

THE 8th JAPANESE WATCH MARKET SURVEY
on Watch Sales in First Half of 2001

By FH TOKYO

in cooperation with Tokei Bijutsu Hoshoku Shinbun News

FH-Tokyo conducted the 8th watch market survey, in cooperation with a trade newspaper, Tokei Bijutsu Hoshoku Shinbun News, to see the situation of watch sales in Japan in the first half of 2001. The survey has been conducted every 6 months since January 1988.

Questionnaires were sent by mail in July/August to 162 retail companies asking the turnover in value and in quantity, the 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 55 companies which contains 89 retail-shops, 141 shopping centers, 62 department stores, the total outlets was 292 .

Questionnaire sent to	162 companies
Replies submitted by	55 companies
Total number of shops owned by the 55 companies	Retail-shop 89 Shopping center 141 Department store 62 Total 292

To be a specialty shop

A lot of brands are in the market but sellable brands are limited, and consumers care about only specified popular models. However, it cannot be known if those models will continue to keep the same popularity. What will be the next to gain popularity? Retailers are requested to be keen to see consumers and the market as a “specialty shop”.

Difficult domestic watch and slowing import watch

As the general situation of the market in the first half of this year, the sales of domestic watches has been continuously in difficult situation, and the sales of import watches is slightly getting slow. The number of companies who replied as “increased” concerning their turnover was less than the previous survey (The 7th Survey, conducted in January this year) both in value and quantity.

Concerning the total watch sales, 50% of repliers reported as “increased” in value, but, only 30% reported as “increased” in quantity. 70% reported as “decreased” both in value and quantity concerning domestic watch sales, while 60% reported as “increased” in value concerning import watch sales. But that in quantity was less than 50%.

The most sellable brands and popular brands are as listed in the latter paragraph. The popular brands are limited and specified. Big size or complication models are favored by consumers, but at the same time, simple designs are also liked. The trend varies by area and by each shop.

The active price range concerning import watch is “¥100,000-¥500,000, which occupied about 50% of total import watch sales. But, the unit price was lower than previous survey. On the other hand, the ratio of “¥500,000-¥1mil” was more than previous survey, and the unit price was higher.

Consumers stick to their own taste

Consumers are well informed about merchandises. They search their watch which can represents their own taste or style. They request more originality, more stories or background of the watch to satisfy their cares of watches.

The main news sources are magazines, such as watch magazines, general magazines, ladies’ magazines. The frequent appearances in magazines can activate the watch market, but, at the same time, that causes problems for retailers. They complained as “*lot of announcements of new models from Basel*”

Fair is made in magazines, but retailers cannot sell them because they are supplied only one year later”; “supplies of new models introduced in magazines is too late”; “consumers come to buy the new models and they are not available. Then, it is not easy to offer different models to those consumers”.

How to meet consumers' needs

Retailers are to satisfy consumers' demands. Many retailers explained their policy in the survey that *“we pay close attention to the consumers, establish concrete concept of our shop and make efforts to ensure sellable models”*. In details, *“to assort efficient stock is necessary, because It's not possible to have every models in stock”; “we make haute couture watches designed for individual customers“;*

How and in which way retailers should face to consumers? To have efficient assortment of goods to meet consumers' demands, they will have to re-select their dealing brands, to make positive advertisement activities to excite consumers' attention. Furthermore, sales staff are requested to have good knowledge about merchandises as well as their personal magnetism. Retailers who held sales fairs by their own or with the cooperation with import agents reported good results.

Concerning the parallel import, complaints were not many as before. Retailers understand the situation that watches from official agents and from parallel importers are segregated among consumers. Retailers prefer to be relied by consumers as official dealers.

Concerning the “Rolex” problem, one opinion was as follows; *“The Retailers Association should recommend their members to deal only with importers with which retailers can work and exist together ”.*

Sales Quantity and Value in the first half of 2001

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

Total Turnover

TOTAL	"increased"		"decreased"		"even"	
	Replies	Ratio to total	Replies	Ratio to total	Replies	Ratio to total
Value	28	53.85%	21	40.38%	3	5.77%
Jan-Dec/2000 survey		45.83%		54.17%		0.00%
Jan-Jun/2000 survey		53.49%		39.53%		6.98%
Quantity	13	27.66%	33	70.21%	1	2.13%
Jan-Dec/2000 survey		25.58%		74.42%		0.00%
Jan-Jun/2000 survey		50.00%		42.50%		7.50%

% show the ratio to effective replies.

Value : Effective replies=52, Unanswered=3

Quantity : Effective replies=47, Unanswered=8

The total turnover was showing recovery trend in the first half of last year, but the trend did not continue through the whole year. In the first half of this year, the result in value slightly improved, but 70% replied as "decreased" in quantity.

