

JEWELRY AND WATCHES

Outlook 2021: Watchmakers, jewelers bank on new retail strategies for growth

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Jewelers and watchmakers are embracing ecommerce to reach new customers. Image credit: Piaget

By ELLEN KELLEHER

Looking ahead to 2021, industry insiders predict that ecommerce and the adoption of new retail strategies will continue to propel sales of jewelry and watches higher after the challenges of the pandemic.

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The diversification of sales channels will continue as Tiffany & Co., Bulgari, Jaeger-LeCoultre, Ulysse Nardin and the other high-end jewelers and watchmakers look to strengthen their connections to customers. Brands will also make more of an effort to offer products at a range of prices for various budgets.

"Now is the time to ensure brands have a complete range of price points that make sense for the brand, but more importantly for the customer," said Donnie Pacheco, founder of **Donnie P. Consulting**, Seattle. "For both jewelers and watchmakers, you will continue to see a shift toward ecommerce and ensuring they are available where customers want to shop."

As the new year arrives, jewelers and watchmakers are refocusing their efforts in the wake of the disruption of COVID-19 and forecasting that a number of positive trends will make next year's outlook sunnier.

Triumph of ecommerce, especially for jewelers

Jewelers are a bit ahead of watchmakers when it comes to online selling and omnichannel strategies and will continue to finesse shopping, delivery and return experiences to ensure customers are satisfied. The retail landscape has changed and brands need to ensure they are able to appeal to the way customers are shopping and not rely on how things were.

One point to remember when noticing shifts in the jewelry business is that it requires skilled salespeople to work as guides in the purchase process.

"The jewelry business will significantly shift as they diversify their sales channels," said Casey Golden, CEO of retail platform **Luxlock**, New York. "We'll see an increase of manufacturers' building brands to diversify their revenue channels and new digitally native brands competing in the space that might be more equipped for a direct business."



Designed by chief artistic officer Reed Krakoff, this assortment of rings from the Extraordinary Tiffany: High Jewelry Collection Spring 2020 honors Tiffany's longstanding tradition of incorporating yellow diamonds in creative jewelry design. Image credit: Tiffany & Co.

Range of price points to widen

High-end mechanical watches should drive the recovery of the Swiss watch industry as they were less affected by the repercussions of the pandemic than lower-priced watches. Looking ahead over the coming months, China and the rest of Asia is seen as a growth region.

However, for watches in particular, industry watchers argue that in 2021 there will be more of a need for brands to have the right price points. As the economy has recovered from periods of recessions, brands have raised prices and phased out lower price points ([see story](#)).

"Brands should review their pricing to ensure customers still have a complete range of product and prices," Mr. Pacheco said.

Shift to digital auctions for watch sector

Many industry experts thought it was impossible to buy high-end luxury watches online, but it is not. Before COVID-19, it took four to five months for a watch to be brought to auction between the consignment, appraisal, photographing and printing of catalogues.

However, a watch can now be ready for a live auction in less than five days, which means there are more auctions and watches are more liquid. Also, digital auctions have the advantage that the clients involved do not have to travel.

Looking ahead, watches are being viewed more and more as an investment, so auctions will play an important role in the next year ([see story](#)).

"We have seen watch auctions doing a complete shift from physical to digital," said Adrian Zebib, a spokesman for [Deloitte](#)'s watch group in Switzerland. "It is definitely easier to take part at a digital auction and therefore the organizer can reach a broad audience."

Mechanical watches fending off threat of smart watches

There are moments when people want to have a functional digital watch and other moments when they want to buy high-end mechanical watches ([see story](#)). One does not exclude the other.

Many people, especially in China and the United Arab Emirates wear both a smart watch and a mechanical watch at the same time. Some traditional watch brands such as Tissot, TAG Heuer and Montblanc have also recently entered the smartwatch business and launched their own models.



Rise and rise of pre-owned watches and jewelry

Another big trend for watches and jewelers are the new dominance of pre-owned watches and jewelry. Brands will continue to embrace this segment of the market by launching their own certified pre-owned offering or acquiring already established players who specialize in it.

The foothold controlled by the pre-owned market is likely to increase with the shift of selling via digital channels, online auctions and the setting up of dedicated pre-owned spaces in retail locations.

"Today, the secondary market is defining the value of a brand," Mr. Zebib said. "Wearing a pre-owned watch is totally accepted today, but this was not the case back in the nineties."

Interest in sustainability

Watch designers and jewelers are accelerating the shift towards sustainability by focusing on eco-friendly materials and upcycling. For jewelers, the uniqueness of pieces in this regard as well as the transparency around the sourcing of stones and metals will continue to be important.

Watchmakers are also getting in on the act, with Ulysse Nardin recently using recycled fishing nets to construct a concept watch as part of its commitment to a sustainable environment ([see story](#)).

"In the fashion and luxury sector in general, there is an accelerating shift towards sustainability," Mr. Zebib said. "To meet this demand, efforts need to be made to improve transparency and ethical aspects for the raw material and also communicate those efforts to the consumer."