

JEWELRY

## Cartier CEO: Swiss watch market picking up mildly

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*The Panthere de Cartier watch*

By SARAH JONES

LISBON, Portugal Following a challenging 2016, Swiss watchmakers are seeing stabilization and growth in demand, but a remaining surplus of inventory is holding the industry back from its full potential rebound, according to the CEO of French jeweler Cartier.

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Various factors including the crackdown on corruption and luxury gifting in China led to a slowdown for the watch industry last year as wholesalers and dealers were left with more pieces than they could sell. Speaking at the FT Business of Luxury Summit on May 16, Cartier's president and CEO shared his outlook for the industry, as well as his insights into his own brand's efforts to woo the next generation of luxury buyers.

"The Swiss watch exports have been down for a consecutive 12 months and there have been an issue in adjusting the offer on the market," said Cyrille Vigneron, president/CEO of **Cartier**. "And in luxury you must have a tension between the offer and demand. You always must have less offer than demand.

"As far as Cartier is concerned, it has stabilized, we have cleaned everything," he said. "But the market has too many watches available and so the market condition is not stabilized yet.

"The market has been picking up mildly, but there are some areas and some markets where there is too much inventory."

### Watching watches

In the luxury industry especially, the balance between supply and demand is important to a brand's positioning. This strategized tension between what is being retailed and demand was interrupted last year, as wholesale orders overshot the interest of buyers.

After years of growth, the market pulled back, leaving an overabundance of inventory. Cartier parent company Richemont's results took a hit as it bought back unsold watches from retailers.

Declining exports have caused Swiss watchmaker executives to hold a negative outlook for the future of the industry. According to Deloitte's executive survey from 2016, 54 percent of respondents are pessimistic about Switzerland's

economy while 65 percent are pessimistic about the exports market in general for 2017 ([see story](#)).