Turnover of Domestic Watches

DOMESTIC	"increased"		"decreased"		"even"	
	Replies	Ratio to total	Replies	Ratio to total	Replies	Ratio to total
Value	8	16.33%	37	75.51%	4	8.16%
Jan-Dec/2000 survey		20.93%		74.42%		4.65%
Jan-Jun/2000 survey		20.51%		76.92%		2.56%
Quantity	7	15.56%	35	77.78%	3	6.67%
Jan-Dec/2000 survey		15.38%		82.05%		2.56%
Jan-Jun/2000 survey		23.68%		73.68%		2.63%

% show the ratio to effective replies.

Value : Effective replies=49, Unanswered=6

Quantity : Effective replies=45, Unanswered=10

Turnover of Import Watches

IMPORT	"increased"		"decreased"		"even"	
	Replies	Ratio to total	Replies	Ratio to total	Replies	Ratio to total
Value	28	58.33%	18	37.50%	2	4.17%
Jan-Dec/2000 survey		66.67%		33.33%		0.00%
Jan-Jun/2000 survey		68.42%		28.95%		2.63%
Quantity	20	45.45%	21	47.73%	3	6.82%
Jan-Dec/2000 survey		48.78%		46.34%		4.88%
Jan-Jun/2000 survey		67.57%		29.73%		2.70%

% show the ratio to effective replies

Value : Effective replies=48, Unanswered=7

Quantity : Effective replies=44, Unanswered=11

Sales by Price Range of Import Watch

The sales ratio in the following price ranges to the total turnover are as follows;

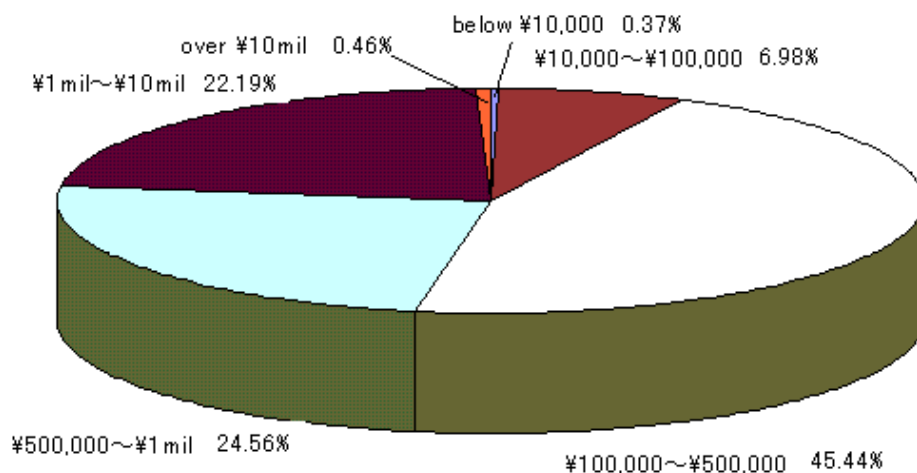
Price range	Current survey		Jan-Dec/2000		Jan-Jun/2000	
	Value	Quantity	Value	Quantity	Value	Quantity
Below ¥10,000	0.37%	4.00%	0.48%	5.53%	1.19%	9.62%
¥10,000-¥100,000	6.98%	29.53%	7.10%	28.20%	9.72%	23.21%
¥100,000-¥500,00	45.44%	51.11%	49.01%	52.50%	47.14%	47.86%
¥500,000-¥1mil	24.56%	10.88%	20.44%	10.16%	20.92%	11.82%
¥1mil-¥10mil	22.19%	4.48%	21.78%	3.61%	20.20%	7.42%
Over ¥10mil	0.46%	0.00%	1.19%	0.00%	0.84%	0.06%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Both in value and quantity, about 50% of sales was in the price range of "¥100,000-¥500,000", which has been the volume zone as in previous surveys. However, the ratio of value is decreasing than the previous surveys while the ratio of quantity remains about the same. That shows the decrease of unit price in this price range. On the other hand, the ratio of quantity in the price range of "¥500,000-¥1mil" remains about the same as in the previous surveys, while that of

