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# CONSOLIDATION OF THE EMPIRES

RETROPERSPECTIVE

Pierre Maillard

**T**he figures are there, impressive, unmistakable: in 2012, the Swiss watchmaking industry passed the historic barrier of CHF 20 billion at export (figures declared at customs), reaching 21.418 billion. This is a growth of nearly

10 per cent compared with 2011 and 32.5 per cent over 2010. To this we have to add the Swiss domestic market, then multiply everything by a factor of 3, 4 or 5... depending on the margins that vary greatly from one brand to another to estimate the global turnover of the Swiss watchmaking industry. Let us say, for the sake of argument and for want of any means of measuring the statistics more precisely, that this is around CHF 60 billion.

## 6.9 million mechanical watches alone account for CHF 13 billion!

Whatever the details behind these figures are, one thing is becoming more and more obvious: Switzerland—a dwarf in terms of the number of watches produced worldwide, accounting for a mere 3 per cent (36 million watches) of the 1.2 billion timepieces produced each year—holds the lion's share in value at 60 per cent, and reigns supreme at almost 100 per cent in terms of image.

### The true average price: that of the mechanical watch

Of course, these triumphant figures need to be looked at more closely in order to draw any conclusions. Two elements in particular are of interest to anyone who is trying to discern any strong trends behind the statistics: the developments in the num-

ber and value of watches exported and the distribution of these exports among the different producers. The first thing we notice is that, in terms of volume, the number of pieces exported is down 2.7 per cent compared with 2011 but that the value has increased by 11.3 per cent. This automatically means that the average price

## The Swatch Group, Richemont, Rolex and LVMH alone account for almost 50 per cent of the global sales of the world's watch industry

ber of a Swiss watch at export has increased. In 2012 the average price of a Swiss Made watch at export was officially CHF 693. But this average price needs to be put into context. It needs to be compared with a much more significant average price: that of the mechanical watch. This is CHF 2,222! So around 6.9 million mechanical watches thus account for CHF 13 billion, leaving

CHF 4.8 billion to be spread across just over 22 million electronic timepieces (many of which are from Swatch) for an average price of CHF 219. This means that some 7 million watches account for 75 per cent of the value of Swiss exports (the difference also includes

movement exports, which we have not taken into account).

In global terms and by extrapolation, we can therefore say that only 7 million pieces represent almost half of the total value of the global watch industry. According to the statistics, this share is increasing every year, following the same trend as the curve showing the distribution of wealth around the world. Although the watch industry is still quite wide of the mark, since according to the Global Wealth Databook published by Credit Suisse, which can hardly be considered as leftist propaganda, 1 per cent of the population holds 43.6 per cent of the world's wealth and 10 per cent holds 83 per cent. But the trend, logically, is working hard towards this.

### War machines

The second observation is that the empires are absorbing the lion's share. The Swatch Group, Richemont, Rolex and LVMH alone account for almost 50 per cent of the global sales of the world's watch industry, the



### Ref. 5227 by Patek Philippe

This new reference in the Calatrava collection comes in a 39mm diameter case in 18-carat gold and has a face of the most refined sobriety. The lacquered dial in cream is punctuated only by the three hands, sleek hour markers and a minute scale, plus the date at 3 o'clock and the Patek Philippe inscription. The slender 9.24mm thick case conceals a tiny pusher for opening the hinged officer-style case back, behind which the Patek Philippe self-winding calibre 324 SC can be admired through a transparent sapphire crystal case back.

[www.patek.com](http://www.patek.com)

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## LVMH INCREASED FIREPOWER

*Under the leadership of Francesco Trapani, the watchmaking and jewellery arm of LVMH (TAG Heuer, Hublot, Zenith, Bulgari, Vuitton, Chaumet, Fred, de Beers) will be entering this year's edition of BaselWorld with increased firepower, thanks mainly to the success of TAG Heuer, Hublot and Zenith, and the increasing power of Louis Vuitton watches.*

*The recent announcement that TAG Heuer's emblematic CEO Jean-Christophe Babin would be transferring to the luxury steamer Bulgari at the end of June 2013 surprised observers, especially given the man of indefatigable dynamism's close attachment to the "values" of the sporty brand. But it is his undeniable success at the head of TAG Heuer that destined him for this very difficult (and unofficial) mission to bring Bulgari up to the same level as Cartier. (...)*

## TAG HEUER BREAKS THE BILLION BARRIER



The brand has considerably strengthened its industrial integration and production of its own manufacture movement (the Calibre 1887, an integrated column-wheel chronograph with oscillating pinion) has now reached its full capacity and allows TAG Heuer greater autonomy, which is welcome given the current extreme tension in the movement market. (...)

figures public), Nick Hayek recently said that his group "has the potential to reach 9 billion in turnover in 2013 and 10 billion by 2014 or 2015". Richemont, whose financial year runs to May, should see an increase

to stop deliveries, if only to say that a final agreement with the COMCO (Switzerland's competition commission) is expected soon (at the time of writing, we do not know what the tenor of this agreement will be).

