

# WATCH INDUSTRY

## MARKET RESEARCH



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## INTRODUCTION

Over the centuries watches have been used as a status symbol by those who wear them. The precision, elegance, and convenience are just some of the attributes that a watch represents. Often, they are bought purely for their aesthetic look and at other times, they are bought because of their technical features, like being precise to the last second or even millisecond. This is what makes watches such a desirable collectible primarily, secondarily in some cases, they can command high sums of money.

This report provides an analysis and evaluation of the latest available data in the watch industry globally. The report is structured into few sections. Firstly, there is an analysis of the global industry and the market with statistic data, trends, and potential growth, sales in volume and value. Following this part is the geographical overview of the market, detailing 16 countries, the trends, and insights of the watch industry there. The last part that will conclude this research is a table on more than 20 world-renown watch brands with a rundown on their economic state, figures on each brand's sales and revenues, price ranges for their timepieces and some information regarding a brand's main market, region-wise.

## MARKET AND INDUSTRY OVERVIEW

While screening the watch industry, there were some general findings in the industry. The internet retailing growth is the main market driver, which is very beneficial for the watch market. Looking at the latest trends, it can be noticed that the sport and the smart watches have been increasing in demand. Furthermore, there are future expectations for the whole industry to grow.

According to the report [Global Watch Market 2017-2021](#), the global watch market is expected to grow at a CAGR of 7.87% during the period 2017-2021. Approximately the same number is found in a different source, in a [report](#), Global Watch Market - Market Analysis 2015-2019, where it's stated that the high demand for Swiss luxury watches is boosting sales and the market is expected to reach CAGR of more than 7.6% during the 2015-2019 period. Manufacturers are also entering the e-commerce segment by setting up their own e-boutiques. Online sales of watches have witnessed considerable growth and the trend is expected to continue during the forecasted period.

According to "[Wrist Watch Industry Statistics](#)", the gathered data from relevant sources (Federation of the Swiss Watch Industry (FH), Convention Patronale, Bank Vontobel,

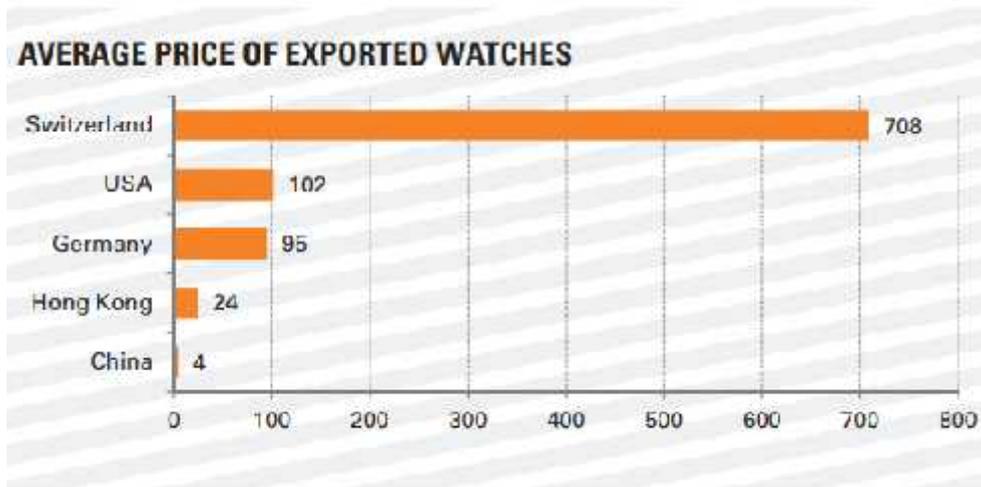
Contrôle Officiel Suisse des Chronomètres (Official Swiss Chronometer Testing Institute, or COSC) and Interbrand) presents some important statistics about the Watch Industry. There are 1.200.000.000 watches sold worldwide, of which 29.200.000 are Swiss Watches. Switzerland has 54% of the watch market share. The average cost of a timepiece in Switzerland for the year 2016 was \$739. In one fiscal year, the number of watches produced in China was 663.000.000 and 354.000.00 in Hong Kong.

The Swiss Watch Industry has been facing some difficulties since 2015, as it was stated in [The Deloitte Swiss Watch Industry Study 2016](#). The export of watches plummeted in the first half of 2016 to the lowest level, since 2011.

According to Forbes's [article](#) from January to July 2016, Swiss watch exports declined by 27% in Hong Kong, by 17% in France, and 10% in the US, a fairly mature market for luxury watches. In Canada and some Middle East markets, sales have increased. In addition to this information, Forbes published an article to explain which factors have influenced the decline in the luxury watches sales: the strong Swiss franc, China's crackdown on luxury gift-giving, tumbling oil prices, currency turbulence in Russia, uncertainty associated with the U.S. election or terror attacks in France, where tourism has slumped. In Europe, sales have only increased in the UK, particularly following the Brexit vote, which weakened the pound and thus lowering the price of luxury watches.

A research conducted by the Federation of Swiss Watch Industry FH, "[The Swiss and World Watchmaking Industries in 2016](#)" states that China has remained by far the largest exporter in 2016. It exported 652.0 million wrist watches, 4.5% fewer than in 2015, while Hong Kong suffered a substantial decline in watch exports. In all, 241.1 million timepieces left the Special Administrative Region last year, in other words, 12.9% fewer than in 2015. As their value followed a comparable trend, the average price was held at \$24. Switzerland is ranked third with 25.4 million watches exported. This result was 9.8% lower than in 2015. The average export price also fell from \$748 to \$708.

Chart 1: Average price of exported watches in 2016



According to [Statistic Brain](#) globally, the largest buyers of watches were the consumers in Hong Kong, USA, China, France, and Germany. The market share percentage of each country varies from 20.4% (Hong Kong) to 5.6% (Germany).

Chart 2: Largest Buyers of Watches by Purchased Value in 2016



In the report, [Global Watch Market Analysis 2015 - 2019](#) for the Asia-Pacific region, in terms of geographical segmentation, APAC accounted for the largest share of the market. The number of High Net worth Individuals (HNWIs), rapidly expanding upper middle class, increasing interest of consumers in luxury products, a large portfolio of products, innovations, and new product launches are all expected to fuel the growth of the market in APAC during the forecasted period. This region is expected to experience growth and to continue its strong position in the global watches market, accounting for a 48.66% share in 2019.

The article [Luxury watch industry hopes worst is behind it, at last](#), found on the Financial Times's website, supports the claim that the watch market and sales are growing in the Asia-Pacific region, where sales went up by 10%, thanks largely to the "strong performances" in mainland China and Korea.

