

WATCHES AND JEWELRY

Kering cedes luxury watchmaking space to LVMH, Richemont with portfolio shakeup

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Girard-Perregaux's Neo Bridges Earth to Sky Timepiece. Image credit: Girard-Perregaux

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For French fashion conglomerate Kering, it would appear the time is not now for watches.

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Earlier this week, Kering announced its sale of watchmakers Girard-Perregaux and Ulysse Nardin ([see story](#)). Although some Kering houses, including Boucheron and Gucci, do have watchmaking divisions, the group is largely relinquishing the sector to rivals LVMH Mot Hennessy Louis Vuitton and Richemont.

"Luxury is always about building brand desire," said Chris Ramey, CEO of [Affluent Insights](#), Palm Beach. "Product is secondary.

"Gucci isn't affected by the departure of the other two watch brands and to conflate the categories would be a mistake," he said. "For Gucci, it's always about Gucci regardless of the object."

Competitive conglomerates

Luxury conglomerates have different approaches to their watchmaking offerings.

Kering first acquired a majority stake of Sowind Group in 2008, which Girard-Perregaux and Ulysse Nardin currently operate under. The current management of the two watchmakers will now become the owners.



Ulysse Nardin's Diver Chronograph 44mm Limited Edition Great White. Image courtesy of Ulysse Nardin

For the third quarter of 2021, Kering acknowledged its watchmaking division was rebounding, but did not report exact figures. The conglomerate did, however, report solid revenue growth, seeing double-digit growth during the third quarter of 2021 with group revenue of \$4.8 billion, at the current exchange rate up more than 12 percent compared to Q3 2020 ([see story](#)).

While Girard-Perregaux and Ulysse Nardin have storied histories, the watchmakers do not have the same presence as the brands owned by LVH and Richemont.

LVMH boasts a wide watchmaker portfolio, including Hublot, Tag Heuer and Zenith reported its watches and jewelry division saw a 4 percent sales increase in the first 9 months of 2021 compared to the same period in 2020 ([see story](#)).

Swiss luxury conglomerate Richemont also owns several successful watch brands, including A. Lange & Sohne, IWC Schaffhausen and Vacheron Constantin, among others. Last year, its watchmakers also rebounded, recording 1.679 billion euros in sales, or \$1.917 billion up 74 percent y-o-y and 7 percent y-o-2y at actual rates ([see story](#)).

Private and independently-owned watchmakers including Audemars Piguet and Breitling also offer examples of how horology maisons can thrive without the backing of international luxury groups perhaps an indication of what the future holds for Girard-Perregaux and Ulysse Nardin.



Many LVMH watch brands have famous ambassadors. Image courtesy of Tag Heuer

For instance, Swiss watchmaker Rolex remains one of the most recognized names in the industry, continuously fostering its following and brand heritage. The 2021 Global RepTrak 100 ranking listed Rolex as second among the top 100 globally reputable brands, with a reputation score of 79.6 ([see story](#)).

Other top independent luxury houses, including Chanel and Herms, also have watchmaking divisions.

Timing is everything

In announcing the sale of Girard-Perregaux and Ulysse Nardin, Kering announced it is prioritizing maisons with the "potential to become sizable assets." The bulk of its portfolio is in the apparel and leather goods anchored by flagship brand Gucci, which launched a new high watchmaking collection made in Switzerland last April.

Inspired by its heritage and commitment to creativity and innovation, Gucci unveiled four lines within the collection: Gucci 25H, G-Timeless, Grip and high-jewelry timepieces. Prices for the timepieces run up to six figures ([see story](#)).



Gucci has launched a new Haute Horlogerie line, with prices topping \$300,000. Image courtesy of Gucci

Meanwhile, LVMH and Richemont continuing to spotlight its timepieces by investing in marketing and ecommerce.

LVMH and its brands Bulgari, Zenith, Tag Heuer and Hublot are showcasing their latest offerings and unique designs in the third annual LVMH Watch Week.

Since its inaugural event in 2020, LVMH Watch Week has become a key meeting place for watch industry professionals around the world. This year's event features a lineup of presentations and unveilings by each of the group's four brands ([see story](#)).

In 2020, online retailers Net-A-Porter and Mr Porter partnered with Watches & Wonders to bring luxury watch brands directly to consumers, as Swiss watchmakers continue to make up for lost time in the digital arena.

Fourteen watchmaking houses are sold through Net-A-Porter and Mr Porter, positioning the Richemont-owned retailers as one of the leading online destinations for fine watches including many of Richemont's own brands such as Jaeger-LeCoultre, IWC Schaffhausen, Vacheron Constantin and Piaget ([see story](#)).

Regardless of the performance of rival luxury groups, opportunity remains for watchmakers.

"Girard-Perregaux and Ulysse Nardin being sold don't immediately create a substantial opening for LVMH or Richemont," Mr. Ramey said. "It's a highly fragmented market."