

THE 5th JAPANESE WATCH MARKET SURVEY
on Watch Sales in 1999

By WOSIC TOKYO
in cooperation with
Tokei Bijutsu Hoshoku Shinbun News (trade newspaper)

WOSIC TOKYO conducted the 5th market survey, in cooperation with a trade newspaper, Tokei Bijutsu Hoshoku Shinbun News, to see about the watch sales in 1999. This survey was conducted every 6 months from 1997. The survey was proceeded by sending questionnaire to watch retail companies by mail. The result of the survey is reported in the Tokei Bijutsu Hoshoku Shimbun News dated March 20, 2000.

The questionnaire was sent to total 149 retail companies at the beginning of January of this year, asking watch turnover in 1999, sales quantity by watch brand, sales situation of each price range, and about sales during Christmas sales, etc. Replies came back from 51 companies, containing 115 retail-shops, 87 shopping centers, 50 department stores, total 252 outlets.

Questionnaire sent to	149 companies
Replies submitted by	51 companies
Total number of shops owned by the 51 companies	252 shops Retail-shop 115 Shopping center 87 Department store 50

The geographical distribution of replied companies is as follows;

Area	No of replied company	Number of Outlets			
		Total	Retail shop	Shopping center	Deptm'tstore
Hokkaido	4	23	7	16	0
Tohoku	2	3	2	1	0
Kanto	5	26	17	9	0
Tokyo	9	54	13	11	30
Shinetsu/Hokuriku	5	18	8	10	0
Tokai	9	44	21	13	10
Kinki	3	6	5	1	0
Osaka	6	25	10	6	9
Chugoku	2	11	4	7	0
Shikoku	2	25	15	10	0
Kyusyu	4	17	13	3	1

Note:

Tohoku=Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima

Kanto=Ibaragi, Tochigi, Gunma, Saitama, Chiba, Kanagawa, Yamanashi

Shinetsu/Hokuriku=Nagano, Niigata, Toyama, Ishikawa, Fukui

Tokai=Gifu, Shizuoka, Aichi, Mie

Kinki=Shiga, Kyoto, Hyogo, Nara, Wakayama

Chugoku=Tottori, Shimane, Okayama, Hiroshima, Yamaguchi

Shikoku=Tokushima, Kagawa, Ehime, Kochi

Kyusyu=Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima

The number of replies submitted was still not sufficient to know the exact market situation. However, we believe it could be a lead to know the present Japanese watch market, and are going to continue the survey.

RESULT OF THE QUESTIONNAIRE

In the previous survey, they indicated the watch market situation as import watch sales was rather stable while domestic watch sales was slow. However, the situation in 1999 showed that domestic watch sales was severer than before and import watch sales was also getting slow. The result of the survey indicates that the Japanese watch market is declining. It is said that the general economy is picking up, but as far as watch market concerns, the sales situation has been still in a long and dark tunnel and the exit cannot be seen yet.

Sellable brands are selected, and within the sellable branded watches, sellable models are selected. Consumers are provided with wide information and buy only watches they really want. Clear concept of models is requested to attract consumers. Retailers are more and more requested to have professional knowledge to explain about each watch model.

Retailers stated about recent consumers as *“they select a watch with quality”*; *“they take time to make selection”*; *“young people are more careful in shopping than before”*; *“more consumers are price conscious”*; *“they are interested in only limited models but those models are often out of stock and they do not replace their desire with other models”*. Consumers favorite could be said as rather unified and limited brands or limited models gain consumers popularity.

“many consumers get immediate information about new models from magazines and web-sites”; *“young ladies are also well informed by ladies magazines about watches they want”*; The influence of magazines is strong, but, on the other hand, retailers concern that *“some magazines offer information on dealers of parallel imported watches or outsiders which could mislead consumers”*;

This survey covers traditional watch retailers and department stores. They concerns seriously about parallel import problem. *“some retailers sell watches both from official importers and from parallel importers to appeal*

discount sales”; “discount sales could break down the brand image”; “we can recommend with confidence a brand for which we can explain clearly the difference between official imported and parallel imported”.

