



THE 7th JAPANESE WATCH MARKET SURVEY
on Watch Sales in 2000

By FH TOKYO

in cooperation with Tokei Bijutsu Hoshoku Shinbun News

FH-Tokyo conducted the 7th watch market survey, in cooperation with a trade newspaper, Tokei Bijutsu Hoshoku Shinbun News, to see the situation of watch sales in Japan in 2000. The survey has been conducted every 6 months since January 1988.

Questionnaires were sent by mail in mid. January to 155 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 56 companies that contains 93 retail-shops, 126 shopping centers, 68 department stores, total 287 outlets.

Questionnaire sent to	155 companies
Replies submitted by	56 companies
Total number of shops owned by the 56 companies	Retail-shop 93 Shopping center 126 Department store 68 Total 287

How retailers should approach consumers

The survey has continued for 4 years, and total 7 surveys have conducted. During the 4 years, severe brand competition has been seen in the watch market. Basically, Import watches have been doing well, while domestic watches have been in difficulties. Only the brands with strong concept covering from its history, function, design, price to distribution policy can draw consumers. Retailers also have to establish their own concept what to present and how to appeal consumers, together with clear study on consumers' attitude.

Consumers obtain a lot of information of watches through internets and magazines. Retailers see the recent consumers as follows; *“Consumers have complete knowledge about mechanism”*; *“They request information of techniques, history and quality of the brands seriously”*; *“They check about the maintenance before purchase”*; *“They buy what they really want even high price”*; and on the other hand, *“Young consumers do not understand the difference of watches from official agents and from parallel importers”*; *“Consumers buy more mechanical watches just because it's in trend, but do not know the difference between mechanical and quartz”*.

More young women buy mechanical watches and large size watches. But, the trend of purchase varies very much, and it is not easy for retailers to forecast sellable models.

Popular brands are limited and mostly the same as it has been these several years. Licensed products and fashion brands are getting stagnant.

Watch purchase as gifts purpose has decreased. Retailers comment that there used to be active month or season, but now not. Consumers seem to purchase what they want when they want.

Same as in the previous surveys, many complaints against parallel import are stated. Frequent advertisement by parallel importers will activate the total watch market, but retailers are afraid that big difference of prices between parallel import and official agents would make consumers

distrustful of prices and official agent would lose customers. Also, retailers have fear of increase of discount shops.

Sales Quantity and Value in 2000

Question: Total turnover and comparison to 2000
Turnover of domestic watch and comparison to 2000
Turnover of import watch and comparison to 2000

Total Turnover

TOTAL	"increased"		"decreased"		"even"	
	Replies	Ratio to total	Replies	Ratio to total	Replies	Ratio to total
Value	22	45.83%	26	54.17%	0	0%
Jan-Jun/2000 survey		53.49%		39.63%		6.98%
Jan-Dec/1999 survey		48.78%		48.78%		2.44%
Quantity	11	25.58%	32	74.42%	0	0%
Jan-Jun/2000 survey		50.00%		42.50%		7.50%
Jan-Dec/1999 survey		27.03%		70.27%		2.70%

% show the ratio to effective replies.

Value : Effective replies=48, Unanswered=8

Quantity : Effective replies=43, Unanswered=13

In the survey for the period of Jan-Jun, 2000, "increased" was major in quantity and value, and was showing increasing trend, but the final result was about the same as 1999.

Turnover of Domestic Watches

DOMESTIC	"increased"		"decreased"		"even"	
	Replies	Ratio to total	Replies	Ratio to total	Replies	Ratio to total
Value	9	20.93%	32	74.42%	2	4.65%
Jan-Dec/1999 survey		35.14%		56.76%		8.10%
Quantity	6	15.18%	32	82.45%	1	2.37%
Jan-Dec/1999 survey		18.18%		78.79%		3.03%

% show the ratio to effective replies.

Value : Effective replies=43, Unanswered=13

Quantity : Effective replies=39, Unanswered=17

Turnover of Import Watches

IMPORT	“increased”		“decreased”		“even”	
	Replies	Ratio to total	Replies	Ratio to total	Replies	Ratio to total
Value	30	66.67%	15	33.33%	0	0%
Jan-Dec/1999 survey		55.26%		42.11%		2.63%
Quantity	20	48.78%	19	46.34%	2	4.88%
Jan-Dec/1999 survey		38.24%		61.76%		0%