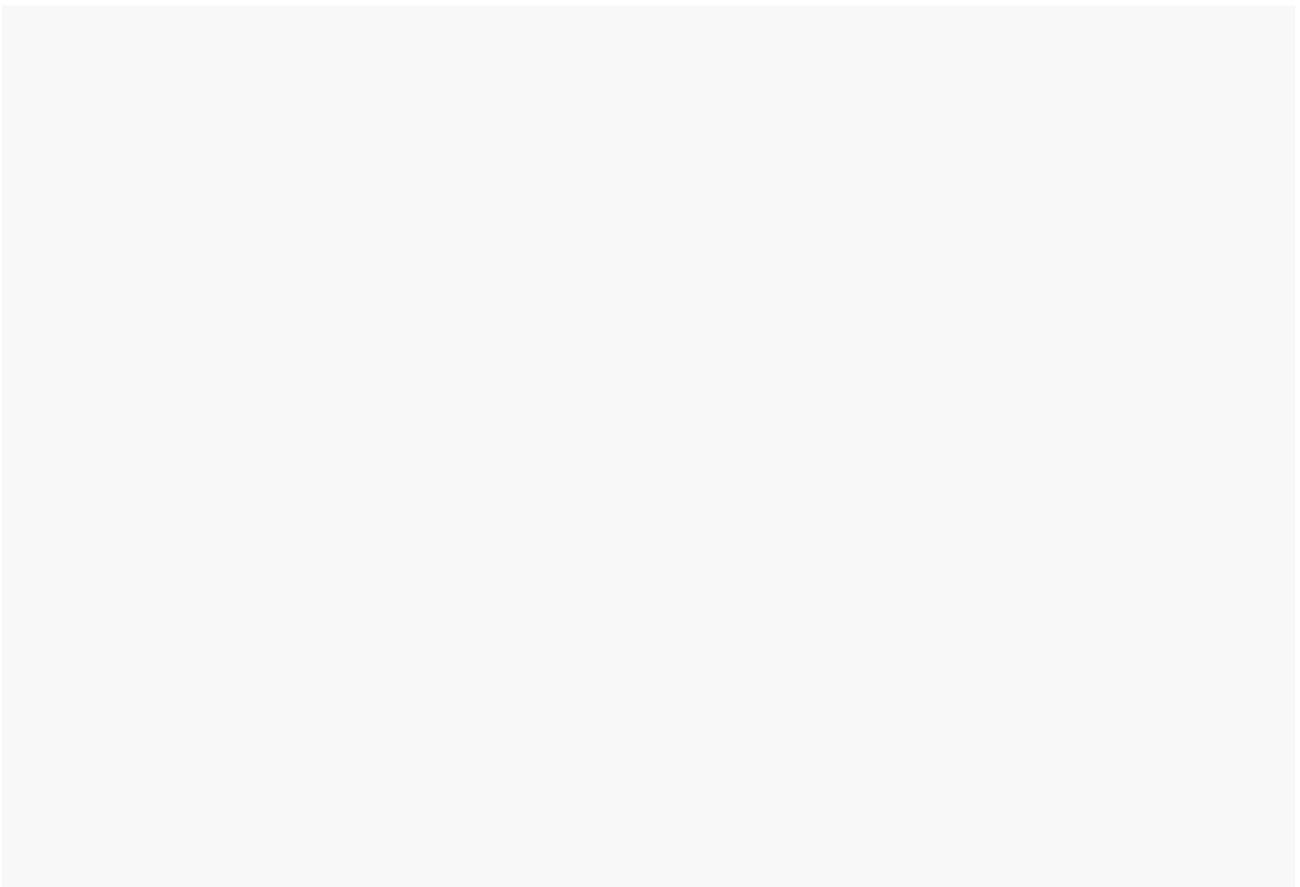


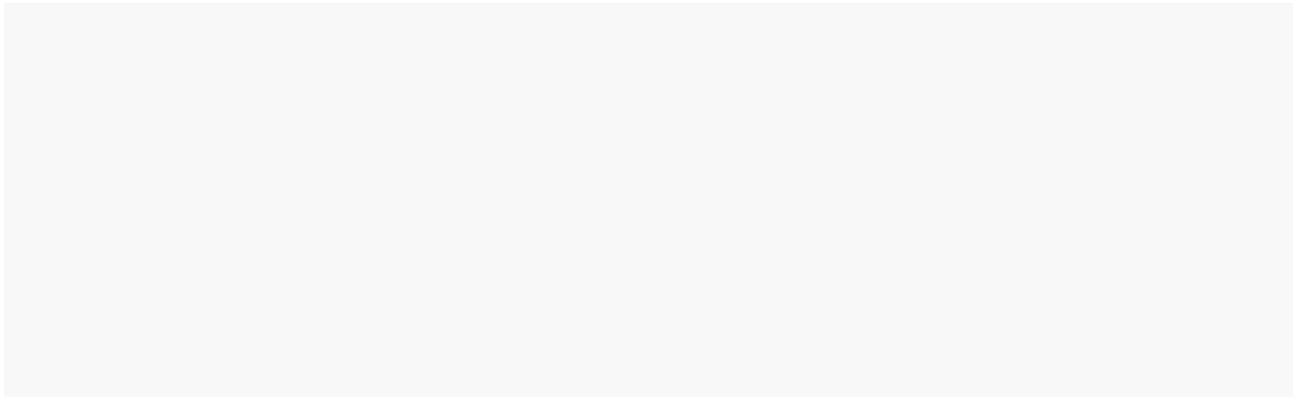
*Cyrille Vigneron, on right, in conversation with Gillian de Bono, editor of *How To Spend It* and assistant editor of the *Financial Times**

Cartier has seen a stabilization in its own operations, but Mr. Vigneron said that growth in the overall market was being stalled by remaining excessive inventory.

In the midst of the Swiss watch industry's challenges in the past year, a number of players have turned to technology to drive purchases. Heritage players such as Tag Heuer and Montblanc have launched smartwatches, but according to Mr. Vigneron, smartwatches are not a competitor of Cartier's, since he considers them a separate category. While Cartier is in the business of timelessness, the executive pointed out that these tech-centric devices are not made for the same kind of longevity.

While Cartier has embraced online selling, including its direct-operated online flagship and its newly launched partnership with Net-A-Porter ([see story](#)), the brand still sees the bricks-and-mortar environment as a key part of the purchase path.





CARTIER EXCLUSIVE: The jewelry house revisits its Panthre de Cartier' watch in a special collection. Rediscover the icon of a generation, reimagined for the modern day, available first at NET-A-PORTER. #PictureYourPant here Search @Cartier to shop now at #NETAPORTER. #NETAPORTERxCARTIER

A post shared by NET-A-PORTER (@netaporter) on May 2, 2017 at 3:09am PDT

About 90 percent of consumers conduct some form of online research before visiting a Cartier store, but most purchases still take place in physical venues. The high price points of Cartier's jewelry lead to lengthier decisions.

Cartier also favors physical points of sale to launch exclusive lines. In addition to its boutiques, the brand sells about half of its one-off pieces during invite-only events.

More than a status symbol, watches and jewelry are a means to express oneself. Mr. Vigneron talked about some of the prevalent design trends, including wearable pieces that transition for various occasions and watches that double as fashion statements.

Additionally, women have become more apt to buy baubles for themselves, while men are feeling more comfortable accessorizing with jewelry.

#### Next generation

As millennials become more of a luxury target than baby boomers, Cartier is more concerned with their buying power than their interest, since only some in the generation have the discretionary income to purchase multi-thousand dollar jewelry pieces. In certain markets, such as China, the population is younger, making the under-40 crowd a key audience and consumer base for Cartier.

One aspect of jewelry creation that particularly concerns both millennials and other age groups is sourcing, particularly of diamonds, which can be tied to conflicts. Cartier works to provide transparency to consumers through its membership in the Responsible Jewelry Council.

Diamond sales slowed in 2016 as demand waned. According to a report from Bain, millennials are poised to help the diamond industry regain its numbers.

The growing support of millennial buyers will hopefully help usher in better numbers for the diamond industry. Research shows millennials are receptive to diamonds and purchasing, which supported by its similar size and spending levels to past generations, might prove to be significant ([see story](#)).

As Cartier's consumer profile gets younger, it has adapted its communication style.

Cartier recently reimagined its classic Juste un Clou collection for the modern era through a series that brings the 1970s style into the 21st century.

The collection is comprised of a series of necklaces, bracelets, rings and other assorted pieces all made in the shape of a bent nail. The accompanying video series uses a frenetic barrage of 21st century imagery to cement the collection's modernist approach ([see story](#)).

"The question is how you talk to [millennials] in new way," Mr. Vigneron said. "In the past we used to only do magazines and when we would host an event, one month or six months ahead, you would have the event and you would have the PR pictures in two months afterwards.

"Now everything is posted on the very day and everyone is talking about what they do now and everything is visual," he said. "It used to have many words and beautiful words and beautiful images and photos and video, but that's basically it."

"You have to know a new vocabulary, but it's not that different in terms of what they're expecting. I don't think they're cynical. I think they're engaged, I think they're confident, I think they're responsible."

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