

WATCHES AND JEWELRY

Luxury timepieces maintain consumer loyalty in smartwatches' shadow

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Apple Watch continues to be the best-selling watch in the world. Image courtesy of Apple

By KATIE TAMOLA

Although luxury watches maintain a steady consumer base, no brand has come close to outselling the Apple Watch, the best-selling watch in the world.

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Last year, Strategy Analytics released sales estimates that indicated that in 2019, Apple sold nearly 31 million units, while the entire Swiss watch industry combined, including luxury brands like Rolex and Tag Heuer, only sold 21.1 million units. While the luxury watch sector continues to see growth and engagement, luxury watch brands will need to maintain their consumers while keeping the continued success of smartwatches in its periphery.

"Apple Watch sales are not coming from Rolex and the other high-end luxury watch brands, but rather the mid-market watches," said Jason Cherubini, cofounder and CFO of **Dawn's Light Media**, California. "This actually creates an increase in demand for the higher luxury brands as a way to set apart from the mid-market.

"Similar things have happened for other non-watch luxury goods in the past as things have gone more mainstream," he said. "So, Rolex will continue to focus on its higher-end products and clients, although they will use new channels, such as social media, to target those client bases."

Some timeless options

For 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. As the new year unfolds, 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 ([see story](#)).

Luxury watch brands are continuing to rely on what work in terms of maintaining consumers. Promoting brand history, highlighting the quality of products and fostering brand loyalty has proven beneficial.

In the first few months of 2021, several luxury brands have been promoting campaigns that highlight brand history and revered partnerships.

Earlier this month, Swiss watchmaker Audemars Piguet debuted its newest installment of its "180" series, enlisting

performers to collaborate on original tracks blending musical styles. British automaker Aston Martin recently announced Swiss watchmaker Girard-Perregaux as its official watch partner, commemorating the marque's return to Formula 1 racing after over 60 years.

Swiss watchmaker Tag Heuer and German automaker Porsche are collaborating on a new watch collection built on the brand's shared history.

Wearing a watch today is less about functionality and more about fashion and buying into a brand, enabling houses to differentiate themselves through marketing that centers on their unique history. The market for high-end timepieces is also growing thanks to alternative models, such as pre-owned and vintage sellers and rentals ([see story](#)).

Reselling and refurbishing services have also proved enticing for luxury brands.

Watch platform Hodinkee recently formed a partnership with secondhand watch marketplace Crown & Caliber. The partnership presents an online marketplace where consumers can purchase, trade or sell their pre-owned luxury watches.

Last December, Hodinkee succeeded in raising \$40 million via Series B funding French luxury conglomerate LVMH. Mot Hennessy Louis Vuitton is one of the watch platform's investors ([see story](#)).

Another luxury brand pondering sustainability and the cyclical offerings of its products is Vacheron Constantin. The brand has recently introduced complimentary trade-in services at its boutiques in the United States in an attempt to attract more consumers.

Some consumers are also able to find a marriage between their affinity for luxury and smartwatch needs by buying a watchband from a luxury goods maker.

French leather goods maker Hermès, U.S. jeweler Lagos and additional brands have sold watch bands for smartwatches.



Apple Watch Hermès. Image courtesy of Apple

Hermès has even released its own edition of the Apple Watch.

Hermès could be the only farsighted luxury brand to understand it is better to join than fight, having collaborated with Apple on the Hermès Apple Watch for years now. Together, the brands developed a smartwatch band, buckle, case and dial ([see story](#)).

Although the Apple Watch is the best-selling watch in the world, it is still not a luxury watch. It is worth remembering that many consumers only want a watch if it is a luxury brand, for what it symbolizes, what it means to them personally and other reasons.

"There is a huge difference between owning an Apple Watch and owning a Rolex watch," said Sabine Saadeh, financial trader and author of *Trading Love*. "An Apple Watch is a product that is produced for the masses and can be bought by the masses, it is convenient and reliable.

"On the other hand, a Rolex watch is like owning a piece of art, it is made for selective clients and not everyone can afford to own one," she said. "A Rolex watch conveys distinction and exclusivity and it does not rely on what the mainstream sees as trendy but, on its history, longstanding effort, design details, resiliency and what type of people own the watch."



Although smartwatches are popular, many consumers still solely want luxury timepieces. Image courtesy of Rolex

It would appear as though luxury watch brands have a continued demand, and will continue to do what works in terms of advertising with storytelling, being open to smartwatch collaborations and timepiece resale considerations.

Luxury brands can continue to observe and learn what works from smartwatches as well, including simplicity, appealing to younger consumers and considering accessible price points.

Time will tell

It is apparent that there is still a wide demand for both luxury timepieces as well as smartwatches.

Luxury brands will have to continue to foster consumer loyalty and keep options open.

Some luxury brands have even implemented their own smartwatch lines.

Swiss watchmaker Tag Heuer sells its line of smartwatches, Connected watches, and offers an array of disparate colored bands to accessorize with. German watchmaker Montblanc also offers the Summit 2, marketing the timepiece's advanced wearable technologies with fine Swiss watchmaking codes.

Luxury brands will have to continue to focus on what works, innovate to discover additional effective strategies and products all while maintaining loyalty from consumers.

"I have collected Rolex watches as a hobby for 15 years," said Keith Lichtman, financial planner at [Maycomb Wealth Advisors](#), Georgia. "My wife bought me an Apple Watch last year to help me keep up with steps, calories, etc. and I hated it.

"Rolex has never been the watch for the masses, it has never apologized and the Apple Watch should not make it start doing so now."

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