% show the ratio to effective replies

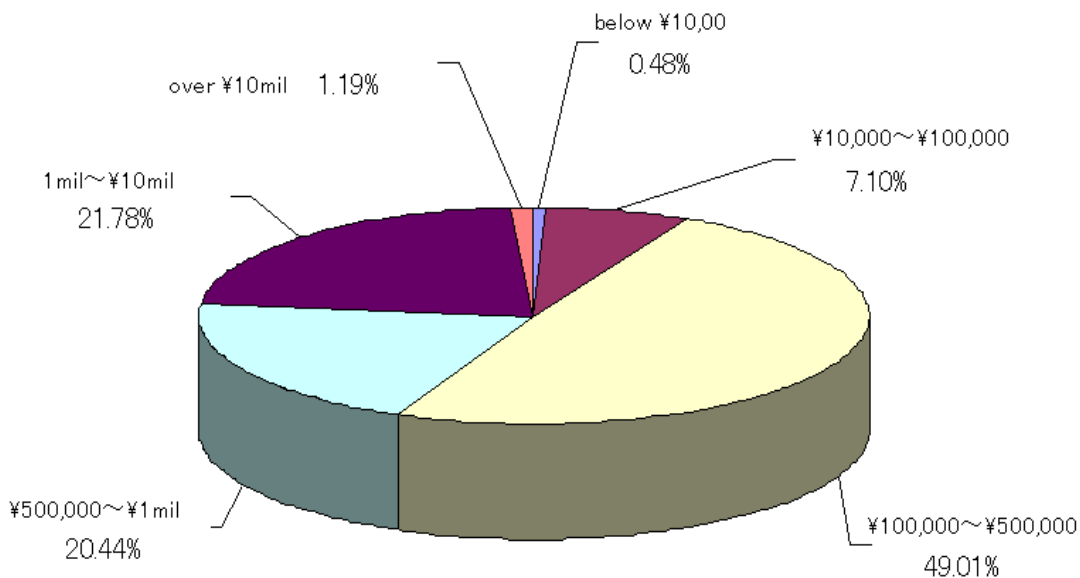
Value : Effective replies=45, Unanswered=11

Quantity : Effective replies=41, Unanswered=15

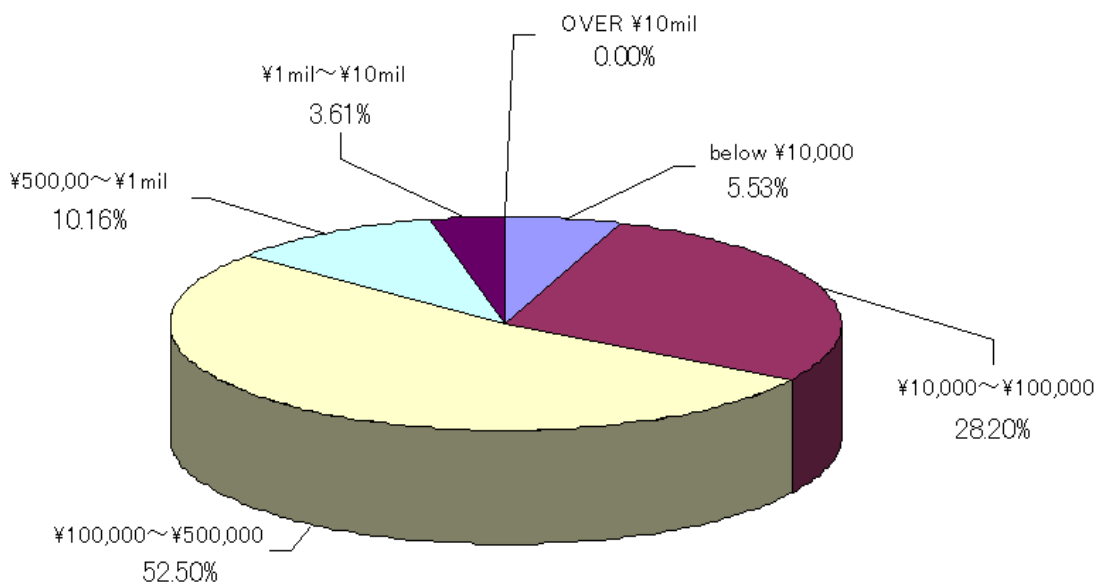
Sales by Price Range of Import Watch

The volume zone is between ¥100,000 and ¥500,000 both in value and quantity. They are 49.01% in value and 52.50% in quantity while they were 46.26% and 42.02% in 1999. On the other hand, that for ¥10,000-¥100,000 are 7.10% in value and 28.20% in quantity which decreased from 13.49% in value and 36.89 in quantity in 1999. There is no big difference in other price category, which means that sellable watches have sifted from ¥10,000-¥100,000 to ¥100,000-¥500,000.

