

## Time's up, Hong Kong: China takes over Swiss watch sales

September 8, 2021



*Thanks to mainland consumer repatriation, China has now surpassed Hong Kong as the Swiss watch industry's top export market but for how long? Image credit: Shutterstock*

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For more than a decade, Hong Kong was the Swiss watch industry's number one export market. However, that is no longer the case.

According to the Sell-Out Index, which measures the aggregated sales performance of the watch and jewelry industry in selected markets every month, China's special administrative region lost half of its hard luxury sales between 2018 and 2021, **down to \$2.5 billion from \$5.7 billion**.

Previously, the duty-free peninsula was the mainland's preferred shopping destination for Swiss watches. But a pro-democracy demonstration in 2019 and restricted entry into Hong Kong for non-residents since the **pandemic outbreak in 2020** have hammered the city's retail sector. Now, Chinese shoppers are shying away from spending there.

The Jing Take: Hong Kong's political unrest and the pandemic have redirected mainland spenders to **shop locally**.

Now, China has taken over as the top "shopping haven" spot for Swiss watches. From this January to July, exports to the country totaled \$2.3 billion, increasing by 63.7 percent over the same period in 2019, while Hong Kong only reached \$1.7 billion, placing it in third place after the United States (\$2.2 billion).

As such, major timepiece brands (Rolex, Jaeger-LeCoultre and Vacheron Constantin) have all accelerated their digital and physical expansions in the country this year by opening flagship stores, **launching on Tmall**, and holding a "Watches and Wonders" exhibition in Shanghai and Sanya.

The latter, the capital of **Hainan Island** and the mainland's new tax-free hub, presents a sweet spot for the Swiss watch industry, likely replacing Hong Kong.

If the surging number of Haute Horlogerie houses keep opening stores there, following the steps of the prestigious jewelry brand Van Cleef & Arpels, it will be unlikely that Hong Kong will ever regain its market dominance again.

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