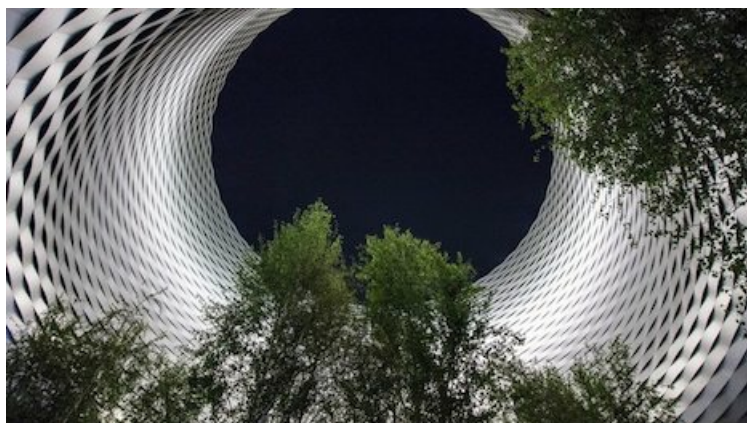


WATCHES AND JEWELRY

LVMH watch brands ditch Baselworld, following Swiss rivals in vitriolic split

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Baselworld is one of the most prestigious watch fairs in the world. But the Basel, Switzerland-based event is under pressure as star watch brands depart in a spat that has roiled the Swiss watch industry. Image credit: Baselworld

By LUXURY DAILY NEWS SERVICE

The timepiece brands belonging to LVMH's watchmaking division have decamped the once-grand Baselworld annual watch fair and expo, joining Rolex, Patek Philippe, Chanel, Chopard and Tudor in abandoning a 103-year-old event that fell victim to the lockdown over the COVID-19 coronavirus and a perceived inadequate response to financial and scheduling concerns.

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The Swiss watch brands made it clear they will not be participating in Baselworld next year, instead hosting their own event in Geneva for media and retailers. The departure of the other Swiss brands convinced LVMH's Tag Heuer, Hublot and Zenith as well as Milan-based Bulgari to leave as brand-preservation and relationship-maintenance measures.

"We are sorry to have to leave this over 100-year-old Baselworld event to which our maisons have been consistently loyal," said Stéphane Bianchi, CEO of the LVMH watchmaking division, in a statement. "It is nonetheless clear that we must respond quickly and make other arrangements."

"We are facing an opportunity to reinvent the format and content of one of the key moments of our watchmaking year, which represented both a major commercial challenge and a lever of influence for our brands," he said.

"With this in mind, we will do our utmost to be present alongside the other prestigious maisons that will gather in Geneva in April 2021, and thereby meet the requirements of our partners and clients while offering them an unrivalled experience."

Watch out

The LVMH watch brands are looking at various event formats that will suit the requirements of their commercial partners and global media. Plans will be announced in the coming weeks.

Rolex, Patek Philippe, Chanel, Chopard and Tudor will develop a new watch trade show in Geneva with the Fondation de la Haute Horlogerie, organizer of Watches & Wonders Geneva, formerly SIHH and Baselworld's

biggest competitor.

Watches & Wonders Geneva, scheduled for April 25-29, was cancelled for this year due to the COVID-19 lockdown on large gatherings in Switzerland.

The flight from **Baselworld** has its roots in Swatch Group's decision last year not to exhibit at the fair in Basel. Attendance at that show was reportedly down 22 percent.

Then, with the COVID-19 closures, Baselworld pressed on with its decision to term the move to Jan. 28 to Feb. 2, 2021 as a postponement, and not a cancellation.

Quite understandably, the watch brands were upset that not only were they not getting full refunds from Baselworld organizer MCH Group, but they were being asked to pay the remainder of the dues for the show. That, it seems, was the straw that broke the camel's back.

And so, for now, the Swiss watch industry has splintered, each group with their own side shows in key markets.

For example, LVMH Group for the first time brought together its four watch brands for the LVMH Watch Week Dubai 2020 Jan. 13-15 in the United Arab Emirates, a major center for buyers of timepieces.

Bulgari, Hublot, Zenith and Tag Heuer showcased their products at the inaugural LVMH Watch Week at the Bulgari Resort Dubai, which is the largest hotel in the Bulgari collection and located on Jumeirah Bay Island in Dubai ([see story](#)).

However, LVMH will put on a united front for its Swiss trade show presence.

"Grouping the entire Swiss watch industry in a single location, Geneva the historical capital of watchmaking and around a single date, is a major opportunity to at last revive a sector that all too many divisions and divergent interests have weakened compared to the rest of the luxury sector in which Bulgari is active and that is making much faster progress," said Jean-Christophe Babin, CEO of Bulgari Group, in a statement.

"We are looking forward to going to Geneva in April 2021, even though we still need to define the terms of our participation, which we will specify in the coming weeks," he said.

"We are also delighted not to have to make up for the lack of institutional watch shows, which in 2020 forced us to take tactical initiatives that were necessary in the short term but undesirable in the medium term."