According to the last sources, speaking of the Asia – Pacific region, [Hong Kong, China](#) in 2017 saw a recovery with current value growth of 2%, compared to the decline of 7% in 2016. In the forecasted period, watches are expected to post a value CAGR of 2% at constant 2017 prices to reach a retail sales value of \$3, 45 billion in 2022. Europe and North America are expected to experience slow growth in the future.

The [North America Smart Watches market – By Type](#) report reveals that North America is one of the leaders in the smart watches market with the largest number of sales. This explains that N.A.'s leadership position is a result of the large influx of smartphones in the population and also the increased purchasing power of the consumers.

Smart watch gadgets have started to receive a lot of crowd attention in the market, and are estimated to grow a lot more than anticipated, given their convenience and their flexible functionality. However, the Latin America region ([Mexico](#), [Argentina](#), [Brazil](#), and etc.) is not far behind this trend, because watches have become one of the most important accessories in the past season.

On the other hand, a research from [Euromonitor International](#) stated that Russia in 2016 faced a difficult situation, despite avid signs of recovery. In 2017, retail volume sales declined by 5%, only to fall under 3.1 million units. Watches are expected to see a 1% retail volume CAGR over the following period of time. Nevertheless, as the economic situation improves, sales volumes are predicted to start rebounding from 2019/2020 onwards. Another research from [Europa Star](#) in 2013 stated that Moscow, with around 30 importers is the major center in the watch business, followed by Saint Petersburg with just two companies. There are additional dozen or so wholesalers, some of which may also act as importers. Since Soviet times, Russia had its own watch industry, which supplied quality mechanical watches with domestically produced movements. In those times, the imported watch sector was almost insignificant and it mostly consisted of mechanical Citizen, Seiko and Orient watches.

To put the figures in better perspective a simple table was drawn:

Region		
<b>Russia</b>	3.100.000	Sales volume
<b>HK, China</b>	3.450.343.140	Retail sales
<b>Switzerland</b>	25.4m	Watches exported
	29.2m	Watches sold
	\$748 to \$708	Average export price

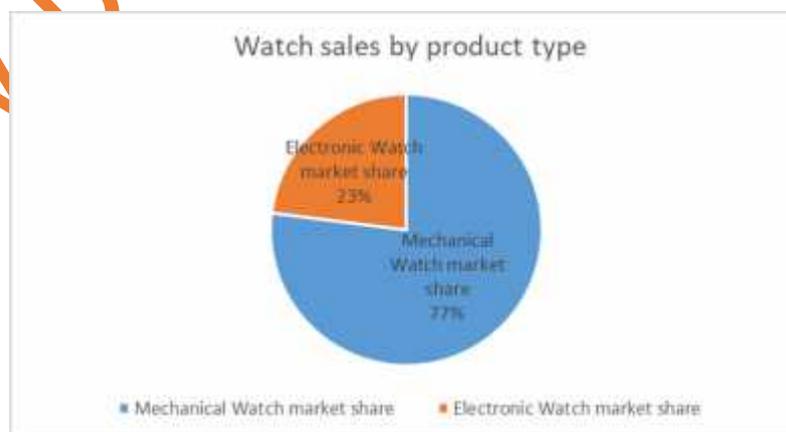
## MARKET OVERVIEW BY SEGMENTS

One of the simpler and yet insightful and informative segmentations and methodologies used for observing an industry are:

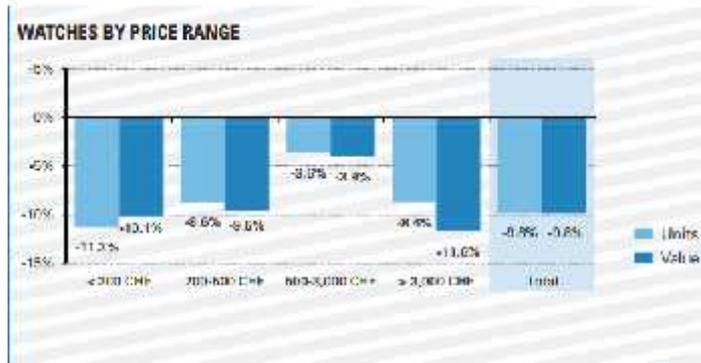
- The Product's Type
- The Product's Price Range

The global watch market is categorized by product type into quartz and mechanical. Mechanical watches can be further classified into automatic and hand-wound, while quartz watches are classified into analog and digital. With information gathered from [Wrist Watch Industry Statistics](#), the market share by product type is presented in the pie chart below. The chart showcases that most of the consumers in 2016 bought mechanical watches 77%, rather than digital watches 23%. This could mean that the cost of maintaining the quartz watches is significantly lower in comparison to the electronic watches, which are more preferred for daily use. Cision Pr Newswire, in their published [report](#), state that in 2014 the quartz segment was valued at \$39.56 billion.

### Market segmentation by product type



While on the subject of price ranges, an [FH](#) report states that, in two-thirds of the export sales watches were priced at over 3,000 CHF or \$3,143 (export price) and accounted for some 80% of the annual decline, with -11.6% in



value. The 500 to 3,000 CHF or \$524-\$3,143 segments (-3.9%), showcased a reduction that was three times less substantial. In units terms, watches that cost less than 200 CHF (\$210) set the tone (-11.3%), with 2.1 million fewer timepieces sold than in 2015.

The characteristics and the general price ranges of various luxurious brands and watches will be present in the table below.

<b>High End Luxury</b> <b>Timepieces that are not money bound</b>	<b>Luxury</b> <b>The largest, most widely known luxury timepieces</b>
<b>Watch Characteristics:</b> A particularly refined watch recognizable only by people “in the know” Very exclusive design and craftsmanship, produced in small numbers. Available through only very specialized dealers.	<b>Watch Characteristics:</b> An elegant, valuable, stylish and prestigious watch that will last for a long time. If kept in good condition, the watch could be resold.
<b>Examples of Brands in this Range:</b> A. LANGE & SÖHNE, Alain Silberstein, Audemars Piguet, Blancpain, Breguet, Franck Muller, JLC, Parmigiani, Patek Philippe, Ulysse Nardin	<b>Examples of Brands in this Range:</b> Cartier, Ebel, Omega, Rolex, TAG Heuer
<b>Price ranges:</b> Starting at \$5,000 for Steel models, Starting at \$10,000 for Gold on a leather strap Starting at \$20,000 for Gold on a Gold Bracelet. Some watches can exceed \$2 million.	<b>Price ranges:</b> \$1,000-\$4,000 Steel models \$2,500-\$8,000 for Gold on a leather strap \$5,000-\$40,000 Gold on a Gold bracelet

Using [PrimeMagazine](#)'s and [RoyalFashionist](#)'s website as a source of information and the findings in the charts above, concrete examples will be displayed on a specific watch and brand in its corresponding price range category:

- Tag Heuer's Carrera Calibre 7 Twin Automatic can be bought for \$2,900, and it belongs in the luxury watches category.
- Omega's Speedmaster Mark II costs around \$4,228 and it is placed in the luxury watches category.

