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Apple Watch's entrance into luxury may spur future collaborations

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Apple's Apple Watch Edition

By JEN KING

Dedicated horologists agree that the introduction of Apple's smartwatch will not pose a dire threat to traditional Swiss watchmaking, but is there potential for growth through collaborations?

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Luxury Daily

Like many high-end brands, Apple has become notorious for the amount of control it has over every detail of its products, from design aesthetics to advertising. Recently, the brand has worked to reestablish itself not just as a tech giant, but as a true luxury goods maker with its latest Apple Watch at the forefront of this shift.

"When you look at the buyer profile, [the affluent] seek the ultimate in craftsmanship and technology," said Sophie Terrisse, CEO of [STC Associates](#), New York. "Luxury timepieces are eternal and their legacy craftsmanship endures technology trends. Digital watches are time marks of technology progress.

"There are overlaps within the market," she said. "It is impossible for luxury brands to ignore the influx of smartwatches.

"But as of now, Apple is focusing on the lower end of the luxury market. Is there a

possibility to build a “iWatch” tailored for the high-end? With talents like Angela Ahrendts joining Apple, well, one may never know...”

Apple picking

In November of 2013, L2’s founder predicted that technology giant Apple would be venturing into luxury categories in the near future to capitalize on enormous profit margins and its pristine brand image.

During the “7: The Forces Shaping Prestige in 2014” session, L2 Think Tank boss Scott Galloway pointed out that Apple’s acquisition of CEOs from Burberry and Saint Laurent indicates that the brand is forcefully moving toward the luxury sector ([see story](#)).

The brand’s coveted iPhones and iOS operating system have become signifiers of wealth ([see story](#)), so it makes sense for Apple to continue to branch out into additional luxury categories while demand for its products are high.

Apple’s version of a smartwatch is the brand’s first attempt at disrupting an industry outside of consumer electronics. The Apple Watch, available in early 2015, will come in 18 varieties with different screen face sizes and strap options ranging from plastic rubber to stainless steel to Venetian, French or Dutch leather.



Apple watch range: Apple Watch, Watch Sport and Watch Edition

Touted as Apple's "most personal" device yet, the Apple watch will function in many of the same ways a smartphone does through a digital crown, retina display and sensors. As for keeping time, the Apple Watch, just like any well-constructed timepiece, is accurate within 50 milliseconds of Global Standard Time and the wearer's iPhone and automatically updates to new time zones for traveling ease.

Although the price point of nearly \$500 is considerably low for a luxury good, consumer demand will be momentous as Apple enthusiasts flock to Apple stores just as they did for the release of the iPhone 6. With this in mind, it is important to note that the flood of interest may stem from affluent consumers desiring the newest devices to show status.

The Apple Watch that may cause the most disruption for haute horologists is the Edition. Also set to arrive in Apple stores and approved retailers in early 2015, the Edition will have a case of 18-karat rose or yellow gold and a polished sapphire crystal screen with either a leather or sport band and is estimated to cost approximately \$1,200.



Apple's 42MM 18-karat yellow gold Watch Edition with midnight blue strap

However, it is this version of the Apple Watch that may lead to collaborations between the brand and horology and jeweler maisons. As the initial allure wears off, Apple may wish to pursue the consumer bases of more established brands in the luxury space.

So, instead of attempting to directly compete, like LVMH-owned Tag Heuer's rumored smartwatch plans ([see story](#)), watchmakers may benefit from becoming partners to somehow interweave their horology know-how with Apple's technology.

"With Apple's recently hired Patrick Pruniaux, the former vice president of global sales and retail for Tag Heuer, Tag Heuer and Apple may be butting heads or... collaborating," Ms. Terrisse said. "Tag Heuer has a long legacy of designing and producing purpose-built 'smart' timepieces.

"The competition with new comers like MICA and Kairos, who are both developing wearables at hefty price tags is going to create a lot of new dynamics in the market," she said.

Jewelers may fare better in these potential working partnerships, as they have done with high-end smartphone accessories, as elaborate watch cases and straps can be embellished with precious stones and fine metals in ways that traditional watch mechanisms cannot.

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For instance, a collaboration with Swarovski or a similar jewelry brand, may be more feasible than a traditional watchmaker whose main selling point is the intricacies of its watch movements rather than decorative motifs.

"Swarovski is a great example of successfully extending its core business into tech-driven company such as Swarovski Optik," Ms. Terrisse said. "Focused on precision and technology, the Swarovski Optik portfolio is a remarkable expression of how Swarovski's core artistry and skillset is leveraged."

Retail gains

Given Apple's aversion to sharing control of its product designs and placement, partnering with high-end retailers may be a more suitable option as the brand works to infiltrate the market.

Apple has already accomplished this in the case of the Apple Watch during Paris Fashion Week.

On Sept. 30, for one day only, the Apple Watch was presented at Colette Paris to bring the new technology to the store's typical luxury goods consumer.



Apple Watch window display at Colette's Paris boutique

The Apple Watch's presence in Colette even sparked the interest of several icons of present day fashion. Karl Lagerfeld and Anna Wintour went to the store to celebrate the watch's debut ([see story](#)).

Other retailers have forged their own responses to Apple's attempt to gain ground in the luxury space with their own smartwatch ventures.

For instance, luxury specialty retailer Barneys New York collaborated with Opening Ceremony, the Council of Fashion Designers of America and Intel on wearable technology pieces.

To launch the project, Opening Ceremony designed a smart bracelet that will be sold exclusively at Barneys, making the retailer one of the first luxury store chains to carry this type of item, a mix between tech device and fashion accessory ([see story](#)).



The Opening Ceremony, CFDA and Intel smartwatch available at Barneys

Going forward it will be interesting to see how Apple develops its strategy for the luxury market place.

"Apple's possibilities are endless for collaborations," Ms. Terrisse said.

"They may open up an entirely new market in horology giving luxury brands new opportunity for creativity," she said. "If and when Apple pushes its way into the luxury space, who they team up with will be critical and symbolic."

Final Take

Jen King, lead reporter on Luxury Daily, New York

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