## The considerable efforts towards industrialisation will mechanically increase the groups' domination.

of about 10 per cent and therefore exceed the €8.87 billion for 2011-2012 (although the third quarter results announced in early January, with growth of 9 per cent year-on-year, "disappointed" analysts).

The watches and jewellery arm of LVMH saw an increase of 6 per cent to reach €2.84 billion, with Bulgari consolidated into these results since June 2011.

It's clear to see that these three groups, without even considering Rolex, exceed CHF 20 billion in turnover, which is the entirety of the Swiss figures declared at customs for export, giving an idea of the true size of their increasing weight.

The big groups, shepherded by the stock exchange, have become veritable war machines, but they all believe that they cannot continue to exhibit double-digit growth indefinitely, especially in China. Nick Hayek, for example, predicts "growth potential for the industry of 6 to 7 per cent in 2013", adding in passing that "the industry has become less cyclical. Variations and amplitudes have largely been smoothed out (...) The watch industry has become much more stable. At least for the Swatch Group..." he adds mischievously.

### Colossal investments

The considerable advances by the groups will increase mechanically as a result of their considerable and continuous efforts towards industrialisation. We don't want to go back into the detail of ETA's decision

Whatever is decided, the considerable investments already made or planned by the big groups which are competing with the Swatch Group should allow them to gain an increasing amount of industrial autonomy for components and movements. But they will need another decade to reach this objective. At the start of 2012, the total investments in the watchmaking industry were over CHF 650 million. Richemont led the pack, planning to invest CHF 100 million in a new production site for Cartier, the same amount to turn Val Fleurier into a centre of movement production, 25 million for a new Panerai factory in Neuchâtel, 20 million to

factory, between 15 and 25 million for a Louis Vuitton factory in Geneva, 30 million to double the size of the Hublot factory and another 25 million to reorganise Zenith. Not forgetting Rolex, which inaugurated its new flagship in Bienne in 2012: 100 million invested for movement production. It's a similar story with the independents. Recently, Audemars Piguet put down 25 million to build a factory in Geneva, and Chopard continues to increase the production of its own movements, to give just two examples.

Far from just watching these offensives, the Swatch Group has also reacted. Recently, Nick Hayek announced that his group would continue its efforts in 2013 and planned to invest another 400 to 500 million "to finish buildings under construction, launch new industrial projects and add to our machine park", at the same time mentioning in passing that ETA, which is finishing a new production centre in the Swiss Jura, is now capable of "producing 14 million movement components per day".

### Room for progress

The recent decision by the Swiss national council (the parliament) to agree to the Federation of the Swiss Watchmaking Industry's insistent demands to increase from 50 to 60 per cent the value of Swiss components required in a watch in order

## A Swiss Made at 60% will boost industrialisation but may also increase the cost.

build a new production facility for Vacheron Constantin (out of a total of 130 million announced over the coming years), 15 million to extend Piaget, not counting the 100 million already spent on IWC over the past ten years.

Similar efforts are under way at LVMH with 25 million to create a new TAG Heuer

for it to be awarded the label Swiss Made, although contested by around 10 per cent of the industry, will undoubtedly strengthen the process of industrialisation that is under way. But it also risks increasing the cost price of the watches! Unless new industrial solutions, using greater automation, can compensate for this.

François Thiébaud, CEO of Tissot (Swatch Group) recently told us that “with the increase in the standard of living in emerging countries the potential for growth is enormous and Switzerland could quickly take 10 per cent of the world watch mar-

are contradictory to say the least. The Chinese market clearly stalled last year, with a tiny +0.6 per cent compared with 2011, which was undoubtedly a record year with +49.2 per cent. It’s therefore easy to conclude that we have stocked

who dream of logos, and the insolence of prices that highlight the chasm between the richest and the poorest.” And she adds that, for export markets, “China uses a quid pro quo for luxury at the WTO (...) Because it is helping to make Old Europe richer, China is starting to let people know this and use it in its negotiations with the WTO (...) pulling on the sensitive strings of luxury to obtain concessions elsewhere”.

So there are numerous indicators that suggest we may not be able to count on the sustainability of the Chinese Eldorado in the same cultural, social and regulatory framework.

