

**THE 9<sup>th</sup> JAPANESE WATCH MARKET SURVEY**  
**on Watch Sales in 2001**

By FH TOKYO

in cooperation with Tokei Bijutsu Hoshoku Shinbun News

FH-Tokyo conducted the 9<sup>th</sup> watch market survey, in cooperation with a trade newspaper, Tokei Bijutsu Hoshoku Shinbun News, to see the situation of watch sales in Japan in 2001. The survey has been conducted every 6 months since January 1988.

Questionnaires for the 9<sup>th</sup> survey were sent by mail in mid. January to 161 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 55 companies that contains 80 retail-shops, 121 shopping centers, 81 department stores, total 282 outlets.

Questionnaire sent to	161 companies
Replies from	55 companies
Total number of shops owned by the 55 companies	Retail-shop 80
	Shopping center 121
	Department store 81
	Total 282

The current report is the 9<sup>th</sup> survey on the Japanese watch market. During the 5 years since the survey started, the market has showed the picture of “good import watch and difficult Japanese watch”. Among more than 100 brands imported into the Japanese market, which brands will keep its position in the severe competition.

A lot of new models from brands, reorganizations of the groups, following changes of agents, and on the other hand, a lot of information flow over watch magazines or internet, following movement of consumers attitude, parallel importers gaining power in those situation --- many issues are there in the watch market.

Evance, a parallel import dealer of Rolex, opened a new shop lately in Ginza (Tokyo), where they sell, not only Rolex but also, Cartier, Frank Muller, A.Lange&Sohne, Patek Philippe and Audemars Piguet. They import them through their own channels and offer their own after sales service. How the industry should cope with such situation.

We must rethink what is the role of watch retailers. That would be to give satisfaction to consumers in assortment of goods, prices, after services, and reception. Retailers, as specialty stores, are requested to measure themselves against how and what to sell, and what is demands of consumers. Without the grip, there will not be further development.

The activities of parallel importers or discount shops cannot be accepted in the traditional way to see the industry, but, they are accepted by consumers – this fact cannot be disregarded.

Retailers complain in the questionnaires as *“Big discount shops are getting stronger as agents supply to them. It brings confusion in the distribution.”*; *“Agents should control distribution strictly, otherwise authorized dealers cannot survive.”*; *“Only the brands which can control the distribution will survive.”*. And also, *“According to the change of agents, taking time to make new reliable relationship.”*

But agents are also facing the same problem. Parallel import, which is permitted legally, bothers both retailers and agents, and that nevertheless makes antagonism between them.

Way of retail would change according to time. The industry might have to consider

the parallel import in a way of habitat segregation. However, each agent is not leaving the matter to take its own course. Both agents and retailers should have more communication about how they are coping with the situation, and should work together for the better solution.

<Consumer trend>

What is the trend of consumers' attitude. They are more and more well informed by various media. Retailers state as *"Brands with more advertisement sell more."* Some complain as *"Magazines have too many advertisements of parallel dealers"*. But, consumers utilize all those information. *"Consumers selected a brand, design and price already before coming to shop."*; *"More consumers confirm the repair charge and repair period at purchase"*; *"More consumers like to purchase watches from authorized agents (not parallel import) because of the advantage of future after services"*.

On the other hand, *"young consumers cannot wait long delivery like 1 or 2 years. They go to antique shops"*; *"Consumers are attracted only by special movements or limited models"*

For the sound development of the industry, all production, distribution and retail have to understand mutually to offer customers satisfaction, otherwise individual efforts turn out ineffective.

## Sales Quantity and Value in 2001

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

Value : Effective replies=49, Quantity : Effective replies=41

Total Turnover	"increased"		"decreased"		"even"	
	Replies	Ratio	Replies	Ratio	Replies	Ratio
Value	25	51.02%	22	44.90%	2	4.08%
Jan-Dec/2000 survey	-	45.83%	-	54.17%	-	-
Quantity	14	34.15%	26	63.41%	1	2.44%
Jan-Dec/2000 survey	-	25.58%	-	74.42%	-	-

% show the ratio to effective replies

Ratio of "Increased" to effective replies are more than 2000 for both value and quantity. 50% and over 30% replied positive in the 2001. It explains the increase of unit price.