- The Panerai History Luminator 1950 PAM, can be procured for \$6,985 and it belongs to the luxury watches category as well.
- Rolex's Submariner can usually be obtained for the price of \$7,045 and with that, the watch and brand are placed in the luxury category.
- The IWC Portugieser costs around \$7,095 and therefore it is placed in the luxury watches category.
- A. LANGE & SÖHNE's Lange-1 watch is estimated to cost \$27,000 and is placed in the high-end luxury watches category.
- The Audemars Piguet Millenary 4101 cost no less than \$34,355, therefore the brand and the watch belong in the high-end luxury category.
- Patek Philippe's Grand Complications watch fetches a hefty price of \$79,569 on the market. It's placed in the high-end luxury watches category.

## TOP 20 COUNTRIES

This part of the document is reserved for detailing and offering insight on the watch market trends, statistics, and figures in the 16 most noticeable global market for luxurious timepieces.

1. **Switzerland**- Switzerland's watch production rate is one watch against fifty produced in the entire world, according to the article [Business – Analysis of the Swiss watchmaking industry in 2014](#) published on the monochrome-watches.com's website. Taken the figures into consideration, this small country is also responsible for more than half of the overall value created – 57, 5% to be precise. Of all watch manufacturers and brands present in Switzerland, the Swatch Group is by far the most famous Swiss manufacturer of watches, along with the vast portfolio of brands they manage. They are even the leading company in the country with 35% of retail value sales according to the [Watches in Switzerland](#) report. The group manufactures a plethora of timepieces, but the 3 brands that have the most demanded products and are the most recognizable are the Rolex, Omega, and Cartier brands, with over 780,000, 720,000 and 620,000 pieces of watches sold in the year of 2014. A point worth stressing out is that those watches were priced over \$4,000 according to an [article](#), available on the website monochrome-watches.com

- 2. United Kingdom-** The post Brexit period proved to be prosperous for the luxurious watch market in the U.K. according to an [article](#) published on the website wachpro.com. Brexit pushed up sales of luxurious watches, priced more than \$13,027 up to 67% in September 2016 in the city of London, compared to the same time last year, according to the article [BREXIT BOOM](#) found on the website express.co.uk. In the U.K. the most popular watch brand is none other than Rolex. The Rolex Watch Co Ltd remained as the leading player in watches with a retail value share of 7% in 2016 according to Euromonitor's report [Watches in the United Kingdom](#).
- 3. France-** Recent terrorist attacks and the resurgence of organized pickpocketing gangs that target foreigners, especially wealthy Asian tourists, are viewed as the main culprits for the 2016 volume sales fall of 6% and the high-end watch volume sales fall of 12%. Nevertheless, in accordance with Euromonitor's [report](#) on the watch industry in France, the information there states that the most sought brand of luxurious watches were Rolex and Cartier Joaillerie with value shares of 15% and 10% respectively. In 2015 the estimation of the French watch market value was \$2.9 billion with 7.3 million units of watches sold, according to swissinfo's report [6 Things You Should Know About the Watchmaking Industry](#).
- 4. Germany-** In 2014 [Confederation's](#) exports amounted for over \$22 billion- for luxurious watches with an export value of \$3,164 the number was \$14,558,498,370. The exports to Germany accounted for \$1,054,963,650. The German global exports reached \$19,816,050,000 that was nearly 10% of the Swiss exports, according to the Deployant's [article](#). In Germany, one of the most prominent brands of watches is the A. Lange & Söhne watches, with over 3,000 pieces of units in yearly production. According to [Which Watch](#), some of their watches can cost up to \$100,000. [eMarketer](#) claims that 3.6 million watches were sold in Germany and retailers cashed about \$618 million in 2015. According to Euromonitor International's report [Watches in Germany](#), German consumers still invest in high priced watches, subsequently, there are luxury watches that registered retail growth of 2% in 2017.
- 5. Italy-** The watch industry in Italy recorded 1% increased value sales growth while exports rose to 16.5%, unfortunately, the total volume sales declined by 5%, according to the [Watches in Italy](#) report and the Federation of the Swiss Watch Industry FH's monthly [report](#). In Italy, the biggest competitors are Rolex Italia SpA

and the Swatch Group. Both of the watch brands managed to record respectable value shares of 14% and 10% in 2017. The forecasted future for the Italian watch market is that there is to be a 2% value CAGR at constant 2017 prices in the nearby future.

- 6. Spain-**The market for traditional mechanical watches is stagnating in Spain, mainly because of the fact that over 90% of the Spanish households are in a possession of a smartphone and 39% in possession of a tablet. These electronic gadgets fulfill the need of a portable device that displays the time and by doing so, they are limiting the market for mechanical watches in Spain, according to information presented in Euromonitor's report [Watches in Spain](#). Nevertheless, the Swatch Group is still the ruling watch brand in Spain with a retail value of 17%. The Group's brands are threatened not by fellow traditional watchmaking companies, but by other fashion brands of the likes of; Michael Kors and Mark Maddo.
- 7. Poland-** Jewelry and watches are the fastest growing segment of the luxury goods market, achieving an average annual growth of 10%. In Poland, the jewelry and watches industries are expected to reach \$176 million by the year 2020. According to KPMG's [report](#), the general price for luxurious watches is around \$1649. The luxury watches market is one of the fastest growing segments of the luxury goods market in Poland – in the years 2010 – 2016, the compound annual growth rate (CAGR) was 13%. It is estimated that in the years 2016 – 2020, it will grow even faster, on average 15% each year. According to Euromonitor's report [Watches in Poland](#), the [Zibi](#) SA Group established itself as a leader in the luxurious watch market with 18% value share in 2016.
- 8. Turkey-**in Turkey, the main players on the watch market according to Euromonitor's report "[Watches in Turkey](#)" were Casio, Swatch, and Seiko through 2016, with 9% of the total value sales thanks to their dominant positions in the quartz analog watches. But with the entrance of new brands of watches in the market in 2017, the value growth of watches was 1%, reaching \$1.463.387.328, a stronger rate of growth than during 2016. According to the chart available on [statista.com](#)'s website, the revenue for the watch industry is growing, from \$16, 1 million in 2017, to reach \$17, 2 million in 2020.
- 9. India-** In 2015 the Indian watch market was estimated at \$50 billion, with the high-end and luxury time pieces accounting for about 20% of sales, or \$10 million. The

article [India's Luxury Market is growing](#) where the information was gathered from, also points out that the Indian consumers prefer premium Swiss international brands such as Rado, Longines, Cartier, and Omega. The Indian consumers are prepared to pay prices as high as \$124,310 for obtaining their preferred timepiece. The yearly timepiece sales on the Indian market is no less than 60,000 units. Another point worth stressing out is that the Indian watch market, according to the same article is growing by 20% every year. Still, the dominant player in the Indian watch market remains Titan Co Ltd, with a total value share of 34% according to Euromonitor's report [Watches in India](#) and [swissinfo](#)'s website.