Some retailers are trying to confirm their existence as *“some consumers like to buy import watches at traditional retailers, and those people are increasing”; “sales quantity is decreasing but sales amount is increasing, which means expensive watches are sold at traditional retail shops”.*

In the stagnant market situation, retailers are grouping their way to survive, though those problems cannot be solved by retailers alone.

The survey also found that domestic watches and licensed brand watches are getting slow, models over-supplied in the market or dealt at many shops are losing popularity. Watches from well known brand and limited models are continuously strong. Popularity is focused on those certain brands or models and those items are in short. *“sales could be bigger if merchandises are supplied”*, the same comments from the last survey is repeated again in this survey.

1) Sales Quantity and Value in 1999

Question: Total turnover and comparison to 1998
 Turnover of domestic watch and comparison to 1998
 Turnover of import watch and comparison to 1998
 (some replies were not valid)

Value

Value	Effective replies	“increased”	“decreased”	“even”
Total turnover	41	20 (48.78%)	20 (48.78%)	1 (2.44%)
Domestic Watch	37	13 (35.14%)	21 (56.76%)	3 (8.10%)
Import Watch	38	21 (55.26%)	16 (42.11%)	1 (2.63%)

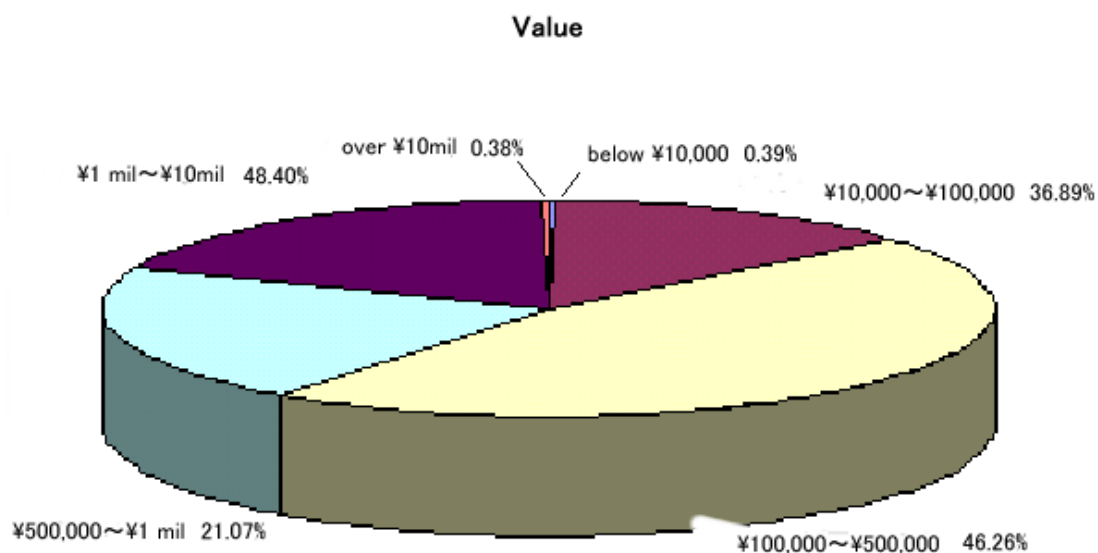
(% shows the ratio to effective reply)