Value : Effective replies=44, Quantity : Effective replies=38

Turnover of Domestic watches	"increased"		"decreased"		"even"	
	Replies	Ratio	Replies	Ratio	Replies	Ratio
Value	7	15.91%	36	81.82%	1	2.27%
Jan-Dec/2000 survey	-	20.93%	-	74.42%	-	-
Quantity	11	28.95%	26	68.42%	1	2.63%
Jan-Dec/2000 survey	-	15.38%	-	82.05%	-	-

% show the ratio to effective replies.

"Increased" answer for value is only less than 20%, though that for quantity slightly more than 2000. Sales of domestic watch still in difficult situation in 2001.

Value : Effective replies=45, Quantity : Effective replies=38

Turnover of Import Watches	“increased”		“decreased”		“even”	
	Replies	Ratio	Replies	Ratio	Replies	Ratio
Value	27	60.00%	14	31.11%	4	8.89%
Jan-Dec/2000 survey	-	66.67%	-	33.33%	-	-
Quantity	20	52.63%	16	42.11%	2	5.26%
Jan-Dec/2000 survey	-	48.78%	-	46.34%	-	-

% show the ratio to effective replies

More than 50% replied positive both for value and quantity in 2001 though that for value is less than 2000, and that for quantity is slightly more. However, the situation still remain the same as “Good import watch and difficult domestic watch”.

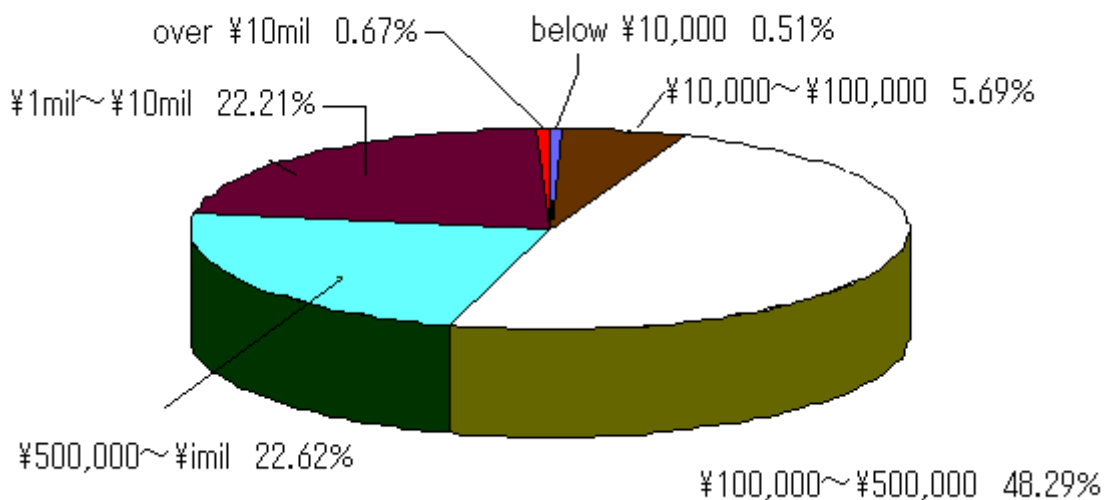
### Sales by Price Range of Import Watch