This is also one of the reasons why the entry-level and mid-range have a fundamental role to play, precisely for a long-term view of the Swiss watchmaking industry’s development. The same is true whether we talk about China or new commercial battlegrounds such as South America or India, an eternal promise that has never really been kept. In battles you need a lot of foot soldiers. Basic but quality foot soldiers!

### Service at the heart of the battle

A recent survey conducted by *Europa Star* in China highlighted the strategic importance of customer service. Neglecting this

## “we need entry-level products as well as 'grands crus classés'”

ket in terms of quantity, increasing from the current 20 billion at export to 100 billion! But for this to happen we need to continue our massive efforts towards industrial expansion, because we need entry-level products as well as 'grands crus classés', which we are fortunate to have but which are not our daily bread and butter.” [See the interview in this issue.] But apart from the Swatch Group, with Tissot producing several million watches per year, the entry-level segment, or even the mid-range segment, has largely been deserted by the other groups, which are all investing in the high-end (with the exception, perhaps, of TAG Heuer or Cartier, which have strengthened considerably the “lean” production of their entry-level products—if we can call them that, since a Tank Solo in steel with a quartz movement still costs nearly CHF 2,000, compared with Tissot’s new self-winding, COSC-certified chronometer, which sells for CHF 800). The incessant move higher up in range seen over the past years, which sometimes seemed to be running away with itself, may well soon reach its limits in markets that are starting to become saturated with high-end timepieces.

### If China stalls...

Everywhere we can sense a vague anxiety in the air, a small but insistent refrain of market turnaround. The signals from China (*Europa Star*, present in China since 1994, opened a permanent office in Shanghai in April 2012, managed by Jean-Luc Adam)

the shelves for several years! This impression is confirmed by our local observers, who are astonished to see huge flamboyant stores everywhere but with few apparent customers. But China is still officially the third biggest market for Swiss watches, with 1.6 billion in exports. And for some brands, including big names, this market is the main source of sales. But the signals sent out by the political transition that is under way, the fight—announced for the umpteenth time—against corruption, sinecures and other business “gifts” (many of which are Swiss watches), campaigns against luxury, bans on advertising... are starting to cast a shadow. What if, stigmatised, the Swiss watchmaking industry became a hostage

## “China is pulling on the sensitive strings of luxury to obtain concessions elsewhere”.

to China’s internal political struggles? “Luxury, Beijing’s bargaining chip”, ran the recent headline in the *Le Monde* newspaper. In her analysis, Nicole Vulser explained that “Beijing is concerned about the possible damage that luxury could cause in its internal market among less well-off members of the population,

could have serious repercussions over the long term. In a market like China, the negligence of watch brands is sometimes shocking and we heard from a number of outraged people. [Read our new section *Service, Please!* in *Europa Star* 6/12]. And as the country’s watchmaking culture

(continued on page 10)

## ZENITH, A TEXTBOOK CASE



Zenith achieved sales of around CHF 150 million in 2012 after selling around 25,000 watches (including 100 high-end pieces like the Columbus) and has just invested CHF 20 million in the extension and refurbishment of its historic factory building, which dates back to 1908. (...)

## VUITTON, VERTICAL INTEGRATION FROM ABOVE



An exceptional watch recently created (and sold) by Louis Vuitton is the perfect example of the brand’s watchmaking strategy. This unique piece costing 520,000 euros does not signal a change in business strategy (the average price of a Louis Vuitton watch is around 5,000 euros) but it is emblematic of the Paris-based company’s increasing watchmaking clout. (...)

Read the full article in *Europa Star* N°318 or on [www.europastar.com/watch-aficionado](http://www.europastar.com/watch-aficionado)



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# PATEK PHILIPPE – IN SEARCH OF THE PERFECT BALANCE

## COVER STORY

↑

Ref. 5227 by Patek Philippe

### Pierre Maillard

**1** 932. The Stern family buys Patek Philippe. The same year, Reference 96 is launched and is promised a great future under the name Calatrava. And so the story of a collection starts. Yet nothing appears more "simple" than this Reference 96, whose round shape and absolute sobriety are dedicated entirely to a single function: that of displaying the time with the greatest possible perfection, in a timeless form. The influence of the Bauhaus movement, whose minimalist principles stem from the

conviction that "form follows function", is evident. The success of this "essential" watch is no doubt due to a precise coordination, a perfect balance between the purity of its form and the simplicity with which it carries out its function. A balance which, contrary to appearance, is far from easy to achieve. Do we not rightly say that "making things simple is one of the most complicated tasks"? Because in a shape that is as fundamental as the circle, the slightest of details can make or break the balance of the whole, and all of them are interdependent. This is where the creators of the Reference 96

followed another precept of the Bauhaus movement, whose founder, Walter Gropius, said in 1919 that there is "no real difference between the artist and the artisan". So the Reference 96 is, in its own way, a "work of art" that accomplishes its horological function to perfection. It is without doubt this particular quality that has made the model so successful throughout the 20th century. It now enters the 21st century showing no signs of age.

