THE 6TH JAPANESE WATCH MARKET SURVEY

on Watch Sales during JANUARY – JUNE 2000

By WOSIC TOKYO
in cooperation with Tokei Bijutsu Hoshoku Shinbun News

WOSIC TOKYO conducted the 6th market survey, in cooperation with a trade newspaper Tokei Bijutsu Hoshoku Shinbun News, to see the watch sales in Japan for the period from January to June of this year. The survey has been conducted every 6 months since January 1998.

The survey was proceeded by sending questionnaire to watch retail companies by mail to ask the turnover in value and in quantity, ratio to the corresponding period in previous year, the most popular brands, trend of consumers, etc. Questionnaire was sent to 152 companies at the end of July, and 51 companies replied. The number of outlets of the 51 companies are 84 retail-shops, 56 shopping centers, 80 department stores, total 220.

Questionnaire sent to	152 companies
Replies submitted by	51 companies
Total number of shops owned by The 51 companies	Total 220 shops Retail-shop 84 Shopping center 56 Department store 80

The questions are partially revised from the previous surveys to get as many replies as possible, but, the number of replies is still not satisfactory.

MIYAMA BLDG. 3F, 6-16-5 SOTO-KANDA, CHIYODA-KU, TOKYO 101-0021 JAPAN
TEL: (03)3833-0740 FAX: (03)3833-0748
http://www.fh-tokyo.com *e-mail: info@fh-tokyo.com*

RESULT OF THE QUESTIONNAIRE

Popularity centers on a few selected brands or models, as it has been said in these years. But, retailers feel that the boom is going to be down, as even popular brands/models are sometimes slow.

Consumers are provided with a lot of information and have their own definite criterion to select watches. *"They fixed one desired model, and if the model is not in stock, they do not change their mind to other model, even in difference color"; "They visit a shop 3,4 times before they purchase"; "The biggest rival is cell-phones. Watches do not attract young people like cell-phones do";*

Consumers, especially young consumers, collect information on watches from magazines and internets, and watches worn by famous actors or pro-sportsplayers often get popularity. But, still, the condition to be popular brands is clear brand-concept, reasonable price, distinguish character which is explained clearly through advertisement.

Retailers pointed out the recent trend of big size, mechanical watch, complication watches as the reason of popularity. At the same time, sports type and stainless steel bracelet with colored dial are still popular. Domestic watches with high-technology are also active.

On the other hand, licensed brand and boutique brand watches have been stagnant with a few exceptions. As the reason of slow sales, many retailers indicated the discount sales of them.

According to the reorganization of watch groups, more importers apply the special agent system. The special agent system is appreciated by retailers as prices can be in order with which retailers can appeal the reliability of the brands to consumers.
But, at the same time, there are some complaints against the increasing special agent system, such as *"If one retail shop contract special agent with more than 2 or 3 brands, all the showcases will be fulfilled. How to*

MIYAMA BLDG. 3F, 6-16-5 SOTO-KANDA, CHIYODA-KU, TOKYO 101-0021 JAPAN
TEL: (03)3833-0740 FAX: (03)3833-0748
http://www.fh-tokyo.com e-mail: info@fh-tokyo.com

meet the consumers' demand with such a limited number of brands"; "Annual turnover and compulsory stock to be a special agent is too severe, and small retailers cannot afford"; "small retailers cannot survive in that situation" ; "etc.

Many complaints against parallel import are reported as previous surveys. *"Pricing is difficult because of discount sales of parallel importers"; "Influences of discount sales by parallel importers is too big"; "Handbills of discount prices are distributed all over, and prices are in disorder".*

Another complaints were concerning the repair charges and parts supply situation by importers.

1) Sales Quantity and Value in the first half of 2000

Question: Total turnover and comparison to the first half of 1999
Turnover of domestic watch and comparison to the first half of 1999
Turnover of import watch and comparison to the first half of 1999

Total Turnover Value : Effective replies=43, Unanswered=8
Quantity : Effective replies=40, Unanswered=11

TOTAL	"increased"		"decreased"		"even"	
	Replies	%	Replies	%	Replies	%
Value	23	53.49%	17	39.53%	3	6.98%
In Last survey		48.78%		48.78%		2.44%
Quantity	20	50.00%	17	42.50%	3	7.50%
In Last survey		27.03%		70.27%		2.70%

% show the ratio to effective replies.

Watch sales has been stagnant in these years. But, figures in the survey show the recovery of business, though the survey covers only limited number of companies.