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

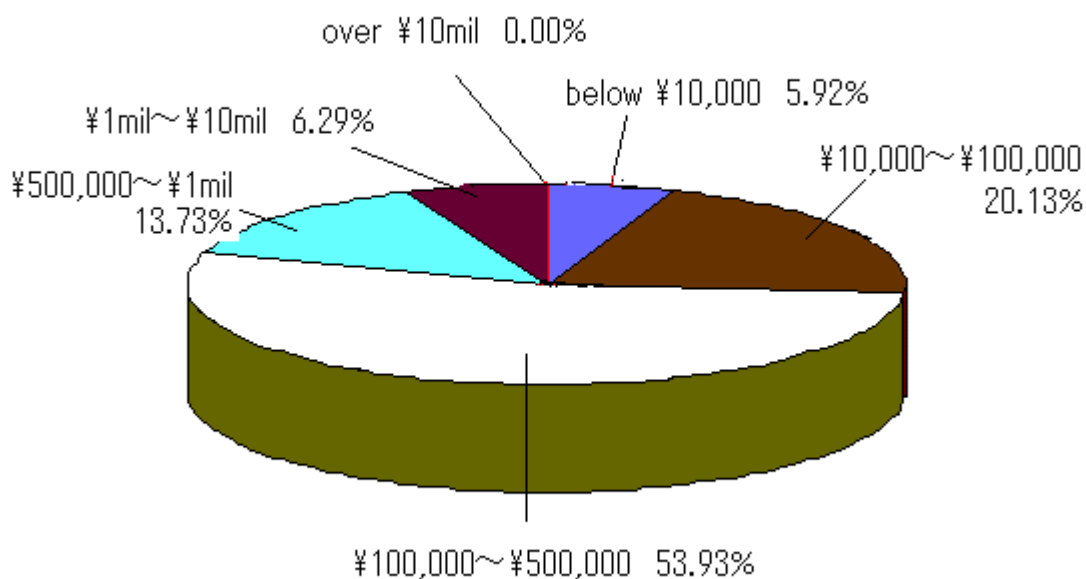
Price range	Value	Quantity
below ¥10,000	0.51%	5.92%
¥10,000 - ¥100,000	5.69%	20.13%
¥100,000 - ¥500,000	48.29%	53.93%
¥500,000 - ¥1mil	22.62%	13.73%
¥1mil - ¥10 mil	22.21%	6.29%
more than ¥10mil	0.67%	0.00%
TOTAL	100.00%	100.00%

Price range “¥100,000 –500,000” is more than half both in value and quantity, which is about the same as in 2000 (=49.01% in value and 52.50% in quantity), and “¥500,000-¥1mil” is more than in 2000 (=20.44% in value and 10.16% in quantity) both for value and quantity. That shows that about 70% of watches are in the price range from ¥100,000 and ¥1mil both in value and quantity. “¥mil-¥10mil” is slightly more than 2000 (=21.78% in value and 3.61% in quantity), but “¥10,000-¥100,000” is less than 2000 (=7.10% in value and 28.20% in quantity). Expensive price range seems to be getting active.

**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 listed 49 names  
(the 49 names are indicated below)  
-Select also 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	46	83.64%
Omega	41	74.55%
Cartier	29	52.73%
Tag Heuer	15	27.27%
Gucci	15	27.27%
Longines	13	23.64%
Breitling	11	20.00%

The selected brand names are the same as in previous survey.

The brands selected as remarkably increased are Frank Muller, Chopard, Hermes, Officine Panerai, Patek Philippe, Vacheron Constantin etc.

Those brands are not selected as above mentioned sold most, though, in the 2000 survey, some are also selected as sold most brands. New popular brands are coming up following the 3 brands which have been always the top in the previous surveys.

The brands selected in the above have their own style. Consumers are attracted by the originality and the story of style.

Retailers who selected those brands hold sales fairs of the brands or developed the brand-corner positively. They select brands and emphasize the sales. Brands not distributed to discount shops are also one of the reasons of their selection.

Quantity of information in medium attribute to the good sales also, as consumers are mostly informed by those magazines.

The 49 brands listed are following;

AudemarsPiguet, Baume&Mercier, Blancpain, Breguet, Breitling, CalvinKlein, Cartier, Chanel, Chaumet, Chopard, Charriol, ChristianDior, Concord, Corum, Ebel, Dunhill, Eterna, Fendi, FrankMuller, GirardPerregaux, Gucci, Hamilton, Hermes, HugoBoss, International, JaegerLeCoultre, Longines, MauriceLacroix, Mavado, OfficinePanerai, Omega, Oris, PatekPhilippe, 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 2000  
(Effective replies=56)

#### SEIKO (4 companies not dealing)

Comparison to 2000	Number of replies	Ratio to effective replies
“increase”	7	14.00%
“even”	7	14.00%
“decrease”	36	72.00%