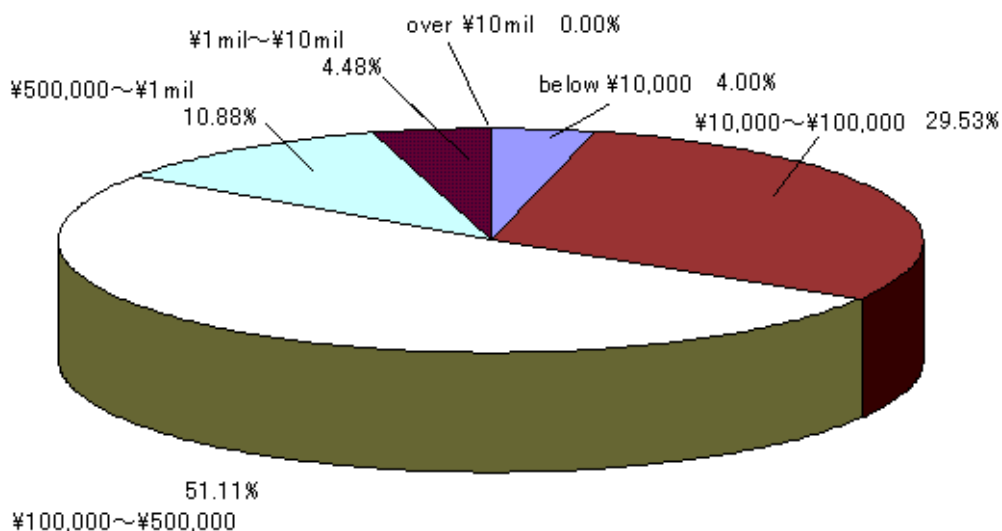
value increased about 4 points. That shows the increase of unit price in this price range.

The price range of “¥1mil-¥10 million” has slightly increased, but “over ¥10 mil” seems to be getting slow. “¥10,000-¥100,000” was about the same as previous surveys. The price range of “below ¥10,000” is obviously not active.

Sales by Price Range in Value



Sales by Price Range in Quantity



Import Watch Sales

Question: Select top 5 brand names which sold well from the listed 49 names (the 49 names are indicated below)

Also select brand names of which sales has remarkably increased

The brands selected most are as follows

Brand name	Number of companies who selected	Ratio to the total replies
Rolex	47	85.45%
Omega	40	72.73%
Cartier	25	45.45%
Tag Heuer	22	40.00%
Longines	14	25.45%
Breitling	13	23.46%
Gucci	13	23.46%

The top 3 brands are the same as the previous survey. However, only the specific models gain popularity and they are in short of stock. That is breaking the power of the brand, retailers reported.

As the brands which is getting remarkable popularity, the following brands are selected.

Brand name	Number of companies who selected	Ratio to the total replies
Jaeger Lecoultre	9	16.36%
FranckMuller	8	14.55%
OfficinePanerai	7	12.73%
PatekPhilippe	5	9.09%
Baume&Mercier	4	7.27%
Zenith	4	7.27%
Chopard	3	5.45%
Longines	3	5.45%

The above brands are followed by AudemarsPiguet, Breguet, IWC, VacheronConstantin.

As the main reasons of the popularity to consumers, retailers pointed out the new design, scarcity value, selected and limited outlets, active advertisements, and to hold sales fairs and to have good assortment of goods in stock.

As a new trend, many retailers referred German brands such as Sinn, Tutima, A.Lange&Shone. They stated that consumers were showing new interests to those German watches.

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, FranckMuller, GirardPerregaux, Gucci, Hamilton, Hermes, HugoBoss, International, JaegerLecoultre, Longines, MauriceLacroix, Movado, OfficinePanerai, 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 to Jan-June period in 2000.

SEIKO (3 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
“increase”	5	9.62%
“even”	8	15.38%
“decrease”	39	75.00%

CITIZEN (9 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
"increase"	8	17.39%
"even"	5	10.87%
"decrease"	33	71.74%

CASIO (25 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
"increase"	4	13.79%
"even"	5	17.24%
"decrease"	20	68.97%

ORIENT (22 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
"increase"	5	15.15%
"even"	4	12.12%
"decrease"	24	72.73%

OTHER (29 companies not dealing)

Comparing Jan-June/99	Number of replies	Ratio to effective replies
"increase"	7	28.00%
"even"	1	4.00%
"decrease"	17	68.00%

Observation at fixed point – Sales Quantity and Value

Comparison was made on 35 companies who submitted the complete figures of turnover both for the first half of 2001 and 2000.

The total number of outlets of the 35 companies was 160 in Jan-June/2001 and 159 in Jan-June/2000.

The comparison of turnover and unit price were as follows;

Sales in Jan-Jun 2001	Comparison to Jan-June 2000	
	Value	Quantity
Total Turnover	-2.56%	-13.25%
Domestic Watch turnover	-22.96%	-17.34%
Import watch turnover	+3.67%	-1.26%

Unit price	Jan-June 2001	Jan-June 2000
of total watch	¥89,400	¥81,100
of domestic Watch	¥25,100	¥26,400
of Import watch	¥249,400	¥236,400

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