

THE 11th JAPANESE WATCH MARKET SURVEY
on Watch Sales in 2002

By FH TOKYO

in cooperation with Tokei Bijutsu Hoshoku Shinbun News

FH-Tokyo conducted the 11th watch market survey, in cooperation with a trade newspaper, Tokei Bijutsu Hoshoku Shinbun News, to see the situation of watch sales in Japan in 2002. The survey has been conducted every 6 months since January 1988.

Questionnaires for the 11th survey were sent by mail in mid. January to 158 retail companies asking the turnover in value and in quantity, ratio to the previous year, situation of import watch sales and domestic watch sales, the most popular brands, trend of consumers, etc. Replies came back from 47 companies that contain 70 retail-shops, 128 shopping centers, 61 department stores, total 259 outlets.

Questionnaire sent to	158 companies
Replies from	47 companies
Total number of shops owned by the 47 companies	Retail-shop 70 Shopping center 128 Department store 61 Total 259

Japanese watch market is slightly changing. Since 1988 when this survey started, it has showed totally “weak domestic watch and strong import watch”.

Japanese watch manufacturers have tried various ways to improve sales in these years. Sales of import watch has been strong, but competition among brands has been also getting stronger, and a lot of effort to keep sales has been required. Consumers provided with various information have their concrete desire that they want. Manufacturers, agents, retailers and consumers, all are “choosing” and “chosen”. Watches without an appeal, watches without clear marketing hardly attract consumers in the market glutted with commodities.

In the current survey, some retailers noted that “the three” brands are still strong, but not so strong as before. The second group following “the three” have been remarked, as already in the last survey. They are Frank Muller, Breitling, Patek Philippe, Jaeger Lecoultre, Piaget, etc. and Bvlgari which was named in the current survey for the first time. They are marketed with clear concept of the brand, efficient presentation and after sales. Agents of each brand have set forth clear brand-vision or efficient campaign more than before.

Domestic manufacturers are working out the policy to “reorganize brands structure getting out from the full-line-policy” (Seiko), or “shift to quality with new added value” (Citizen).

Consumers provided with a lot of information select their watch wisely and professionally according to their own taste.

Retailers are requested to cope those consumers with their original shop character, reception way and display having fixed their target. Qualified sales clerk and reliable after sales service as well as their own project to appeal consumers are requested.

In the saturated watch market, manufacturers, agents and retailers try to make new development, while consumers tend to request wide range of choice to purchase only what meet their taste or needs.

Sales Quantity and Value in 2002

Question: Total turnover and comparison to 2001
 Turnover of domestic watch and comparison to 2001
 Turnover of import watch and comparison to 2001

Value :Effective replies=42, Quantity : Effective replies=37

Total Turnover	"increased"		"decreased"		"even"	
	Replies	Ratio	Replies	Ratio	Replies	Ratio
Value	25	59.52%	15	35.71%	2	4.76%
Jan-Jun/2002 survey	-	52.50%	-	47.50%	-	0.0%
Jan-Dec/2001 survey	-	51.02%	-	44.90%	-	4.08%
Quantity	11	29.73%	24	64.86%	2	5.41%
Jan-Jun/2002 survey	-	31.58%	-	63.16%	-	5.26%
Jan-Dec/2001 survey	-	34.15%	-	63.41%	-	2.44%

% shows the ratio to effective replies

Value : Effective replies=37, Quantity : Effective replies=32

Turnover of Domestic watches	"increased"		"decreased"		"even"	
	Replies	Ratio	Replies	Ratio	Replies	Ratio
Value	13	35.14%	22	59.46%	2	5.41%
Jan-Jun/2002 survey	-	32.43%	-	56.76%	-	10.81%
Jan-Dec/2001 survey	-	15.91%	-	81.82%	-	2.27%
Quantity	7	21.88%	23	71.88%	2	6.25%
Jan-Jun/2002 survey	-	25.71%	-	65.71%	-	8.57%
Jan-Dec/2001 survey	-	28.95%	-	68.42%	-	2.63%

% shows the ratio to effective replies.