#### CITIZEN (13 companies not dealing)

Comparison to 2000	Number of replies	Ratio to effective replies
“increase”	9	21.95%
“even”	8	19.51%
“decrease”	24	58.54%

#### CASIO (33 companies not dealing)

Comparison to 2000	Number of replies	Ratio to effective replies
“increase”	3	14.29%
“even”	2	9.52%
“decrease”	16	76.19%

## ORIENT (28 companies not dealing)

Comparison to 2000	Number of replies	Ratio to effective replies
“increase”	4	15.38%
“even”	7	26.92%
“decrease”	15	57.69%

## OTHER (31 companies not dealing)

Comparison to 2000	Number of replies	Ratio to effective replies
“increase”	6	26.09%
“even”	4	17.39%
“decrease”	13	56.52%

**Observation at fixed point – Sales Quantity and Value in 2001 & 2000**

Comparison was made on 32 companies who submitted the complete figures of turnover both for 2001 and 2000.

The total number of outlets of the 32 companies are 188 in 2001 and 189 in 2000.

Sales in 2001	Comparison to 2000	
	Value	Quantity
Total Turnover	+6.50%	-20.14%
Domestic Watch turnover	-14.94%	-27.84%
Import watch turnover	+11.49%	-3.78%

Unit price	2001	2000
of total watch	¥133,300	¥101,500
of domestic Watch	¥31,200	¥27,300
of Import watch	¥285,200	¥249,200

The total sales of the 32 companies has increased in value though it decreased in quantity. But sales of domestic watch has decreased both in value and quantity.

Concerning import watches, quantity has decreased but value has increased because of higher unit price.

### Christmas Sales 2001

Replies for “Very Good” or “Good” has decreased, and “not satisfactorily as Christmas sales” or “Ordinary” increased in total sales. Bigger demands in Christmas season cannot be seen.

Concerning Total Watch	Number of replies & ratio to effective replies	
	2001 Christmas	2000 Christmas (only ratio)
Very good	1 (1.9%)	(7.4%)
Good	7 (13.0%)	(18.5%)
Good but not satisfactorily as Christmas sales	12 (22.2%)	(20.4%)
Ordinary	16 (29.6%)	(16.7%)
Bad	18 (33.3%)	(37.0%)
Total	54(100.0%)	(100.0%)

Concerning the sales of domestic watches, 70% replied as “Bad”.

Concerning Domestic Watch	Number of replies & ratio to effective replies	
	2001 Christmas	2000 Christmas (only ratio)
Very good	0 (0%)	(0%)
Good	4 (7.4%)	(8.2%)
Good but not satisfactorily as Christmas sales	4 (7.4%)	(2.0%)
Ordinary	15 (27.8%)	(16.3%)
Bad	31 (57.4%)	(73.5%)
Total	54(100.0%)	(100.0%)

Also for import watches, it was not so active as in 2000 Christmas sales. “Very Good” and “Good” are much less than 2000.

Concerning Import Watch	Number of replies & ratio to effective replies	
	2001 Christmas	2000 Christmas (only ratio)
Very good	3 (5.6%)	(7.8%)
Good	9 (16.7%)	(21.6%)
Good but not satisfactorily as Christmas sales	15 (27.8%)	(15.7%)
Ordinary	14 (25.9%)	(29.4%)
Bad	13 (24.1%)	(25.5%)
Total	54(100.0%)	(100.0%)

Concerning the price range in the Christmas sales, “¥100,000-¥500,000” was active zone, and that is the same result as whole 2001. Some retailers stated that expensive watches were sold at sales fairs inviting customers at hotels. But over ¥1mil and below ¥100,000 were not active.

Sports type watches are popular continuously. Also, self-winding watches and complicated watches are favored as before. Bi-metal is getting active and jewelry watches are also coming back, according to retailers. On the other hand, normal orthodox models and leather strap models are getting slow. Retailers’ comments for large size models are separated in positive and negative.

As the most popular brands in the Christmas season were Rolex, Cartier, Omega, followed by Frank Muller, Patek Philippe and Breitling. However, short supply of popular models is still indicated by retailers.

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FH-TOKYO  
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