### A long line of variants

Over the past 80 years the Reference 96 has been reinterpreted and produced in

different variants in a line of timepieces that only took on the generic name of Calatrava in the 1980s. The original gents' watch had a 31mm diameter—which seems minuscule by current norms, since the average size of a Patek Philippe today is around 37-38mm. Its shape has gradually increased in size but has also taken on many different nuances, both in terms of the materials used—white gold, rose gold, platinum—and technical innovations introduced for the functions (such as the Reference 2597 from 1958, whose adjustable hour hand allowed the time zone to be changed at will).





REF. 96200 by Patek Philippe

Having evolved progressively over the years without ever losing the sobriety that gives it its profound identity, it was also offered in ladies' models, in self-winding watches with coloured guilloché dials, with diamond-set bezels and even with dials in cloisonné enamel or precious wood marquetry. But in 1973 a model was launched that would become the undisputed flag-bearer for the collection, Reference 3520D. It was the first Patek Philippe timepiece to have



#### THE CALATRAVA CROSS

The Calatrava Cross emblem has been used by Patek Philippe since the end of the 19th century but did not give its name to the line of watches descended from the Reference 96 until the 1980s. As a symbol of mastery and perfection it was adopted from 1158 by Cistercian monks in the Calatrava Order, whose name comes from the Calatrava fortress which these soldier-monks had the duty to defend. Later attached to the Spanish crown, the monks from the Order of Calatrava took on the conquest of Granada.



REF. 5119G by Patek Philippe

*Clous de Paris* on its bezel. This type of decoration, which is also called "diamond tips", was first seen in medieval times but made popular much later by Parisian jewellers (hence its name) and is a type of guilloché that consists of grooved, criss-crossed lines that form small pyramids arranged next to each other. It is geometrically delicate and, while it makes the watch all the more precious, totally respects the sobriety of the piece, even underscoring it with elegance.

This emblematic *Clous de Paris* model, with a genuine timeless beauty, has even become the symbol of a union between two people, particularly in the Asian markets, where it is offered in a box containing two identical watches that differ only in size, one for the lady and one for the gentleman.

#### "Officer and gentleman"

Another traditional model from the Patek Philippe *manufacture* is the "Officer" style watch. Its origins date back to the first world war, during which small pocket watches with a hinged back cover were transformed into wristwatches, which were much easier to read in the heat of battle. Originally conceived for officers, these watches kept their designation when they transitioned to "civilian" life. Ever since, Patek Philippe has given certain high-ranking models a discreet cover to protect their transparent

case back (which is also perfect for any type of personalised engraving).

You may think that it's quite an easy task to produce a hinged cover according to the normal industry standards. Far from it. In the case of the new Calatrava Reference 5227, in fact, it is a veritable artisanal challenge.

Because the new "treasure" in the Calatrava collection is fitted with an "Officer" type hinged cover, bringing together in one timepiece two of Patek Philippe's purest expressions of watchmaking.

#### The importance of the case

When the connoisseur thinks of Patek Philippe, he often considers above all the excellence of its mechanical movements. But he also knows that the case is equally important. A watch is an ensemble and the production of cases, their design, construction and finishing have always been treated with the same rigour by the watchmakers at Patek Philippe.

For a long time, long before all the workshops that were spread across Geneva were brought together in a huge *manufacture*, Patek Philippe has had control of all the operations and professions involved in designing and manufacturing cases. They are cold stamped in solid metal in hydraulic presses that exert pressures of several tonnes, then "sculpted" by dies

and punches developed within the *manufacture*. The laborious manual polishing operations that follow are also done internally. But in the specific case of the Officer watches, the production of the delicate hinges used on the cover requires different production methods, high-tech for the precision of the components and manual for their adjustment, which is done to a thousandth of a millimetre. This is all the more important, given that the remit was to imagine, conceive and produce a Calatrava with a particularly thin case and a sapphire crystal back fitted with a cover whose hinge remains totally invisible.