Value : Effective replies=39, Quantity : Effective replies=33

Turnover of Import Watches	“increased”		“decreased”		“even”	
	Replies	Ratio	Replies	Ratio	Replies	Ratio
Value	26	66.67%	11	28.21%	2	5.13%
Jan-Jun/2002 survey	-	61.54%	-	38.46%	-	0.0%
Jan-Dec/2001 survey	-	60.00%	-	31.11%	-	8.89%
Quantity	15	45.45%	18	54.55%	0	0.0%
Jan-Jun/2002 survey	-	40.54%	-	54.05%	-	5.41%
Jan-Dec/2001 survey	-	52.63%	-	42.11%	-	5.26%

% shows the ratio to effective replies

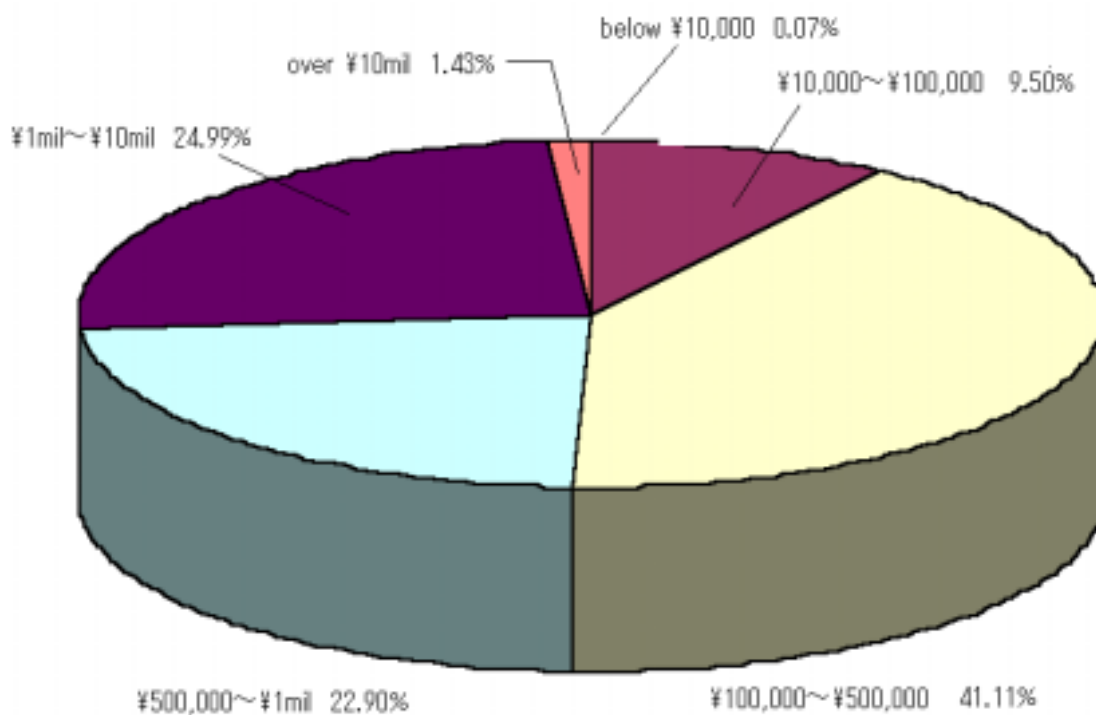
Positive replies are more than 2001 in value, but negative replies are also more than 2001 in quantity both concerning domestic and import watches as well as total turnover. Unit price was up but sales volume did not increase.