Changing tastes

To say the Swiss watch industry is in a state of turmoil is an understatement.

The brands are under tremendous pressure to make up for lost sales in Hong Kong, a Chinese territory that rebelled for six months last year over perceived restrictions and impositions dictated by the Communist regime in mainland China. Riots, roadblocks, rallies and civil disobedience disrupted retail sales and business life to a deleterious effect.

Add to that the growing acceptance of smartwatches by millennials and younger affluent consumers, particularly the Apple Watch which last year outsold the entire Swiss watch industry ([see story](#)).

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.

Kerfuffle escalates

The war between Baselworld and its star exhibitors does not portend well for the overall health of the Swiss watch

business.

Even the language from the top leaders at the departing brands was surprisingly blunt in a country known for its diplomacy. Rolex led the rebellion against Baselworld.

"We have taken part in Baselworld since 1939," said Jean-Frederic Dufour, CEO of Rolex SA and board member of Montres Tudor SA, in a statement. "Unfortunately, given the way the event has evolved and the recent decisions made by MCH Group, and in spite of the great attachment we had to this watch show, we have decided to withdraw.

"Following discussions initiated by Rolex, it seemed only natural to create a new event with partners that share our vision and our endless, unwavering support for the Swiss watchmaking sector," he said. "This will allow us to present our new watches in line with our needs and expectations, to join forces and better defend the interests of the industry."

Karl-Friedrich Scheufele, co-president of Chopard et Cie SA, took cues from Rolex.

"Chopard first exhibited at the Basel fair in 1964 with a stand of some 25 square meters," Mr. Scheufele said. "After careful consideration, our family decided to support the Rolex initiative and retire from Baselworld a painful decision.

"The creation of this new watch show in Geneva, in parallel to Watches & Wonders, will allow us to better serve our watchmaking partners and our customers," he said. "Through the alliance, these grandes maisons will also be able to collaborate in promoting the values and best interests of Swiss watchmaking."

Chanel was a tad more diplomatic, focusing on the new event that the watchmakers will themselves develop next year alongside Watches & Wonders Geneva in a city known as the center of watchmaking.

"Like its partners, Chanel shares the same independence and the same desire to protect and promote the values, knowhow, utmost quality and precision of Swiss watchmaking," said Frederic Grangie, president of Chanel Watches & Fine Jewelry.

"This initiative marks a key milestone in the history of Chanel Watchmaking and is part of a long-term strategy, which began with the launch of this activity in 1987," he said. "This exhibition will allow us to present all of our new creations in an environment that meets our high-quality standards."

But Thierry Stern, president of Patek Philippe, was most critical of Baselworld.

"The decision to leave Baselworld was not an easy one to take for me, being the fourth generation of the Stern family to participate to this traditional yearly event," Mr. Stern said.

"But life evolves constantly, things change and people change as well, whether it is at the level of those responsible for the watch fair organization, the brands or the clients," he said. "We constantly have to adapt ourselves, question what we do, since what was right yesterday may not necessarily be valid today!

"Today [April 14] Patek Philippe is not in line with Baselworld's vision anymore, there have been too many discussions and unsolved problems, trust is no longer present.

"We need to answer the legitimate needs of our retailers, the clients and the press from around the world. They have to be able to discover the new models from Swiss watchmakers each year, at one time, in one place, and this in the most professional manner possible.

"That is why, following several discussions with Rolex and in agreement with other participating brands, we have decided to create, all together, a unique event in Geneva, representative of our savoir-faire."

Those public statements led to an indignant rebuttal from MCH Group, which now has to figure out a new raison d'être for its Baselworld watch fair.

"It is with great surprise and equally great regret that the MCH Group takes note of the cancellation of major exhibitors at Baselworld," MCH said in a statement issued April 14.

"The new date for the unavoidable postponement of Baselworld 2020 was defined jointly with leading exhibitors. The objective was to find the earliest and best possible date for the industry following the COVID-19 related measures.

"The companies now 'migrating' including Rolex spoke out in favor of a postponement to January 2021. They are

also represented on the Exhibitors' Committee, where the future vision of Baselworld has been discussed on several occasions and has met with a positive response, as was also evidenced by countless individual discussions.

"The intention to move to Geneva has never been mentioned. The MCH Group must therefore conclude that the relevant plans have been in preparation for some time and that the discussions concerning the financial arrangements for the cancellation of Baselworld 2020 are now being put forward as an argument.

"On the basis of the positive and supportive feedback received from exhibitors, especially the small and medium-sized exhibitors from the watch, jewelry, gemstone and supplier industries, the MCH Group decided last year to invest substantial sums in the further development of Baselworld and in the establishment of additional digital platforms.

"The MCH Group is convinced that, in addition to a physical platform, a connection with the community must be maintained throughout the year.

"More than ever before, it sees an opportunity to develop a modern platform in the watch and jewelry industry for brands that do not rely primarily on tradition, but above all on innovation.

"In the next few weeks, the MCH Group will be making a decision on the continuation of Baselworld and on investments in its further development, which is geared to the long term."

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