#### Calatrava Reference 5227

The new Calatrava Reference 5227 comes in a round—of course—case with a 39mm diameter, stamped in 18-carat gold. From the front, it has a face of the most refined sobriety, enhanced by a smooth bezel with a slightly concave profile and curved lugs. Under a slightly domed sapphire crystal, its cream lacquered dial is a model of readability and uncluttered elegance. The space is punctuated only by applied "bâton" style hour markers in gold between the small gold dots of the minute track. A date display at 3 o'clock is framed by a window whose frame is cut out of gold. Two faceted gold "dauphine" type hands indicate the hours and minutes, while a slender hand with a counterweight beats out the rhythm of the seconds. From the side, the case shows fine curved grooves that look as if they have been cut out of the solid gold with a gouge and then painstakingly polished. But the flat profile of the case, which is only 9.24mm thick, shows no hint of a back cover concealing the sapphire crystal. You can barely see, under the crown, the small "ear" to open the cover!

The invisible hinge, as modest as it may seem, is in fact the result of great craftsmanship. Machining the components and adjusting the cover require more than just microscopic precision. Its assembly requires patience, dexterity and know-how to ensure that, once the cover is closed, there is no visible join. And astonishing as it may





REF. 5227 by Patek Philippe

seem, this also requires good hearing, to make sure that closing the cover gives the required "click", characteristic of the well-made mechanism.

### An avant-garde motor

Once the cover is opened, the eye can wander across the self-winding calibre 324 SC that powers the watch. The level of care apparent in its traditional finishing, most of which is done by hand—bridges with edges bevelled to a round profile, *Côtes de Genève*, gilt engravings, solid-gold oscillating mass decorated with circular graining and a Calatrava Cross—are in contrast with certain avant-garde characteristics of this movement, the stability and precision of which conform to the strict requirements of the Patek Philippe Seal (-3 to +2 seconds of variation in rate per day). Beating at a frequency of 28,800 vibrations per hour (4Hz), it is fitted with a large Gyromax® balance with four arms, which has a Spiromax® balance spring in Silinvar®, which brings together all the silicon components that Patek Philippe has developed over the past ten years. This very high-precision technology offers the

significant benefits of a lack of any need for lubrication and improvements in isochronism (and therefore in precision), the geometry of the components and resistance to shocks and corrosion.

Over 80 years after it first appeared on the watchmaking scene, the Calatrava pushes the Bauhaus philosophy even further. Form is the pure expression of function and the latter must strive to get ever closer to its horological ideal of precision, stability and reliability.

The Patek Philippe Calatrava Reference 5227 (which Patek Philippe calls the "Officer and gentleman" watch) is offered in 18-carat yellow, white or rose gold (5N) and comes with a hand-sewn large-scale alligator leather strap in shiny chocolate brown for the yellow-gold version, shiny black for the white-gold version and shiny dark chestnut for the rose-gold version, each with a pin buckle in the corresponding metal. ■

For more information about Patek Philippe click on Brand Index at [www.europastar.com/watch-aficionado](http://www.europastar.com/watch-aficionado)

## ART DECO IN THE SILICON AGE

Patek Philippe's proprietary silicon-based components are used in the newly developed calibre 28-20 REC 8J PS IRM C J manually-wound movement to offer a power reserve of over one week in combination with a day-date display. Although such an impressive endurance is not new to the brand (Patek Philippe presented its Ref. 5100 with a ten-day power reserve in 2000), this new calibre is all the more remarkable for its ability to incorporate the energy-sapping functions of day and date display while guaranteeing a power reserve of at least 192 hours.

The Pulsomax® escapement used in the movement, which consists of a pallets and escape wheel made in Silinvar®, is friction-free, which saves energy on each contact between the pallets and the escape wheel. With the 4Hz movement producing 5.53 million such contacts over the eight-day power reserve, the energy saving is considerable. Furthermore, the anti-magnetic and corrosion-resistant Silinvar® is also two-thirds lighter than steel, which means that even more energy can be saved compared with a conventional escapement.

Two in-line mainspring barrels, hidden beneath a large mainspring barrel plate visible through the sapphire crystal case back, provide the necessary power for the timepiece once armed by 134 turns of the crown. Alongside this dominant feature are Patek Philippe's distinctive three bridges for the going train and escape wheel and the generously dimensioned balance cock. All surfaces are decorated in the best Patek Philippe tradition with *Côtes de Genève*, chamfered and polished edges, longitudinally grained sides and gold-filled engravings.

The ensemble is enclosed in an 18-carat white-gold case of Art Deco distinction—a rounded rectangle with protruding, rounded flanks that is meticulously crafted from solid-gold bars at the company's Geneva workshops. The time is displayed by "Dauphine" hands against polished white-gold "baton" style hour markers on a blue or silvered dial, matched by a shiny blue or matt black alligator leather strap with a pin buckle in 18-carat white gold.