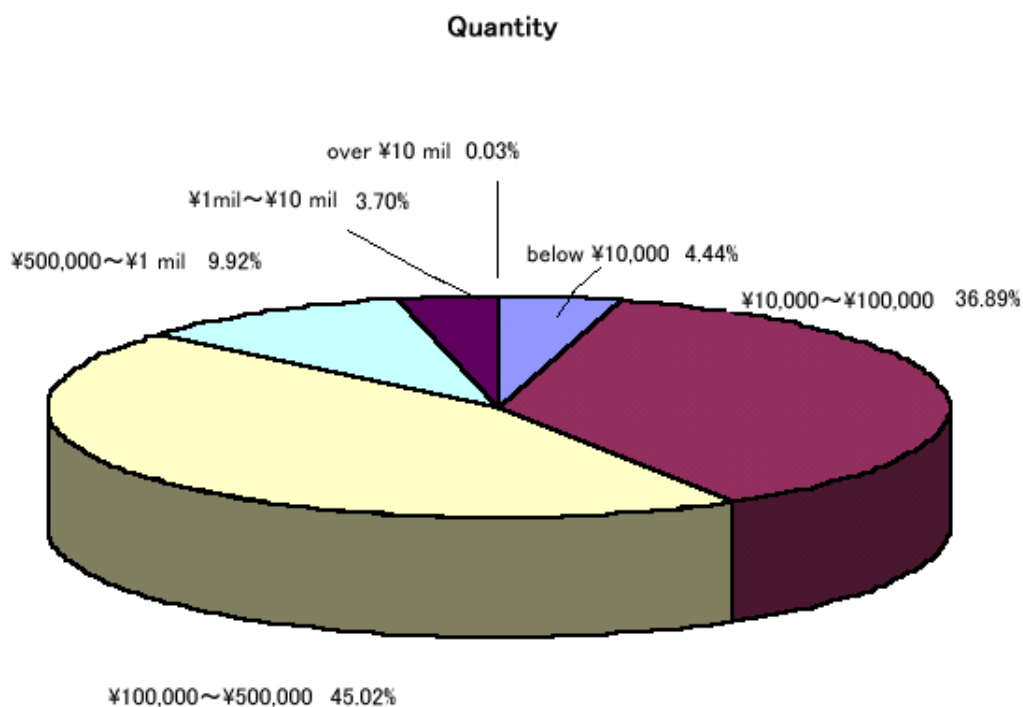
Quantity

Quantity	Effective replies	“increased”	“decreased”	“even”
Total turnover	37	10 (27.03%)	26 (70.27%)	1 (2.70%)
Domestic watch	33	6 (18.18%)	26 (78.79%)	1 (3.03%)
Import watch	34	13 (38.24%)	21(61.76%)	0 (-)

(% shows the ratio to effective reply)

The ratio of “decreased” to effective replies in 1998 was 35.30% in value of total turnover and 55.56% in quantity of the same. The stagnant sales is clearly shown, and not only domestics watch but also the sales of import watch is declining..

2) Sales by Price Range of Import Watch



¥100,000-¥500,000 is the biggest price range, which does not change from the 1998 survey. The price range of ¥1mil-¥10mil. has decreased and the decreases shifted to ¥10,000-¥mil.range, specially into ¥100,000-¥500,000 in value base, and in quantity base, into ¥500,000-¥1mil.price range.

3) Result by Import Brand

Question: Sales quantity in 1999 and comparison to 1998 of the listed 49 import watch brands.

(Some companies did not answer to the comparison, some are incomparable because of zero in either period)

The number of companies which deal the brand, and number of “increase” replies are as follows; (but not all dealing companies replied for the comparison)

Brand name	Number of companies who deal the brand	“increased” out of effective replies
Audemars Piguet	22	9
Baume & Mercier	29	13
Blancpain	23	5
Breguet	22	6
Breitling	23	12
Calvin Klein	19	1
Cartier	32	16
Chanel	9	0
Chaumet	20	3
Chopard	24	16
Christian Dior	21	3
Concord	12	2
Corum	23	7
Ebel	31	7
Dunhill	22	8
Eterna	15	1
Fendi	19	5
Frank Muller	12	7
Girard Perregaux	23	8
Gucci	34	2
Hamilton	15	8
Hermes	29	5
Hugo Boss	18	2
International	23	14
Jaeger Lecoultre	28	12
Longines	30	11
Maurice Lacroix	15	3
Movado	21	2
Omega	40	14
Oris	21	8
Patek Philippe	26	13

Perrelet	13	2
Philippe Charriol	26	10
Piaget	20	9
Rado	28	12
Raymond Weil	14	3
Revue Thommen	15	2
Rolex	46	17
Sector	21	4
Swatch	12	2
Tag Heuer	42	11
Tiffany	13	2
Tissot	23	9
Ulysse Nardin	16	3
Universal	8	0
Van Cleef & Arpels	14	4
Vacheron Constantin	21	12
Waltham	19	2
Zenith	18	9
Others	36	7

“increase” occupies more than 50% of effective replies for the following brands; International, Audemars Piguet, Baume&Mercier, Breitling, Cartier, Chopard, Dunhill, Fendi, Frank Muller, Hamilton, Jaeger Lecoultre, Patek Philippe, Philippe Charriol, Rado, Vacheron Constantin and Zenith. Among those brands, the followings gained notably many “increase” replies; Baume&Mercier, Chopard, Dunhill, Frank Muller, Hamilton, International, Vacheron Constantin and Zenith.