Sales by Price Range of Import Watch

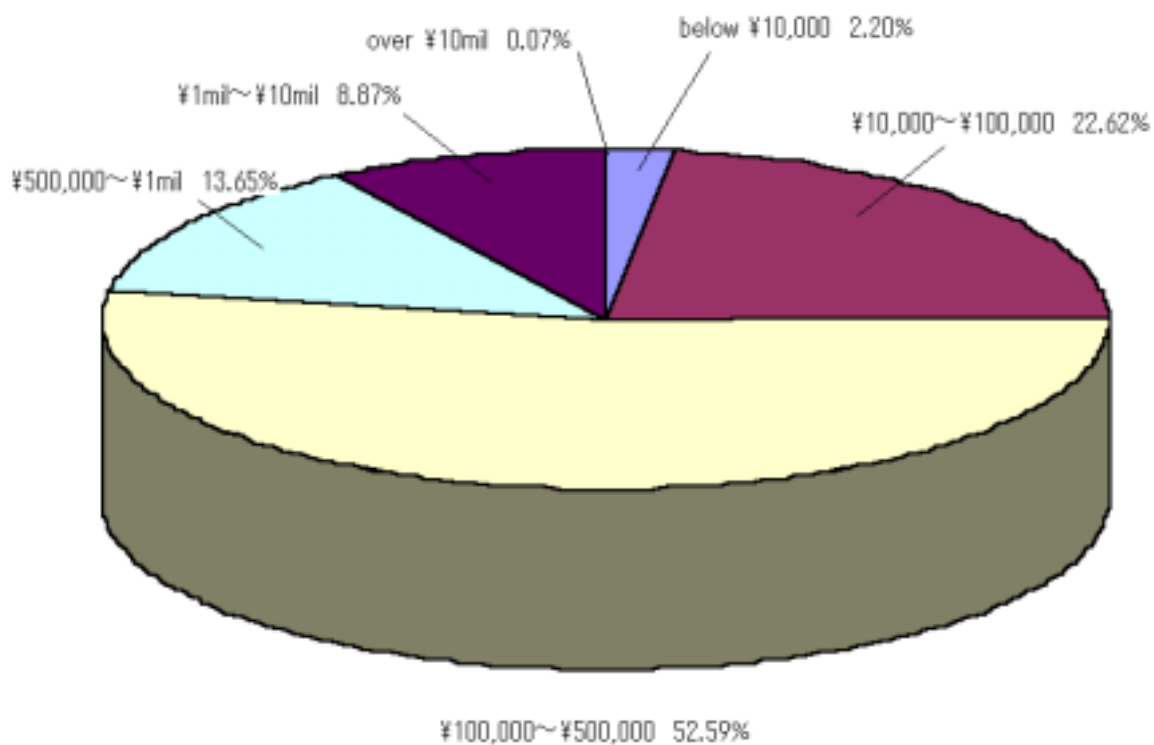
The share of each price range of import watches is as follows;

Price range	Value	Quantity
below ¥10,000	0.07%	2.20%
¥10,000 - ¥100,000	9.50%	22.62%
¥100,000 - ¥500,000	41.11%	52.59%
¥500,000 - ¥1mil	22.90%	13.65%
¥1mil - ¥10 mil	24.99%	8.87%
over ¥10mil	1.43%	0.07%
TOTAL	100.00%	100.00%

Sales of import watch by price range in value



Sales of import watch by price range in quantity



Import Watch Sales

- Question: -Select top 5 brands which sold well from the list below (53 brands)
 -Select also brand/brands of which sales has remarkably increased

The names selected as sold most are as follows

Brand name	Number of companies who selected	Ratio to the total replies
Rolex	41	87.23%
Omega	35	74.47%
Cartier	24	51.06%
Tag Heuer	14	29.79%
Breitling	11	23.40%
Gucci	11	23.40%
Longines	9	19.15%
Frank Muller	8	17.02%
Chopard	8	17.02%

The first three names and following Tag Heuer, Breitling, Gucci are always about the same in these years. Frank Muller was in the list also in the last survey.

As brands of which sales remarkably increased, Bvlgari, Frank Muller, Patek Philippe, Jaeger LeCoultre, Piaget and etc. were selected.

Bvlgari came to the top of the list for the first time. The distributor of the brand used to sell at their 27 flagship boutiques, but last year, they expanded their outlets also into watch retailers - Increase of outlets took effect. Frank Muller was ranked high also in the last survey. Along with the strong popularity of traditional mechanical watch brands, new style starts to be recognized and getting popularity among consumers. Consumers' taste is diversifying.

Some brands are restructuring and decreasing number of their outlets. It is because that they try to control their brand concept and meet consumers demand with satisfactorily collection size available at each shops. Less competition of retailers in the same area drew sales increase of the brand, while retailers are requested their own efforts to make efficient presentation of the brand. Stable supply, reliable after service and efficient promotion and advertisement are important. However, brands

or models sold by parallel importers or dealt at discount shops easily lose popularity.

The 53 brands are the followings;

AudemarsPiguet, Baume&Mercier, Blancpain, Breguet, Breitling, Bvlgari, CalvinKlein, Cartier, Century, Chanel, Charriol, Chaumet, Chopard, ChristianDior, Concord, Corum, Ebel, Dunhill, Fendi, FrankMuller, GirardPerregaux, GlashutteOriginal, Gucci, Hamilton, Hermes, HugoBoss, International, JaegerLeCoultre, A.Lange&Sohne, Longines, MauriceLacroix, Mavado, OfficinePanerai, Omega, Oris, PatekPhilippe, PaulPicot, Perrelet, Piaget, Rado, RaymondWeil, RevueThommen, Rolex, Sector, Swatch, Tag-Heuer, Tiffany, Tissot, UlysseNardin, VanCleef&Arpels, VacheronConstantin, Waltham, Zenith, Others

Domestic Watch Sales

Question “Increase” or “Decrease” concerning sales quantity compare to 2001
(Effective replies=47)