VALUE



QUANTITY



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 has remarkably increased

The names selected most are as follows

Brand name	Number of companies who selected	Ratio to the total replies
Rolex	49	87.50%
Omega	43	76.79%
Cartier	27	48.21%
Tag Heuer	21	37.50%
Gucci	12	21.43%
Longines	12	21.43%

The names are about the same as the previous surveys, specially, the top 3 brands have been always the same since the survey started.

As the brands of which sales has remarkably increased, Jaeger Le courtle, Frank Muller, Audemars Piguet, Chopard, and Maume&Mercier are selected in addition to the above 3 brands.

Retailers comment the reason of those strong brands as follows; Strong concept of its function and design, Reasonable price, clear distribution channels, proper supply. Also, advertisements in magazines, not dealt by discount shops, good communication with import agents are important factors.

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

Domestic Watch Sales

Question "Increase" or "Decrease" concerning sales quantity compare to1999
(Effective replies=56)

SEIKO (5 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
"increase"	9	17.65%
"even"	7	13.73%
"decrease"	35	68.62%

CITIZEN (12 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
"increase"	8	18.18%
"even"	9	20.45%
"decrease"	27	61.37%

CASIO (29 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
"increase"	1	3.70%
"even"	2	7.41%
"decrease"	24	88.89%

ORIENT (22 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
“increase”	7	20.59%
“even”	2	5.88%
“decrease”	25	73.53%

OTHER (32 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
“increase”	6	25.00%
“even”	3	12.50%
“decrease”	15	62.50%

Christmas Sales 2000

Active price range was between ¥100,000 and ¥500,000, mainly centering ¥100,000 - ¥200,000, and ¥300,000 - ¥500,000. On the other hand, Slow price range was below ¥100,000, and more than ¥1 mil.

Some department stores reported that expensive watches were sold well at the end and new year season. But, as far as the survey indicates, the good price range was between ¥100,000 and ¥1 mil. specially between ¥300,000 and ¥500,000.

Mechanical automatic models had popularity as it has been. Chronograph and divers sports models were active. Simple design and big size had popularity.

Yellow gold was slowly coming back. But, jewelry watches and small ladies models were slow.

Concerning Total Sales	Number of replies & ratio to effective replies	
	2000 Christmas	1999 Christmas (only ratio)
Very good	4 (7.41%)	(4.1%)
Good	10 (18.5%)	(12.2%)
Good but not satisfactorily as Christmas sales	11 (20.4%)	(32.7%)
Ordinary	9 (37.0%)	(24.5%)
Bad	20 (24.5%)	(24.5%)
Total	54(100.0%)	(100.0%)

(Unanswered=2)

Concerning Domestic Watch	Number of replies & ratio to effective replies	
	2000 Christmas	1999 Christmas (only ratio)
Very good	0 (0%)	(0%)
Good	4 (8.2%)	(4.4%)
Good but not satisfactorily as Christmas sales	1 (2.0%)	(6.7%)
Ordinary	8 (16.3%)	(22.2%)
Bad	36 (73.5%)	(66.7%)
Total	49(100.0%)	(100.0%)

(Unanswered=7)

Concerning Import Watch	Number of replies & ratio to effective replies	
	2000 Christmas	1999 Christmas (only ratio)
Very good	4 (7.8%)	(6.4%)
Good	11 (21.6%)	(19.1%)
Good but not satisfactorily as Christmas sales	8 (15.7%)	(19.1%)
Ordinary	15 (29.4%)	(34.1%)
Bad	13 (25.5%)	(21.3%)
Total	51(100.0%)	(100.0%)

(Unanswered=5)

Observation at fixed point – Sales Quantity and Value

Comparison was made on 39 companies who submitted the complete figures of turnover both for 2000 and 1999.

The total number of outlets of the 39 companies are 222 in 2000 and 242 in 1999.

Sales in 2000	Comparison to 1999	
	Value	Quantity
Total Turnover	+5.73% (+22.71%)	-2.09% (-20.20%)
Domestic Watch turnover	-4.34% (-5.90%)	-7.17% (-17.01%)
Import watch turnover	+9.01% (+7.96%)	+12.69% (-8.11%)

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

Unit price	2000	1999
of total watch	¥80,100	¥74,200
of domestic Watch	¥24,900	¥24,100
of Import watch	¥225,300	¥232,900

While domestic watch is stagnated, import watch is doing well in this difficult economic situation.

FH-TOKYO
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