**10. China-** Due to the Chinese President's active campaign against rampant corruption, the luxurious watch market in China has not been performing that well in the past 4 years according to a Guardian's [article](#). However, in light of the most recent report from [Federation of the Swiss Watch Industry](#), the Chinese watch market is recording a stable growth of over 11, 5%, owning up to 6,9% of the market value share, worth over \$125.342.900. Omega and Cartier are the go to luxurious watch brands for most Chinese consumers. The top three models that are retailed the most are Omega's Constellation and De Ville models, and Cartier's Ballon Bleu (price ranging from \$3,973 up to over \$58,256) according to a 2014 [article](#) published on luxio.com's website. The general price the Chinese consumers are prepared to pay for their preferred watch brands like Omega, Rolex, Longines, Cartier, and Tissot, is somewhere between \$1,600 and \$4,000, according to a 2015 [survey](#) published on Quartz's website. Omega, Cartier, and Rolex come top in the survey of the watch market in the Asian powerhouse, which boasted 59% market growth in the luxury watch category.

**11. Hong Kong-** the Hong Kong market remained the most negatively viewed market with a plunging demand for Swiss watches in the year 2016 according to Deloitte's [Swiss Watch Industry Study](#) where Swiss exports dropped to \$619,700,645 a decline of 54% from the highest point that was reached in 2011 at \$1,360,686,691. Swiss watch exports have declined sharply, namely by 33% since the beginning of 2015 due to the economic slowdown and the anti-corruption and anti-kickback legislation in China which will continue to impact sales of luxury products there and in Hong Kong. In 2017, watches saw a recovery with current value growth of 2%, compared to the decline of 7% in 2016, according to the report [Watches in Hong Kong, China](#). The luxurious watch brand Omega, retained its leadership

position in Hong Kong with a value share of 7% in 2016, with the Swatch Group (Hong Kong) Ltd accounting for a 15% value share of watches. As for the future, the Hong Kong market is expected to post a value of CAGR of 2% at constant 2017 prices to reach an approximately total of \$3,457,792,530 in retail sales value till 2020.

**12. Singapore-** Singapore is one of the world's major watch market – in 2014 it was the eighth largest destination for Swiss watch export. Singapore is home to three of the world's largest watch retailers, with The Hour Glass, Cortina Watch, and Sincere Fine Watches accounting for the bulk of luxury watch sales in Singapore. In Singapore, the most popular watches are from the brand Patek Philippe followed by Rolex with 13% value share, according to an [article](#) published on the Singapore Business Review's website. The watch market in Singapore in 2016 experienced a sizeable decrease of 22, 6%, second to Hong Kong's 33, 1% according to the [Federation of the Swiss Watch Industry](#)'s report.

**13. Japan-** For almost the entirety of 2016, total watch exports plummeted by 10, 4% from the year before to \$17, 2 billion according to an [article](#) published by the New York Times. The least negative effects were recorded in Japan's luxury watch market where the total watch exports dropped by a mere 3, 9%. The Asian continent is continually being the vital contributor to the watch market worldwide, owning up to 46% or 552,000,000 units of the world's total watch sales. In Asia, Japan has a mature and prosperous watch and luxury goods market, with the growth of 12% from January 2016. The domestic watch manufacturers Casio, Citizen, and Seiko remained strong players in 2015, together accounting for an 18% share of value sales. In 2016 most Japanese buyers gravitated to wristwatches made by Rolex, Omega, and Cartier, according to a 2016 [consumer awareness survey](#) conducted by the Federation of the Swiss Watch Industry.

**14. South Korea-** The most sought watch brands in South Korea are the timepieces from Patek Philippe, Bulgari, Piaget, Chaumet, Chanel, Cartier, and Rolex. In 2016, according to Euromonitor's [Watches in South Korea](#), the most sizeable value shares were split between the Swatch Group and Rolex watch brands, with 10% and 6% respectively. An older article posted on the [koreantimes.co.kr](#) newspaper's website, states that in 2011 Rolex recorded staggering sales of \$64,678,000 in Korea — that's 27.8% up from \$50,233,120 in 2010 — a period where the brand

ruled the luxury watch market indisputably. In recent years, although the bigger watch markets such as Hong Kong, U.S. and China had lower sales, the Swiss watch exports to Korea grew for two consecutive years; 1, 8% in 2014 and 0, 2% in 2015 as it is pointed out in an article published on the website [businesskorea.co.kr](http://businesskorea.co.kr)

**15. U.S.A-** In 2015 the U.S.A accounted for approximately 28% of the world's total watch industry's sales (336,000,000 units), which was near \$11 billion. About 20% of the watches sold (67,000,000 pieces), were Swiss-made watches which belonged to the luxurious watches category. According to Europastar's [interview](#) where the information above is extracted from, the first couple of months of 2016 were followed by a slight decline in exports, namely 5, 4%. The interview also explains that Apple, TAG Heuer, and Omega are the most popular watch brands in the U.S. Even though Rolex is not the most popular watch brand per se, it is definitively the most preferred, especially by higher income consumers with income as high as \$107,000. In 2016, the Swiss watch exports to the U.S.A were estimated to worth somewhere around \$2,263,613,438 according to information available on [swissinfo.ch](http://swissinfo.ch)'s website. The leading player in the competitive U.S. watch industry is the Fossil Group Inc., holding dominion over 15% of the overall value share. According to the report from Euromonitor, [Watches in the U.S.](#), the watches value sales at a constant 2016 prices are expected to grow at a CAGR of 1% through the upcoming periods of time.