The brands which sales quantity show big figure are Omega, Rolex, Cartier, Gucci, Tiffany, Longines. They were Omega, Rolex, Gucci, Cartier, Longines, Tag Heuer in 1998.

Besides the listed 49 brands, the following names re stated as other main dealing brands, such as Antoine Prezioso, Century, Fortis, Emile Pequignet, Chronoswiss, Panerai, Daniel Roth, etc.

4) Christmas Sales 1999

Comparing to the total sales result in 1998, “Bad” decreased but “Good but not satisfactorily as Christmas sales” has increased remarkably. Sales situation run the anticipation of recovery.

Concerning Total Sales	Number of replies & ratio to effective replies	
	1999	1998 (only ratio)
Very good	2 (4.1%)	(2.4%)
Good	6 (12.2%)	(16.7%)
Good but not satisfactorily as Christmas sales	16 (32.7%)	(19.0%)
Ordinary	13 (26.5%)	(21.4%)
Bad	12 (24.5%)	(40.5%)

Concerning the domestic watch sales, “Good” and “Good but not satisfactorily as Christmas sales” have decreased. The situation get worse than 1998.

Concerning Domestic Watch	Number of replies & ratio to effective replies	
	1999	1998(only ratio)
Very good	0(0.0%)	(0.0%)
Good	2 (4.4 %)	(10.0%)
Good but not satisfactorily as Christmas sales	3 (6.7%)	(10.0%)
Ordinary	10(22.2%)	(17.5%)
Bad	30 (66.7%)	(62.5%)

Concerning the import watch sales, total of “Very good”, “Good”, “Good but not satisfactorily as Christmas sales” is 44.6%, which is less than the half, and “Bad” becomes more than 20%. Import watch sales is also getting severe situation.

Concerning Import Watch	Number of replies & ratio to effective replies	
	1999	1998 (only ratio)
Very good	3 (6.4%)	(2.5%)
Good	9 (19.1%)	(25.0%)
Good but not satisfactory as Christmas sales	9 (19.1%)	(27.5%)
Ordinary	16 (34.1%)	(30.0%)
Bad	10 (21.3%)	(15.0%)

As a detailed trend of import watch sales, retailers stated as follows;

The active price range is mostly between ¥100,000 and ¥500,000, while slow price range is between ¥100,000 and ¥200,000, and also more than ¥1million.

Regarding the watch types, stainless steel sport types get the biggest popularity. Mechanical watch and automatic chronograph are continuously strong. On the other hand, yellow gold or bi-color watches do not sell. Leather strap is also down.

Some retailers reported that ladies watches are slow, but, at the same time, other retailers reported that many women purchase mechanical watches. It can be said that ladies favorite is not limited in so-called "ladies watch" but spreads over watches originally designed for men.

As active brands, they remains as Rolex, Omega and Cartier, followed by mechanical watches such as Breitling, International, Zenith, Frank Muller, Jaeger Lecoultré. However, because of short supply to retailers, Rolex and Omega are also picked up as getting slow.

5) Observation at fixed point – Sales Quantity and Value

This survey can cover only a part of all the watch sales points, but it tries to catch a clue to see the market picture. For this purpose, a comparison is attempted on 24 companies who submitted complete figures of turnover both

in 1999 and 1998.

The number of sales outlets is 107 in 1999 and 108 in 1998.

Sales in 1999	Comparison to 1998	
	Value	Quantity
Total sales	+22.71%	-20.20%
Domestic watch sales	-5.9%	-17.01%
Import watch sales	+7.96%	-8.11%

Unit price	1999	1998
Total watch	¥53,100	¥34,500
Domestic watch	¥24,400	¥21,500
Import watch	¥226,900	¥193,100

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