## WHEN ARCHITECTURE IS THE MESSAGE

*Two big Parisian brands, Hermès and Chanel, who have both acquired a horological legitimacy with completely different styles, are counting on their “pavilions” to convey their message.*

### HERMÈS IN FLUID CURVES



Hermès entrusted the creation and implementation of its new stand – or “pavilion” – at BaselWorld to Toyo Ito, a refined architect, who was inspired as much by imperial Japan’s tea pavilions as he was by the most futuristic or soft technologies. (...)

### CHANEL, A MONOLITH IN BLACK AND WHITE



To mark its ten years of presence in Basel, Chanel, now in Hall 1, inaugurates a new three-storey stand (1,580 m<sup>2</sup>), designed by American architect Peter Marino, who is popular with the big fashion houses. (...)

Read the full article in Europa Star N°318 or on [www.europastar.com/watch-aficionado](http://www.europastar.com/watch-aficionado)

(continued) spreads, the customer expects more in terms of what the product promises. The disappointment is all the greater and the confidence dented when one has to wait six months, moving from centre to centre (and paying at each one), or even being sent to the competition, as a web-savvy Chinese collector of high-end pieces told us. “The giants of luxury, who have so far sold in abundance without asking too

there are also serious economic consequences at stake. Only a diverse industrial fabric will allow us to explore new avenues and assist creation and innovation in a varied and bustling industry, producing everything and anything.

But besides a handful of big and robust independent brands (which produce anything from machines for millionaires, like

middlemen. Those who are not already backed up by a retail network have to go door to door, from one already full show window to another. Sometimes the edict comes from above and they are asked to move on!

Among those who manage to get by are the brands who are active in *über horlogerie*, producing tens or even hundreds of pieces per year. Singapore, among other markets, loves them because of their iconoclastic way of breaking codes, or even inventing new ones. Here too, there has been a lot of excess, but the most talented and the sharpest have done well and are now a fully-fledged part of the watchmaking landscape, like De Bethune, Urwerk, MB&F and others, or in an entirely different category, Laurent Ferrier, for example. And come what may, there will always be a demand, from a rich and passionate minority, for these beautiful “egoist” machines, as Max Büsser himself calls them.

#### Retailers in the hot seat

Another watchmaking profession, the retailer, also has some cause for concern. Following the trend started by the big fashion groups, watch brands have for some years been increasing dramatically the number of their own-name stores. They

## Biodiversity is vital for any organism that hopes to survive

many questions, should seriously rethink how they attract this rich clientele,” Nicole Vulser says in her analysis.

It is now more strategic than ever to offer a customer the best possible service. Here too, industrial power is a clear advantage. Isn’t one of the Swatch Group’s strengths the fact that it has been selling ETA “tractors” worldwide for decades, which thousands of watchmakers around the world are capable of servicing? It’s a way to drastically reduce lead times for repairs, especially when so many “manufacture movements” have to be sent back to Swiss pastures for attention!

Service, Please! is our name for this new section that provides good and not-so-good examples, because service has become imperative and should be included in the Swiss Made label.

#### Concerns among the independents

We often reflect the concerns of the independents in our articles because we believe that a broad-based industrial fabric, consisting of various brands and independent sub-contractors, is vital for the good health of the entire industry. Biodiversity is vital for any organism that hopes to survive and when only the dinosaurs remain, they slowly become extinct or start eating each other. But beyond this “ecological” question,

those of Richard Mille—a real phenomenon—to a powerful Raymond Weil in the mid-range segment, via a series of big brands which I will leave you to list yourself... Patek Philippe clearly alone in its own separate category), there are numerous fragile cases.

In difficulty upstream, with the Damocles sword of movement supply hanging over their heads, and downstream, with it becoming increasingly difficult to gain access to retailers, independent brands

## Besides a handful of big and robust independent brands... there are numerous fragile cases

are experiencing tough times that may even put their survival at stake.

Condemned to watch the strategy games being played before their very eyes by the great watchmaking powers who want to occupy all battlegrounds, they have no choice but to fill in the gaps. All the groups have brought their operations together under subsidiaries and control the territory directly. The profession of agent is under threat and there are fewer and fewer

claim that these are not in any way in direct competition with existing retailers, but this often smacks of wishful thinking. At the same time, the big brands have also “streamlined” their distribution networks, closing a number of doors. “The aim is to achieve a quarter of our total turnover through our own stores,” Marc Hayek recently explained to *Le Temps’* Bastien Büss, regarding the distribution of Blancpain and Breguet. This example is as good as

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## ESTABLISHED BIG BRANDS CARVE OUT THEIR PATHS

*Focussing on a strong theme; highlighting heritage and history; aesthetic adventures; technological breakthroughs... the established big brands are stepping up their efforts to keep their places in the watchmaking hierarchy.*

### CORUM: CONSISTENT AND LEGITIMATE



Having started at Corum in 2005 as vice-president of operations, Antonio Calce became CEO in 2007 and, when Séverin Wunderman died in 2008, also became a minority shareholder in the brand, alongside the Séverin Wunderman foundation.