**16. Mexico** – Event though the Mexican economy in 2016 experienced the lowest value of the nation's currency "Peso" the luxury goods market still managed to thrive. In 2015 the market outgrew the Mexican economy 5 times, according to an [article](#) posted on mexiconewsdaily.com's website. Of all the luxurious good, the luxury watches took 27% of the sales. The three major players on the Mexican watch market are the Swatch Group, Rolex, and Richemont de Mexico. The Mexican watch market is highly disjointed and fragmented, that these 3 companies hold only 23% of the value share. Out of the brands listed, the Swatch Group has the largest share 9%, followed by Rolex and Richemont de Mexico with 8% and 7% respectively. Due to the high diversification of the Group's portfolio, product type, characteristics and price range, the Swatch group has made the most watch sales according to Euromonitor's report [Watches in Mexico](#). Whereas Rolex only appeals to the high-end consumers, with hefty prices accompanying their watches.

In the period that follows, the watch industry in Mexico is expected to increase by a CAGR of 3% in terms of value and volume at constant 2016 prices to finally reach \$24, 3 billion in 2021.

**17. Philippines-**In the Philippines watch market, the most demanded watches are those of the brand Rolex. Holding a sizable value share of 18%, the brand managed to maintain and keep its leadership position in the luxury watch market. Some of the competition are the watches made by René Mouris and Bremont, according to the report [Watches in the Philippines](#). With a vast number of shopping malls and districts that popped up in the past years, the call for new brands that can enter the market is delivered loud and clear. Not only new brands but some of the already established and older watch brands that are present on the market are expanding their distribution network by opening more shops and boutiques. Some of these brands that are opening new venues are; Casio, Louis Vuitton, and Rolex. The expectations for the future watch market in the Philippines is that at a constant 2017 prices the watches are expected to see a positive performance with a value CAGR of 2%.

**18. Canada-** In Canada, the luxury goods, mainly jewelry, accessories, and watches are projected to deliver a CAGR of 4,42% in the period 2015-2020 to reach a market value of \$6.1 billion by the end of the projected period. In the period of 2011 until 2016, the Canadian consumers spent almost 60% more on procuring luxurious jewelry and watches, that's a jump from \$1, 28 to \$2, 1 billion, according to the article [Canada Seeing Unprecedented Growth in Luxury Jewellery and Watch Retailers](#) available on the retail-insider.com's website. In 2016 the Timex Group Canada was the dominating leader in the watch market in Canada, with a value share of 18% according to the [Watches in Canada](#) report, published by Euromonitor. Main advantageous aspects of the Timex Group are the vast distribution network and high penetration rate in the market for basic and mid quartz watches. Positioned as a well-known brand with consistent affordable pricing from (\$50 to \$300) and quality products, the company engages production of simpler watch designs that are suitable for the majority of the population.

**19. United Arab Emirates (UAE) –** In 2015 the demand for high-end timepieces and wristwatches grew by 9% in the UAE and Saudi markets. They also accounted for about 6% (\$1,363,924,800) of the total Swiss watch exports globally, according to the article on [emirates-business.ae](#). Due to the economic slowdown in 2016 and

2017, some of the figures were not as big as expected. Nonetheless, the sales volume rose by 5% and 4% in current value. That's an increase of 7% and 8% CAGR respectively in comparison to previous CAGRs, as it is stated in the report [Watches in the United Arab Emirates](#). The most sought brand of watches in UAE is without a doubt the Rolex. In 2016 Montres Rolex led watches with a 24% share of retail value sales.

**20. Australia-** There is an increasing trend in Australia for the procurement of the electronic wearables and smart watches, where competition with traditional mechanic watchmakers will be strong. According to the report [Watches in Australia](#), published by Euromonitor, the Swatch Group retained its spot as the leader on the Australian luxury watch market with a value share of 17%. A small drop of 2% was recorded by the Group, due to the expansion of their distribution network and brand recognition growth. Some consumers still prefer the home-made watch brands that are very cost effective and can be purchased by the general public. Some of these brands are; Melbourne Watch Company, Bausele, Bunda, Rebelde, ADINA, Haigh & Hastings and Creux Automatiq.

In Europe, the biggest manufacturer and retailer is without a doubt Switzerland. Having over 1,200,000,000 units of watches produced and being accounted for over 57% of the overall value created. Although incomparable, the German watch industry managed to manufacture over 3, 6 million luxurious timepieces which brought about \$618 million in profits. In contrast to Switzerland and Germany is the French watch market, which has experienced sales fall of approximately 6% in 2016 followed by volume sales drop of 12% in the high-end luxurious watches category as well. In Asia, the biggest market for the Swiss watches, China, has experienced a stable growth over 11%, translated into figures is \$125,342,900. On the back end is the Hong Kong market, which received the most negative reviews. A total of 33% decline in Swiss watch exports was recorded in 2015 on the Hong Kong watch market, the Chinese political occurrences might have influenced the market negatively. The Japanese luxury watch market seems to have been affected the least by the global watch industry afflictions, with a minuscule Swiss watch export decline of 3, 9%. The U.S.A. is currently leading the smart watch market, but it also has a meaningful participation in the mechanical luxury watch market. Just in 2015 U.S.A. was accountable for 336,000,000 watches sold, of which 67,000,000 were luxurious Swiss-made. In the Middle East the United Arab Emirates and Saudi watch markets despite the economic

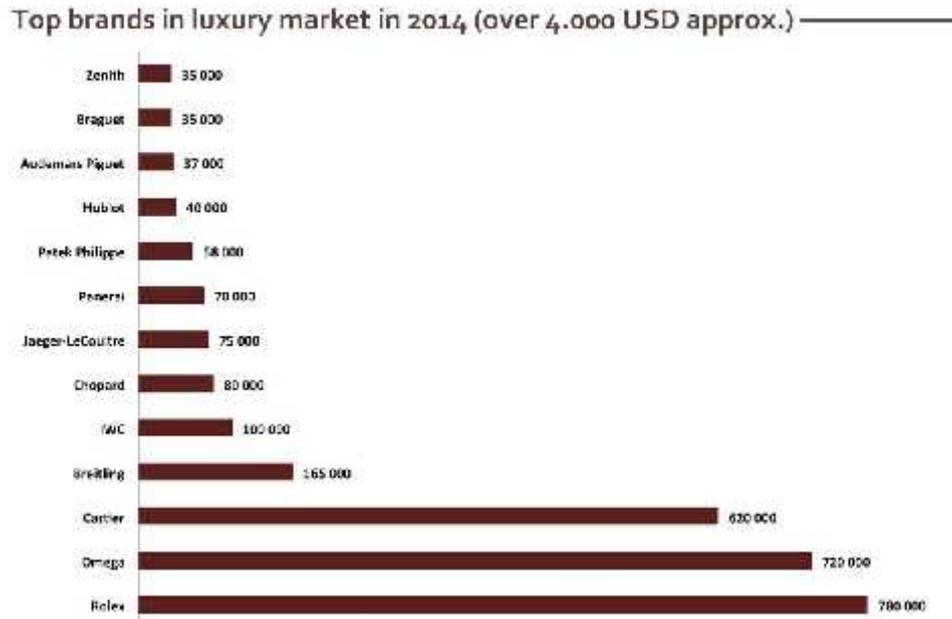
slowdowns in 2016, still managed to raise the volume sales by 5%. They are also held responsible for about 6% of the total Swiss Watch exports globally.