Turnover of Domestic Watches

Value : Effective replies=39, Unanswered=12
Quantity : Effective replies=38, Unanswered=13

DOMESTIC	"increased"		"decreased"		"even"	
	Replies	%	Replies	%	Replies	%
Value	8	20.51%	30	76.92%	1	2.57%
In Last survey		35.14%		56.76%		8.11%
Quantity	9	23.68%	28	73.69%	1	2.63%
In Last survey		18.18%		78.79%		3.03%

% show the ratio to effective replies

Turnover of Import Watches

Value : Effective replies=38, Unanswered=13
Quantity : Effective replies=37, Unanswered=14

IMPORT	"increased"		"decreased"		"even"	
	Replies	%	Replies	%	Replies	%
Value	26	68.42%	11	28.95%	1	2.63%
In Last survey		55.26%		42.11%		2.63%
Quantity	25	67.57%	11	29.73%	1	2.70%
In Last survey		38.24%		61.76%		0%

% show the ratio to effective replies

More companies replied "increased" compared to the same period of last year, except value of domestic watches. However, the increase trend is not remarkable in value comparing to in quantity.

2) Domestic Watch Sales

Question “Increase” or “Decrease” concerning sales quantity comparing the first half of 1999

(Effective replies=49, Unanswered=2)

SEIKO (1 company not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
“increase”	10	20.83%
“even”	7	14.58%
“decrease”	31	63.58%

CITIZEN (6 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
“increase”	7	16.28%
“even”	9	20.93%
“decrease”	27	62.79%

CASIO (24 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
“increase”	1	4.00%
“even”	2	8.00%
“decrease”	22	88.00%

ORIENT (21 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
“increase”	5	17.86%
“even”	4	14.29%
“decrease”	19	67.86%

MIYAMA BLDG. 3F, 6-16-5 SOTO-KANDA, CHIYODA-KU, TOKYO 101-0021 JAPAN
TEL: (03)3833-0740 FAX: (03)3833-0748
http://www.fh-tokyo.com e-mail: info@fh-tokyo.com

3) Import Watch Sales

Question: Select top 5 brand names which sold well from the listed 49 names (the 49 names are indicated below)
Select also brand names of which sales was remarkably increased

The names selected most are as follows

Brand name	Number of companies who selected	Ratio to the total replies
Rolex	41	80.39%
Omega	40	78.43%
Cartier	28	54.90%
Tag Heuer	18	35.29%
Gucci	17	33.33%
Longines	12	23.53%
Breitling	10	19.61%

The top 3 names have been always indicated as best sellers since the start of our survey in 1998, though some retailers comment that the popularity is not so strong as before.

Retailers stated that the reason of the stable sales is the clear concept of brand conveyed toward consumers through advertisement, and reasonable pricing.

As brands of which sales has remarkably increased, the following names are selected;

Brand name	Number of companies who selected	Ratio to the total replies
Jaeger Lecoultre	5	7.84%
Baume&Mercier	4	5.88%
Breitling	3	5.88%

Chopard	3	5.88%
Tag Heuer	2	3.92%
Zenith	2	3.92%
IWC	2	3.92%
Frank Muller	2	3.92%
Audemars Piguet	2	3.92%

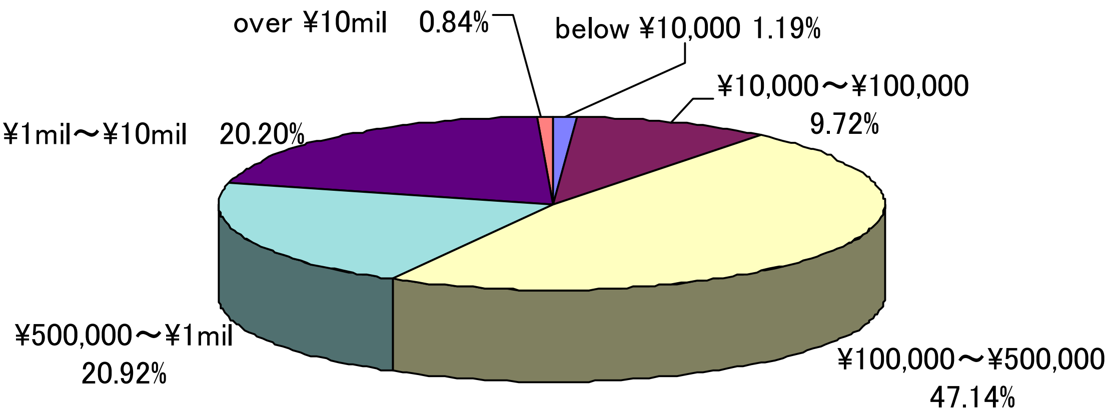
As the reason of big increase, the following are stated; not only the high quality, the trendy big size, being talked about, limited number of outlets, etc. Brands or models which can attract young generation, especially young women, are easily getting popularity.