SEIKO (4 companies not dealing)

Comparison to 2001	Number of replies	Ratio to effective replies
“increase”	11	25.58%
“even”	7	16.28%
“decrease”	25	58.14%

CITIZEN (12 companies not dealing)

Comparison to 2001	Number of replies	Ratio to effective replies
“increase”	9	25.71%
“even”	8	22.86%
“decrease”	18	51.43%

CASIO (26 companies not dealing)

Comparison to 2001	Number of replies	Ratio to effective replies
"increase"	4	19.05%
"even"	4	19.05%
"decrease"	13	61.90%

ORIENT (23 companies not dealing)

Comparison to 2001	Number of replies	Ratio to effective replies
"increase"	2	8.33%
"even"	5	20.83%
"decrease"	17	70.83%

OTHER (28 companies not dealing)

Comparison to 2001	Number of replies	Ratio to effective replies
"increase"	2	10.53%
"even"	5	26.32%
"decrease"	12	63.16%

Positive replies concerning Seiko are more than that in the last survey (14.00%). It is the result of their brand restructure efforts.

Japanese manufacturers are trying to restructure their brands or shift to high priced range. In fact, some retailers stated that high price range was active concerning domestic watches. Favorable sales of radio-controlled watches is expected also. However, sales of the domestic watches is still far from reassuring.

Observation at fixed point – Sales Quantity and Value in 2002 & 2001

Comparison was made on 38 companies who submitted the complete data both for 2002 and 2001.

The total number of outlets of the 38 companies is 234 in 2002 and 241 in 2001.

Sales in 2002	Comparison to 2001	
	Value	Quantity
Total Turnover	+3.42%	-2.49%
Domestic Watch turnover	-0.84%	-2.29%
Import watch turnover	+5.15%	-3.33%

Unit price	2002	2001
total watch	¥126,300	¥121,700
domestic Watch	¥28,900	¥27,300
Import watch	¥245,500	¥243,200

The total sales of the 38 companies has increased in value but decreased in quantity. Value increased because of higher unit price. The situation is the same in import watch sales

Christmas Sales 2002

“Very Good” and “Good” increased, but “Bad” also increased, showing over 40% of the total replies. Sales in Christmas season resulted inactive in the recent situation that gift opportunity varies and diversify.

Concerning Total Watch	Number of replies & ratio to effective replies	
	2002 Christmas	2001 Christmas (only ratio)
Very good	1 (2.1%)	(1.9%)
Good	8 (17.0%)	(13.0%)
Good but not satisfactorily as Christmas sales	10 (21.3%)	(22.2%)

Ordinary	9(19.1%)	(29.6%)
Bad	19(40.4%)	(33.3%)
Total	47(100.0%)	(100.0%)

Concerning Domestic Watch	Number of replies & ratio to effective replies	
	2002 Christmas	2001 Christmas (only ratio)
Very good	0 (0%)	(0%)
Good	1(2.3%)	(7.4%)
Good but not satisfactorily as Christmas sales	4(9.1%)	(7.4%)
Ordinary	15 (34.1%)	(27.8%)
Bad	24(54.5%)	(57.4%)
Total	44(100.0%)	(100.0%)

(3 companies are not dealing domestic watch)

“Bad” decreased slightly, but still more than half of replies. “Good”, and “Good but not satisfactorily----” also decreased from 2001.

Concerning Import Watch	Number of replies & ratio to effective replies	
	2002 Christmas	2001 Christmas (only ratio)
Very good	3 (6.4%)	(5.6%)
Good	11 (23.4%)	(16.7%)
Good but not satisfactorily as Christmas sales	12(25.5%)	(27.8%)
Ordinary	7 (14.9%)	(25.9%)
Bad	14 (29.8%)	(24.1 %)
Total	47(100.0%)	(100.0%)

Concerning import watches, “Good” increased, but “Bad” also increased. However, more than half replied as “Very good”, or “Good” and “Good but not satisfactorily---“.

Active price range during the Christmas sales was reported as between ¥100,000 and ¥500,000 by about 80% of repliers. The volume zone of sales in whole 2002 was also the same price range (41.11% for value, 52.59% for quantity). No special demand is seen in the Christmas, year-end/new year time concerning price range. More than ¥1million and below ¥100,000 was reported as inactive.

Sport watches, mechanical watches and chronograph were continuously favorable. Active brands were also almost the same as whole 2002, such as Rolex, Omega, Cartier, followed by Breitling, Tag Heuer, Frank Muller and Officine Panerai.

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