

WATCHES

Swiss brands losing smartwatch war to Apple Watch, which outsold entire industry last year

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Hermes edition of the Apple Watch. Image credit: Apple

By LUXURY DAILY NEWS SERVICE

The Apple Watch outsold the entire Swiss watch industry last year, hinting at the direction younger consumers are going with always-on digital connectivity offered by smartwatches.

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While analog wristwatches are popular with older generations, younger buyers are gravitating toward smartwatches and computerized wristwear, according to market researcher Strategy Analytics. This shift is most affecting the premium end of the Swiss watch business in which many luxury firms such as LVMH and Swatch Group have a stake.

"Traditional Swiss watchmakers, like Swatch and Tissot, are losing the smartwatch wars," said Steven Waltzer, senior analyst at Boston-based Strategy Analytics, in a statement.

"Apple Watch is delivering a better product through deeper retail channels and appealing to younger consumers who increasingly want digital wristwear," he said.

"The window for Swiss watch brands to make an impact in smartwatches is closing. Time may be running out for Swatch, Tissot, Tag Heuer and others."

Swatch Group owns **Tissot** and **LVMH** has **Tag Heuer** in its portfolio.

Watch out

An assessment by **Strategy Analytics** found that Apple last year shipped 30.7 million units of its Apple Watch brand, up 36 percent from 22.5 million units in 2018.

By contrast, the entire Swiss watch industry last year shipped 21.1 million units, down 13 percent from 24.2 million units in 2018.

While many Swiss brands have launched their own variants of smartwatches with Android operating systems, sales show that consumers are not impressed.

The biggest danger is for the millennials and Gen Z consumers to fall out of the watch collecting habit and expecting more of their watches than simply rare materials, multiple complications and fancy faces, thus endangering high-end brands that bank on those unique selling points.

In other words, watches may be reduced to mere utilities to support a lifestyle and not as a product of prestige or investment with high resale value.



Range of Apple Watches and bands. Image credit: Apple

There is also the coolness factor associated with Apple Watches compared to other smartwatch brands.

One more thing: analog watches, much to their peril, may end up with a Cadillac problem the perception that they are for only an older generation.

Perhaps the only farsighted luxury brand to understand it is better to join than fight is French fashion and leather goods maker Herms, which has collaborated on the [Herms edition of the Apple Watch](#) for years now.

Herms has collaborated with Apple for the smartwatch band, buckle, case and even the dial.

The cobranded Herms Apple Watch Series 5 edition is available in both brands' stores, retailing for \$1,249 to \$1,499 before taxes.

IT ALL BOILS down to attractive aesthetics with utility value, which in Apple Watch's case is integration with apps linked to health and wellness, communication and features associated with its iPhone device.

"A blend of attractive design, user-friendly tech and sticky apps makes the Apple Watch wildly popular in North America, Western Europe and Asia," Mr. Waltzer said.

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