The 49 brand names listed are following;
AudemarsPiguet, Baume&Mercier, Blancpain, Breguet, Breitling, CalvinKlein, Cartier, Chanel, Chaumet, Chopard, ChristianDior, Concord, Corum, Ebel, Dunhill, Eterna, Fendi, FrankMuller, GirardPerregaux, Gucci, Hamilton, Hermes, HugoBoss, International, JaegerLecoultre, Longines, MauriceLacroix, Movado, Omega, Oris, PatekPhilippe, Perrelet, Chariol, Piaget, Rado, RaymondWeil, RevueThommen, Rolex, Sector, Swatch, Tag-Heuer, Tiffany, Tissot, UlysseNardin, VanCleef&Arpels, VacheronConstantin, Waltham, Zenith, others

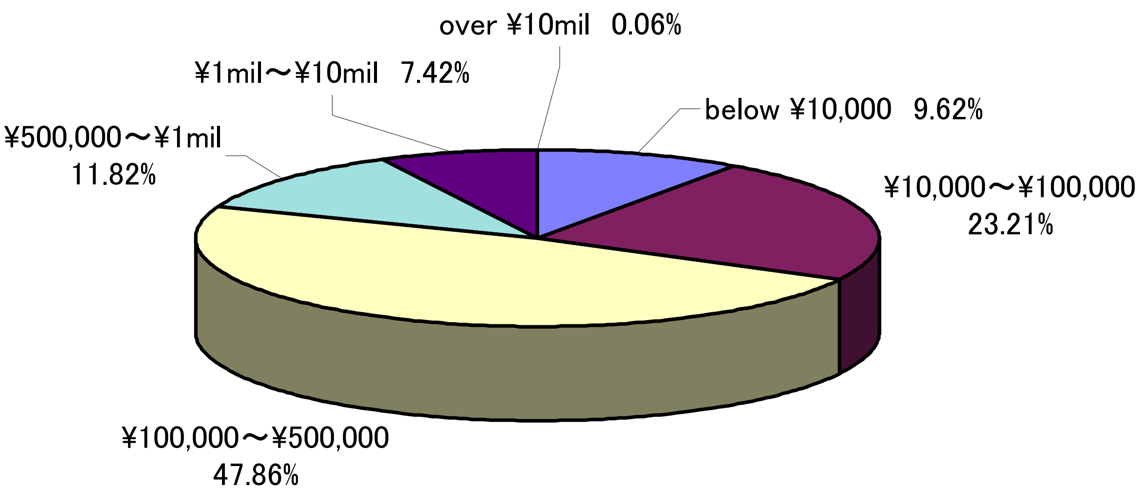
4) Sales by Price Range of Import Watch

The price range between “¥10,000-¥100,000” decreased from the survey for the first half of 1999 both in value and quantity. “¥500,000-¥1mil” increased in quantity, but decreased in value. It can be estimated that ¥500,000 - ¥600,000 is the center of this price range. Concerning “¥1 mil-¥10 mil”, value does not increase as quantity, while “over ¥10 mil” increased both in value and quantity.

VALUE



QUANTITY



5) Observation at Fixed Point / Sales Quantity and Value

Comparison is made on 29 companies who reported the complete figures of turnover both for the period Jan-June 2000 and Jan-June 1999.

The number of sales outlets of the 29 companies is 134 in Jan-June 2000 and 130 in Jan-June 1999.

Jan-June 2000	Comparison to Jan-June 1999	
	Value	Quantity
Total Turnover	+0.06% (+22.71%)	-5.25% (-20.20%)
Domestic Watch turnover	-15.19% (-5.90%)	-2.97% (-17.01%)
Import watch turnover	+6.47% (+7.96%)	+6.50% (-8.11%)

Figures in ( ) show the result from the last survey comparing 1999 and 1998

Unit price	Jan-June 2000	Jan-June 1999
of total watch	¥38,900	¥33,300
of domestic Watch	¥22,400	¥20,900
of Import watch	¥219,600	¥195,800

The increase trend seen in the global survey cannot be found here in the Observation at Fixed Point, though the unit prices have increased.

(September 24, 2000)

MIYAMA BLDG. 3F, 6-16-5 SOTO-KANDA, CHIYODA-KU, TOKYO 101-0021 JAPAN
TEL: (03)3833-0740 FAX: (03)3833-0748
http://www.fh-tokyo.com *e-mail: info@fh-tokyo.com*