From the moment he arrived, Antonio Calce set about restoring consistency to a brand which had definitely come back under the spotlight (notably with the Bubble phenomenon) but had lost a little clarity, or rather consistency, not just with its products but also with its distribution. Today, Antonio Calce, who has not held back, believes that he has returned credibility, legitimacy and sustainability to the brand established by René Bannwart. (...)

Read the full article in Europa Star N°318 or on [www.europastar.com/watch-aficionado](http://www.europastar.com/watch-aficionado)

any, with margins which, in some territories, are well above a quarter.

But paradoxically, as we have often been told, these closures have offered new opportunities to independent brands, who have been listened to more attentively. Niches have been opened up and, nature hating emptiness, independent brands filled them up straightaway. So all is not said and done. And while the watch business may well be moving towards fewer brands, fewer intermediaries, fewer show windows, we must also take into account the social and cultural changes that are affecting our worried society.

### To be or to have?

In a recent report entitled Luxe Redux: Raising the Bar for the Selling of Luxuries, the Boston Consulting Group sought to identify the changes that are under way. The first trend observed, and the most significant according to the authors of the study, was the move away from a luxury of possession to a luxury of experience. While the baby boomers behind the success of luxury from the 1980s to today are now getting old and are less interested in accumulating wealth, generation Y is defined more by doing than having, by experience rather than possession. A watch

confusion of masstige (prestige for the masses) and is given as an example of one of the only sectors where a piece that costs \$50,000 can co-exist alongside one that costs \$50. Indeed!

### Recruit and train

Another major challenge that the watchmaking industry faces in its development

and can influence the customer's purchases in a decisive way. For brands, the quality, training and loyalty of the sales staff have become crucial. And it is where demand is strongest, in the emerging economies, that it is the most difficult to find personnel with the necessary qualifications. The brands are well aware of this and have started to set up comprehensive

## As long as a profession makes people dream, it has a future.

is the growing difficulty of finding sufficient personnel. Because the huge investments we listed above imply recruiting and training competent staff.

"This year, Swatch Group created three new jobs in Switzerland every day, perhaps even more," says Nick Hayek. According to the watchmakers' employers organisation (CIPH), "we will need to train or find 3,200 new employees by 2016." A huge figure, especially for little Switzerland, whose catchment area now extends well into France [see the report by Antoine

programmes. The same is true of customer service. In China, for example, where the notion of service itself is embryonic, these efforts will also require a real change in culture to be pushed through as the demands of an increasingly knowledgeable customer increase.

### And the show goes on...

BaselWorld takes on a special importance this year. Not just because it has been given a prestigious new architectural showcase but also because this embellishment does not correspond with an increase in exhibition surface but actually hides a reduction in the space available. So in the end there will be less room—but with a higher quality and at a higher cost—and fewer brands present, but with bigger stands.

This conscious reduction in the number of stakeholders present on watchmaking's big stage fits well with our analysis of the sector, where the "marginal" offer is increasingly being lost to the mainstream. So smaller brands will have to paddle even harder to make headway. But the magical thing about the watchmaking industry is that, notwithstanding all the difficulties and obstacles, it still holds a considerable attraction for young entrepreneurs, designers, watchmakers or quite simply dreamers. And as long as a profession makes people dream, it has a future. ■

## For brands, the quality, training and loyalty of the sales staff have become crucial.

may therefore increasingly have to compete with an extraordinary trip, for example.

Furthermore, by expanding, luxury also loses its singularity. As with fashion, its boundaries dissolve, like the great designers who have produced so-called capsule collections for major retailers such as H&M. But according to the report's authors, the global watch industry should escape this

Menusier in this issue on Switzerland's border regions]. All professions are affected by this, from watchmakers to polishers, dial makers, microtechnology designers and micromechanics.

But this urgent need for qualified staff is not just felt on the production side but also in distribution and service. The sales staff in a shop is an important advocate

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**NOMOS. German for Less.** Less is more, Mies van der Rohe used to say. At NOMOS Glashütte, this principle applies especially to design. You'll find few decorative embellishments on a watch by NOMOS Glashütte, but many elements of functional aesthetics reminiscent of the Bauhaus design criteria. Perhaps that is one of the reasons why NOMOS Glashütte has more and more fans.