## SWITZERLAND

Switzerland is synonymous with the world watch. The term “Swiss Made” is a worldwide equivalent for quality and reliability. This means that watches made in Switzerland not only gain their popularity from their reliability and craftsmanship, but also from the public image that goes with the country of origin of the product.

Switzerland exports many famous watch brands. [According to a 2017 Montredo article](#), the top 10 watchmakers in Switzerland are [Patek Philippe](#), [Rolex](#), [Breguet](#), [Jaeger-LeCoultre](#), [Blancpain](#), [Zenith](#), [TAG Heuer](#), [Omega](#), [Breitling](#), and [IWC](#). Most of these brands are funneled into groups for better management, most famous and profitable of which, are the Swatch and Richemont groups. The Swatch Group produces over 20 million timepieces in Switzerland (12 million pieces for Swatch, 4.2 million for Tissot, 1.3 million for Longines, 300,000 for Rado, 720,000 for Omega, and another 2 million for Breguet, Blancpain, Go, Mido, CK Watches, Hamilton). [The 2017 Euromonitor International](#) reports that **Swatch is the leading company in the country with 35% of retail value sales**. Whereas the Richemont Group produces less than Swatch Group, but the production is essentially focused on high-end to ultra-high-end watches. If we include Cartier, IWC, Jaeger-LeCoultre, Panerai, Montblanc and Baume & Mercier, the numbers are already impressive, with over 1 million watches produced in 2014. So, naturally **today more than half of the total of luxury watches come from Switzerland**.

They cover all aspects, from luxury to mass market watches. More precisely, [a 2015 Monochrome article](#) gives a precise picture for the luxury watches (watches over USD\$ 4 000) Swiss market.



To dissect the Swiss watch market, first, it must be clarified which are the top spenders on this kind of equipment in the world. [According to 2015 Statista research](#), **Hong Kong with USD\$ 9.5 billion and USA with USD\$ 5.9 billion are the leading countries by import value of Swiss watches.**

However, the last couple of years has been difficult. [The Federation of the Swiss Watch Industry](#) has said that in 2016 demand declined, especially for the most expensive products. One of the main reasons for this is: **changing consumption habits, the strength of the Swiss Franc and the decline of tourism in Europe.**

According to 2017 Euromonitor International [report](#), there was a drop in demand for watches because the number of Chinese tourists decreased. Also, when the ruble devalued in 2014, Russian tourists stopped coming as well. Tourism has such an effect on the industry because **it is estimated that approximately 50-60% of total turnover in watches is owed to tourism.**

The [latest information from the Federation of the Swiss Industry](#), **in May 2017 the Swiss watch industry export is rising steadily.** In comparison to May 2016, there is a market rise of 9%. The main factors are the growth of markets such as Hong Kong (18.1%), China (34.4%), Italy (26.7%) and UK (12.9%).

Forecast for the future is an optimistic one. According to a [2015 PR Newswire article](#), we can expect compound annual growth rate (CAGR) of more than 7.6% in the future. **The**

**watch market is expected to flourish because of the rise in disposable income and thriving upper classes in India, Brazil, and China.**

## GERMANY

Switzerland sits at the top of Europe's watch manufacturing throne. However, German companies are catching up. The phrase "**Made in Germany**" has slowly been transferring to the watch market also. Known for their precision and craftsmanship, for generations the Germans have been producing quality watches.

Germany has many domestic watch brands. According to a 2017 Montredo [article](#), the **top 10 watchmakers** in Germany are [Sinn](#), [MeisterSinger](#), [Junghans](#), [Montblanc](#), [Chronoswiss](#), [Union Glashütte](#), [Mühle Glashütte](#), [Glashütte Original](#), [Nomos](#) and [A. Lange & Söhne](#).

If one watch company could be named as the elite of German watchmaking, it would most definitely be [A. Lange & Söhne](#). Glashutte, a small town in Germany, is the center of the German watchmaking industry. In recent years the company launched a number of luxury watches. According to [Which Watch](#), some of their watches can **cost up to USD\$ 100 000**.

As for the German market of wrist watches, after years of stagnation, the market has begun healing in 2011. Since then, Germans have started **focusing on value and quality**. When more recent trends are analyzed, there is still need for expensive watches. [eMarketer](#) claims that **3.6 million watches were sold in Germany and retailers cashed about USD\$ 618 million dollars** in 2015. As for watch brands, the same source claims that in 2014, **smart watches noticed the biggest growth, with more than 540 000 pieces sold, a rise of 614.5% compared with 2013**.

The demand for luxury watches is strong for German consumers. According to [2017 Euromonitor International](#), German consumers still invested in high priced watches, subsequently, there are **luxury watches that registered retail growth of 2% in 2017**. The demand for high priced watches is expected to continue its growth. **Especially high mechanical watches are expected to be in demand**.

**The demand for mid quartz analog watches is bound to increase, mainly because of the consumer focus to watches that are more fashion-oriented.**

## JAPAN

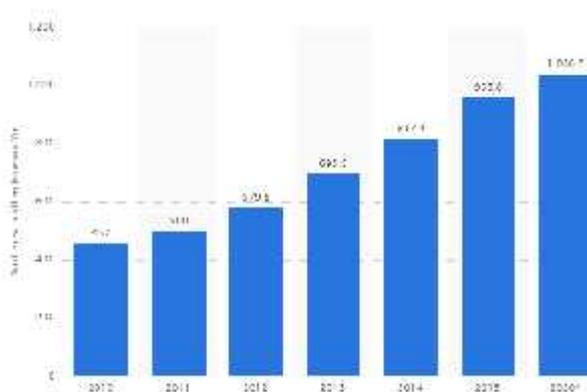
The Asian continent is continuously being the vital contributor to the watch market worldwide, **owning up to 46%** of the world's watch sales. In Asia, Japan has a mature and prosperous watch and luxury goods market, with **12% growth** from January 2016, as the country's government works on improving the Japanese economy further.

According to the Swiss Chamber of Commerce and Industry in Japan, and their 2017 [publication](#), Japan has become the **fourth largest market for Swiss watch exports**. The Japanese market has even overtaken the exports from China as well.

Besides the exporting brands in Japan, some of the domestic watch manufacturers such as **Casio, Citizen and Seiko** remained sturdy competitors that accounted for **18% share of the value sales** in 2015. The mid-priced and some basic watches are what enables the strong positioning and sales of the watch manufacturers in Japan, according to Euromonitor's report [Watches in Japan](#).

