside a watch. The worker finished one and a half screws a day.

Each hour of handiwork is reflected in the price. Swatch sells the Sistem51, an automatic watch with a movement that Mr. Wind said is not far off from a Rolex's. Because the Swatch is made by machine, it retails at \$245, versus the thousands commanded by a handmade Rolex. Things get more complicated when accounting for complications, such as a date dial or a chronograph timer. Mr. Wind said watchmakers can dedicate an entire year to making a hyper-intricate grand complication timepiece.

Labor constitutes a big part of a watch's cost, and fastidious fabricators don't come cheap. William Rohr of Massena Lab, a design studio that collaborates with independent watchmakers, speculated that a good watchmaker in Switzerland makes about \$100,000 a year.

Other pricing factors are intangible. It can take years of research to perfect a movement's flow, a case's ideal weight or the optimal way to fit each component together beneath the dial. A lofty sticker price recoups such development expenses.

Marketing inflates costs too. Rolex buys ads during the Oscars. Companies shell out for celebrity spokespeople like Daniel Craig (Omega) and Chris Hemsworth (Tag Heuer). Bremont is the official timekeeper of England Rugby, and Tissot does the same for the NBA. All these schemes can add up to multimillion-dollar investments.

Finally, there's the brand name. "You're paying for that status symbol and name recognition," said Mr. Rohr. People know Rolex, they want Rolex and they're willing to drop top dollar for a watch with those five letters on the face. The good news: Buying from a prestige name like Patek Philippe, Jaeger-LeCoultre or IWC Schaffhausen means that, down the line, you can sell that ticker and earn back at least a small slice of the fortune you plunked down.

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