Orion—the watch above—is one of many fine mechanical watches crafted by NOMOS Glashütte in the German Ore Mountains. NOMOS retailers in the US: Philadelphia: Govberg; Palm Beach: Tourneau; Las Vegas: Tourneau; New York: Wempe Jewelers. [www.nomos-store.com](http://www.nomos-store.com) and [www.nomos-watches.com](http://www.nomos-watches.com)

## FROM THE LAND OF THE RISING SUN

### SEIKO CELEBRATES 100 YEARS OF THE FIRST JAPANESE WRISTWATCH

With a touch of humour, Shinji Hattori, the great-grandson of the founder of Seiko, Kintaro Hattori, and current chairman and CEO of the Japanese watchmaker, says that he thought for a moment that "BaselWorld must have been thinking about the 100th anniversary of Seiko and Japan's first mechanical wristwatch (the company was established in 1881) when they chose 2013 as the year to inaugurate the new exhibition centre." (...)

### CITIZEN SOLAR

Solar power has been part of Citizen's history for decades. In the early 1990s, with the development of amorphous silicon solar cells (which can be deposited in thin layers), it became possible to fit a solar panel beneath the dial, paving the way for new functions and aesthetics. The solar-powered Eco-Drive 7878 calibre, launched in 1995, was the pioneer in this new technology. (...)

### THE G-SHOCK GOES MECCANO

Did you know that the first G-Shock was presented in April 1984? Almost 30 years later tens of millions of these watches have been sold worldwide but the G-Shock does not seem to have aged one bit. Has it become a quartz icon? (...)

Read the full article in Europa Star N°318 or on [www.europastar.com/watch-aficionado](http://www.europastar.com/watch-aficionado)

## SWATCH GROUP – A BILLION MORE REASONS TO BANK ON BIENNE

*After adding a cool one billion Swiss francs in sales in 2012 (+14 per cent), the Swatch Group clearly pleased its shareholders, who saw the value of their bearer shares jump by almost 50 per cent over the year and can look forward to an increase of 17 per cent in their annual dividends. When the Swatch Group's CEO Nick Hayek announced these impressive figures in March, he also committed to a further investment of between CHF 400 and 500 million this year alone, to match a similar amount that the group invested last year. The group's growth will also bring more new jobs, in addition to the 900 new jobs that it created last year in Switzerland alone. In the first of three articles about this veritable powerhouse in watchmaking, whose ETA division alone is now producing a staggering 14 million components per day, we take a look at what to expect from a number of brands in the Swatch Group at BaselWorld this year. In two subsequent articles, Pierre Maillard takes a closer look at Tissot and Blancpain.*

## THE SWATCH GROUP'S WELL-OILED WATCHMAKING MACHINE

The organisers of BaselWorld promise that almost all the stands in Hall 1 this year will be brand new, so we can look forward to seeing an entirely redesigned Swatch Group pavilion that houses, in various shapes, sizes and heights, the brands that make up the formidable watchmaking machine based on the shores of Lake Bienne. But the biggest surprise of all is that **Swatch**, the brand that revolutionised the industry thirty years ago and gave its name to the group, will for the first time be represented with a stand at the show.

### Celebrate!

The model that will take pride of place on Swatch's new stand will be the "**Swatch** Est. 1983", which celebrates the brand's 30<sup>th</sup> birthday in the simple and playful way that has made **Swatch** watches so successful over the past thirty years. Many models and concepts have been seen from the creative minds at **Swatch** since the first 12 models were launched on 1 March 1983, including designs by famous artists,



numerous limited editions and collector's pieces, an attempt to establish Internet time (although BMT—Biel Meantime as the reference for the "Beat" never really went viral) and, more recently, touch screen digital models. But the 30th anniversary model goes back to the roots of the brand with the now iconic round plastic case that is most clearly identified with the brand and time indications on the dial replaced by each of the thirty years from 1983 to 2013. Although gold is usually

associated with 50<sup>th</sup> anniversaries, we can forgive **Swatch** the exuberance of a gold finish to the movement, visible through a transparent dial, especially since the snappy "Celebrate" printed twice on a toothed driving wheel visible at 8 o'clock clearly evokes the trendy and upbeat image of the brand that revived the Swiss watch industry. Here's to another 30 years! (...)

Read the full article in Europa Star N°318 or on [www.europastar.com/watch-aficionado](http://www.europastar.com/watch-aficionado)

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