With information from the same report, a conclusion is drawn that the watch industry is estimated to record a value of **CAGR of 3%** at constant 2016 prices, over the forecasted period. A recurring segment that backs up the growth of the industry, is the increase of tourists from neighboring countries that look to purchase mid to high priced luxury watches, whether as a gift or for personal use. The number of tourists is bound to grow in the run up to the 2020 Tokyo Olympic Games. With that in mind, a further incentive for boosting up the sales of watches is provided. Some of the higher income Japanese consumers will show strong interest in the high-end watches, as they are more commonly seen as a status symbol.

In the space below, we shall display the past and future projections graphically in a chart available on the statistics and study website [Statista](#).



The chart displays the total value of the clock and watches retailing market in Japan for the years 2010 through 2015, with a projection for the total retail value of the watch industry in Japan for the year 2020. The chart shows that in 2015 the estimated value of the watch market in Japan was estimated at 955.6 million, and

the projection for the year 2020 is forecasted to go over 1 trillion Japanese Yen.

The Federation of the Swiss Watch Industry FH conducted a questionnaire survey [Consumer Awareness Survey on Watches 2016](#), concerning Japanese consumers' awareness on wrist watches, their buying trends, etc. The survey has expanded upon questions by incorporating opinions of the Federation member companies, importers, affiliated companies, etc. Some of the summary results are:

- **The most owned brands:** ROLEX 25%, OMEGA 23.3% and SWATCH 13.9%.
- **The purchase price of watch owned:** The price range of their favorite wrist watches are mainly within 300.000 (2.663USD) – less than 1 million yen (8.876USD) accounting for more than 30% of the total. 1 million yen or above watches are limited to less than 10% of the overall purchases.
- **The reason for preferring specific brand:**
  - The design looks great (52.1%)
  - It's a famous brand (44.8%)
  - The quality and materials are great (34.6%)

## 26 WATCH BRANDS

Using various sources, interviews, reports, articles and well known and trusted websites, such as [Forbes](#), [New York Times](#) and [Financial Times](#), a google spreadsheet with information on various watch brands, their revenues, sales, production and general prices for their watches was compiled. Below are the summary and main takeaways from the spreadsheet;

Brand	Web	Sales/Revenue (in\$)	Category	Units Sold/Produced	Category	Price range		
						5,000-9,999	10,000-20,000	20,000+
Patek	<a href="http://www.patek.com/en/home">http://www.patek.com/en/home</a>	<a href="#">13,626,835</a>	Revenue	<a href="#">3,550</a>	Produced	992	1,730	5,309
A. Lange & Sohne	<a href="https://www.alange-soehne.com/en/">https://www.alange-soehne.com/en/</a>	<a href="#">\$17,302,035.00</a>	Revenue	5,500	Produced	18	347	1,453
Moser	<a href="http://www.h-moser.com/en/">www.h-moser.com/en/</a>	N/A	N/A	<a href="#">1,500</a>	Produced	13	46	33
Vacheron Constantin	<a href="http://www.vacheron-constantin.com/">www.vacheron-constantin.com/</a>	N/A	N/A	<a href="#">30,000</a>	Produced	465	726	1,140
Audemars Piguet	<a href="https://www.audemarspiguet.com/">https://www.audemarspiguet.com/</a>	<a href="#">\$942,941,558.00</a>	Revenue	<a href="#">40,000</a>	Produced	449	1,957	4,540
Jaeger Lecoultre	<a href="http://www.jaeger-lecoultre.com/">www.jaeger-lecoultre.com/</a>	N/A	N/A	<a href="#">100,000</a>	Produced	2,570	1,588	882
Panerai	<a href="http://www.panerai.com/">www.panerai.com/</a>	N/A	N/A	N/A	N/A	4,518	1,546	519
Parmigiani	<a href="https://www.parmigiani.com/">https://www.parmigiani.com/</a>	<a href="#">\$418,103,920</a>	Sales	<a href="#">4,000</a>	Produced	92	129	76
Zenith	<a href="http://www.zenith-watches.com/">www.zenith-watches.com/</a>	N/A	N/A	<a href="#">40,000</a>	Produced	2,156	589	225
Omega	<a href="https://www.omegawatches.com/">https://www.omegawatches.com/</a>	<a href="#">650,000</a>	Sales	N/A	N/A	5,484	1,280	446
IWC	<a href="https://www.iwc.com/">https://www.iwc.com/</a>	N/A	N/A	<a href="#">70,000</a>	Produced	3,354	2,086	962

Chopard	<a href="https://www.chopard.com/">https://www.chopard.com/</a>	\$836,820,120.00	Revenue	70,000	Produced	1,698	1,181	501
Laurent Ferrier	<a href="http://www.laurentferrier.ch/">www.laurentferrier.ch/</a>	2,096,436	Revenue	200	Produced	0	0	5
F.P. Journe	<a href="https://www.fpjourne.com">https://www.fpjourne.com</a>	N/A	N/A	1000	Produced	2	5	158
Bremont	<a href="https://www.bremont.com/">https://www.bremont.com/</a>	23,439,600	Revenue	8,000 - 9,000	Produced	24	10	1
Hublot	<a href="https://www.hublot.com/">https://www.hublot.com/</a>	302,442,985	Revenue	30,000	Sold	1,939	3,645	3,192
Ressence	<a href="https://ressencewatches.com/">https://ressencewatches.com/</a>	N/A	N/A	300	Produced	0	7	14
Andersen Geneve	<a href="http://www.andersen-geneve.ch/">www.andersen-geneve.ch/</a>	N/A	N/A	N/A	N/A	0	0	3
Armin Strom	<a href="https://www.arminstrom.com/en/">https://www.arminstrom.com/en/</a>	N/A	N/A	1,000	Produced	0	0	4
Bovet	<a href="https://www.bovet.com/">https://www.bovet.com/</a>	\$20,000,000.00	Revenue	600	Produced	19	83	106
Chronoswiss	<a href="http://www.chronoswiss.com/">www.chronoswiss.com/</a>	N/A	N/A	7,000	Produced	0	0	19
Speake-Marin	<a href="http://www.speake-marin.com/">www.speake-marin.com/</a>	N/A	N/A	800	Produced	0	0	1
Ulysse Nardin	<a href="https://www.ulyse-nardin.com/">https://www.ulyse-nardin.com/</a>	\$262,000,000.00	Sales	30,000	Produced	1,465	793	968
Voutilainen	<a href="http://www.voutilainen.ch/the-watches/#*">http://www.voutilainen.ch/the-watches/#*</a>	N/A	N/A	50	Produced	N/A	N/A	N/A
MB&F	<a href="https://www.mbandf.com/">https://www.mbandf.com/</a>	\$75,500.00	Revenue	279	Sold	0	0	34
De Bethune	<a href="http://www.debethune.ch/">www.debethune.ch/</a>	N/A	N/A	500	Produced	0	5	23

Judging from the table and the information available, the watch brands that have turned out the largest revenues are Audemars Piguet with \$942,941,558 followed by Chopard's \$836,820,120 and Hublot's revenues amounting to \$302,442,985. Next are Bremont with total revenue of \$23,439,600 and Bovet with \$20,000,000. With revenues below the \$20 million threshold, are A. Lange & Sohne with \$17,302,035, Patek with \$13,626,835 and Laurent Ferrier with \$2,096,436. The watch brand that turned out revenues below the \$1 million mark, is MB&F with \$75,500.

