

RESEARCH

Apple Watch not likely to impact growing interest in Swiss horology: report

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Consumer interest increased by 10 percent

By JEN KING

Interest has grown for timepieces priced between \$6,000 and \$8,000 as a result of affluent consumers' expectation of value for their money, according to Digital Luxury Group's World Watch Report 2015.

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Overall, the World Watch Report 2015, released just as the annual Baselworld watch and jewelry fair begins on March 19, shows that interest in timepieces has grown by 10 percent between 2013 and 2014. Affluent Asians accounted for 68 percent of global growth of interest, with China, despite its economic slowdown, leading growth.

"Despite the turbulence of the past months - the increase of the Swiss franc, rumors of overstock and the announcement of the Apple Watch - worldwide consumer interest for luxury watches keeps growing," said David Sadigh, founder/CEO of [Digital Luxury Group](#), Geneva.

The [World Watch Report 2015](#) analyzed over 600,000 online searches made daily for 62 brands in 20 markets, such as Brazil, United Arab Emirates, Japan, Russia, the United

Kingdom and the United States, from January 2014 until December 2014. The data was then compared to information gathered for the previous year, January 2013 to December 2013.

Watchmakers were divided into five categories: Haute Horlogerie, Watch & Jewelry, Couture, Prestige and High Range. For example, Bovet is categorized under Haute Horlogerie while Bulgari is defined under Watch and Jewelry, Chanel is listed as Couture, Tag Heuer is in the Prestige section and Baume & Mercier is placed in the High Range category.

Watching the wallet

In past years, the BRICs have seen significant interest in fine watches, but the World Watch Report found a decrease in interest among consumers in the Brazilian, Hong Kong and Thai markets. Likewise, China still leads the interest growth with an increase of 14 percent from the year-ago.

As in year's past, China is the number one country and leads interest in Haute Horlogerie surging by 41 percent. It is important to note that the surge occurred in a country already number one in Haute Horlogerie searches, meaning that Chinese consumers account for 41 percent of total global interest in the category ([see story](#)).

China's boost in interest was most beneficial for Swiss watchmaker Patek Philippe, who took fifth place for the most sought-after luxury watch brand. Patek Philippe's 0.7 percent increase in interest share bumped Breitling out of its spot in the top five.



World Watch Report pricing infographic

“Patek Philippe continues to reinforce the brand’s identity in China, and opened a second boutique in Beijing six months ago. Patek Philippe’s recent decision to decrease its prices in Hong Kong reflect the importance of selling to the Chinese travelers,” Mr. Sadigh said.

World Watch Report suggests that Breitling’s decrease in interest was a result of low

searches conducted by Chinese and Brazilian consumers. Though with the release of its B55 Connected smartwatch, Breitling may be back in the top five next year ([see story](#)).

Apples to Apples

Not surprisingly, the World Watch Report found that affluent consumers are searching for smartwatches by their favorite luxury brands.

World Watch Report's findings show that Apple Watch interest remains in line with competing technology brands such as Pebble and Samsung Gear.

But, analysts are arguing that Apple could sell more than 30 million watches in 2015, a number that will surpass all other timepiece companies in the world, according to a report from L2 ([see story](#)).

In response to Apple Watch, luxury brands have seemingly put their fears aside and have embraced smartwatches through a range of tactics. Diminishing the fear of being outdid, luxury watchmakers and jewelers have come up with creative and innovative ways to have a place in the wearable marketplace while not diluting their codes and quality.



Smartwatch infographic from Digital Luxury Group

The World Watch Report showed consumers had a high interest in Montblanc's Estrap, a device that can be added to any traditional timepiece, for example.

Montblanc's device, connected via Bluetooth Low Energy to select Android and iOS smartphones, is highly-functional and integrated with technologies such as an activity tracker, smart notifications, remote controls and Find-Me functions. When worn, smart notifications are signaled by vibrations to alert the wearer without having to look at, or for, his smartphone ([see story](#)).

Price is not necessarily a deterrent for affluent consumers, but the starting price of \$10,000 for the Apple Watch may drive consumers toward wearables created by trusted

horologist such as Tag Heuer, Rolex and Omega that fall within a similar price category.

“The Apple Watch Edition collection, starting at \$10,000, is an attempt to convey the image of Apple as a true luxury band, but the business reality is different,” said Mr. Sadigh.

“We anticipate Apple to generate 80 percent of their sales with Apple Watches priced less than \$700, a segment that will have more impact on United States and Japanese watchmakers than Swiss ones,” he said.

Final Take

Jen King, lead reporter on Luxury Daily, New York

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