The largest sales profits were made by Parmigiani - \$418,103,920 followed by Ulysse Nardin, who made \$262,000,000. Next is Omega with \$650,000 made from watch sales.

The most sizeable amount of watches were sold by the brand Hublot-30,000 and the least by MB&F, 279 timepieces.

The largest quantity of watches produced is by the watch brand Jaeger Lecoultre around 100,000 watches in total. 70,000 watches were produced by IWC and Chopard. Audemars Piguet and Zenith both have manufactured in total 40,000 timepieces. The brands Vacheron Constantin and Ulysse Nardin made 30,000 watches in their yearly production. Bremont's production counts 8,000 – 9,000 timepieces. 1,000 units less is Chronoswiss with 7,000 units of watches manufactured. A. Lange & Sohne, Patek, and Moser produced 5,500, 3,500 and 1,500 timepieces respectively. 500 units less than Moser, is the production range of F.P. Journe, 1,000 pieces. With annual production under 1,000

timepieces are Speake-Marin, Bovet, DeBethune, Ressence and Laurent Ferrier with respective production at 800, 600, 500, 300 and 200. The least amount of watches have been produced by the brand Voutilainen – 50 pieces, the reason being that way they are keeping their watches exclusivity.

Using one of the most prominent online shopping websites for luxurious watches, chrono24.com, the price ranges for the watches sold on the website were done. A discovery was made about the watches that were priced between \$5,000 and \$9,999. It turns out, that most of the watches in that price range are the ones made by Omega, over 5,484 watches. According to an [article](#) published on Financial Times' website ft.com, Omega is the closest rival to Rolex in the market of \$5,213-\$13,035 watches.

In the price range between \$10,000 and \$20,000, the brand with the biggest presence is Hublot, with 3,645 watches. Patek Philippe's watches are the most popular ones (over 5,309 pieces) at the price range of \$20,000 +

This segment of the document is reserved for additional information found during the investigation and researching, which could prove useful to the reader;

1. According to an [article](#) on Financial Times's website ft.com, A. Lange & Sohne's watches price range is from \$16,035 to \$2,307,204.
2. According to an [article](#) on Financial Times's website ft.com, the brand Moser's timepieces' price range is from \$15,000 to \$150,000.
3. Judging from the [interview](#) with Daniel Riedo, CEO of Jaeger LeCoultre, published on the website deployant.com, currently Asia (including China) accounts for some 40% of the market share for Manufacture Jaeger LeCoultre, with Europe coming in a close second with 35% and the Americas taking up the rest of 25% of the production.
4. In another [interview](#) with Panerai's President, Angelo Bonati, available on the website timezone.com, the biggest market for the brand's watches is Italy. The U.S. is the second biggest market with about 50 retailers in the U.S. and Canada.
5. According to an [interview](#) on the website luxus.com the IWC watches price range is from \$7,343 to \$20,980, in retrospect to an [interview](#) with Georges Kern the brand's CEO available on the website luxus.com, Europe is still the brand's prime market, although they have extended their activities in Asia on a massive scale.

6. According to an [article](#) published on BBC's website [bbc.com](http://bbc.com), Speake-Marin's watch price can reach up to \$257,000.
7. According to an [article](#) available on the website [polishedprices.com](http://polishedprices.com), the price for Voutilainen's watches starts at \$75,200.

## SUMMARY

The general estimations for the global watch market are that the market is expected to grow at a CAGR of 7, 8% in the years following up to 2021.

There has been a total of 1.200.000.000 timepieces sold worldwide, of which 29.200.000 are Swiss Watches. This underlines the value perceived in the Swiss watches and brands, where Switzerland holds 54% of the global watch market share. Even though the Swiss Watch Industry faced some difficulties, mainly in the export segment where the Swiss watches export reached their lowest point since 2011, the Swiss watches are still one of the most popular, owned and requested brands. This is further emphasized by the fact that over 54% of the watch market share is held by Switzerland alone. China has established itself as the largest exporter of Swiss products in the watch industry, not only in the Asia and Pacific Region, but worldwide. This piece of information underlines the already prosperous Asia and Pacific market for watches, where the sales increase of 10% was recorded. Remarkable is the German watch market, where over 3, 6 million watches were reportedly sold and retailers cashed a total of \$618 million. The Indian market is steadily growing in size, with more than 60,000 pieces of luxurious watches sold on a yearly basis, of which most popular are the timepieces from Omega and Cartier. On the western hemisphere of the planet, is the epicenter of the smart watch market, which is currently led by North America due to the largest smart watch sales. When discussing watches by type, there are the mechanical and quartz ones. The most purchased type of timepieces remains the mechanical ones, holding dominion over 77% of the watch sales. This is mainly because the maintenance of the mechanical watches is more cost efficient than taking care of the electronic ones. When looking at the luxurious watches by their price ranges, they can be split into two categories; the high-end luxury watches and the luxury timepieces. The luxury brands and their watches are priced usually around \$4,000 whereas the high-end luxury watches are retailed generally at the \$20,000 mark, some can even go higher than that. The most popular luxurious watches in the price range under \$10,000 are the ones made by Tag Heuer, Omega, Panerai, Rolex, and IWC. In the high-end luxury

category are the watches that cost \$20,000 and the most renowned watches are from the following brands: A. LANGE & SÖHNE, Audemars Piguet, and Patek Philippe. Out of the 20+ watch brands processed, the ones with the most sizeable revenues are Audemars Piguet with \$942,941,558 followed by Chopard's \$836,820,120. The largest sales profits were made by Parmigiani - \$418,103,920 and the largest amount of watches consumers bought, were by the brand Hublot-30,000 timepieces. Jaeger Lecoultré is the brand that has produced the most watches in one year, namely 100,000 watches in total.

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