

**THE  
MERCURY  
PROJECT**

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# **2017** **THE WATCH RETAIL MARKET** SWITZERLAND LIECHTENSTEIN

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# INTRODUCTION

**The traditional watch distribution landscape is in the process of change. Despite the growth of on-line distribution channels and the importance of mono-brand boutiques, authorized in-store dealers still remain the major sales channel, but will have to face some sector consolidation in the mid-term.**

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This Report provides an overview of the watch retail industry in Switzerland and Liechtenstein. Switzerland remains an important distribution market for every watch company. Although exact sales figures for the watch business are unknown, analysts suggest Switzerland scores in the top 6 countries for Swiss watches sales and has become one of the largest markets in Europe, comparable to Italy or Germany. Due to the attractiveness of tourism in the country, Swiss watch brands need to guarantee availability of their products in all the key locations of the country, and every brand aspires to the best places, where store positioning is aligned with watch brand positioning.

This report references data from the Mercury Project census of watch retailers in Switzerland and Liechtenstein operating during the winter of 2016, as of February 28th, 2017. For the first time, we have meticulously recorded, literally one-by-one, watch retailers from Geneva to Samnaun, from Basel to Mendrisio. We double-checked our data in many ways, finally reaching a trustable and valuable picture of this strategic market for the watch industry.

Dedicated and customised reports by brand, including brand distribution strategy analysis and status on competitive environment are available on subscription. They aim to provide watch brand managements with recommendations for retailing optimization.

I hope you will enjoy the read and use this tool to support your understanding of the market and identify new business opportunities in retailing.

We stay at your complete disposal to provide further clarification and insight on the complexity of this market.

*Thierry Huron  
Mercury Project's Founder*



## Glossary

### **Brand Density Score (BDS)**

The score takes into account the sum of watch brands displayed in watch & jewellery stores. It features the density of the watch brands in any segment, category or geographical area.

### **Economy segment**

Market segment of watch & jewellery stores or departments carrying watch brands at a retail price below CHF 800,00.

### **Numeric distribution (ND)**

Brand presence as % of stores in the watch retail universe handling watch brands.

### **Premium segment**

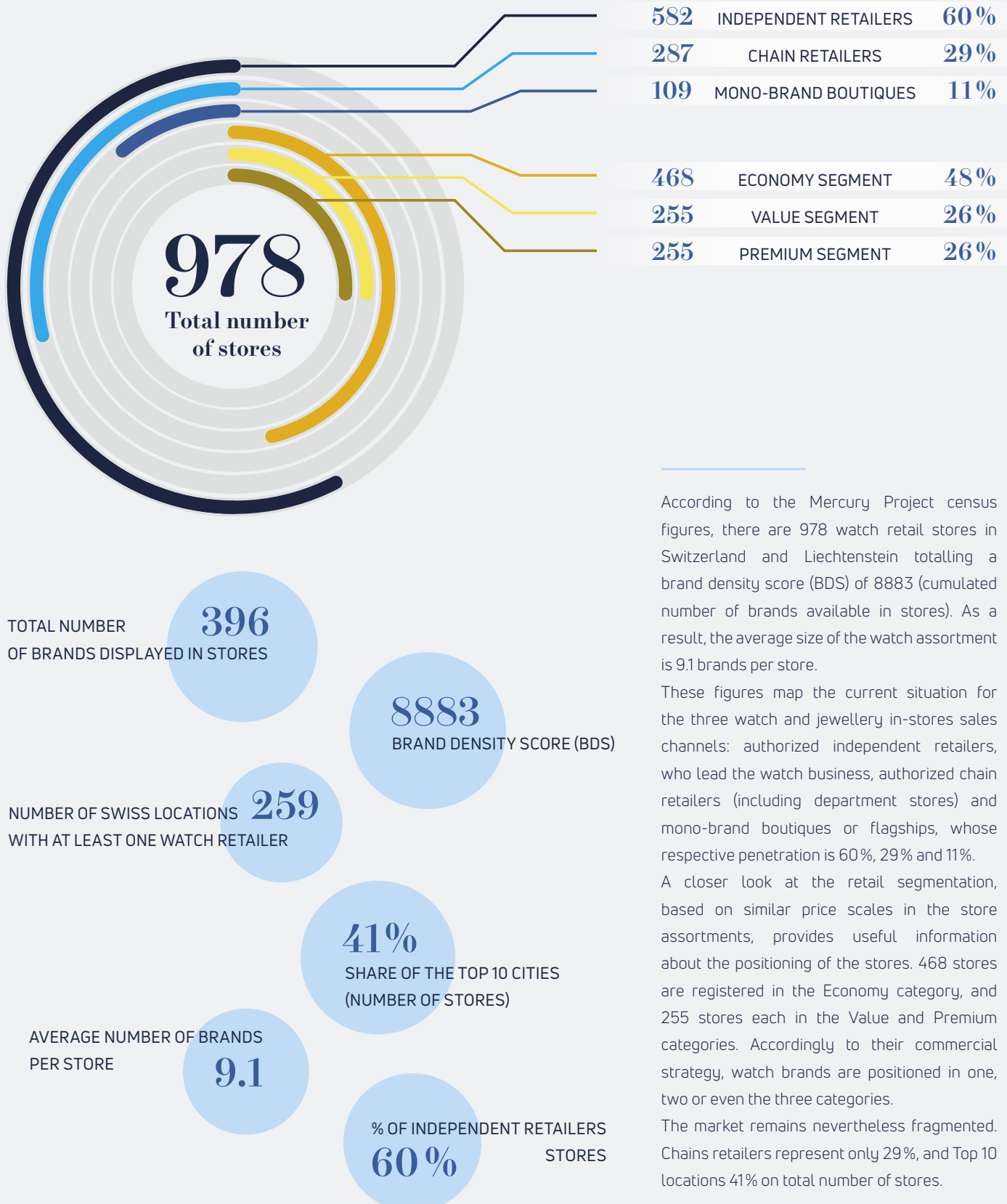
Market segment of watch & jewellery stores carrying primarily, but not exclusively, watch brands at a retail price higher than CHF 5 000,00.

### **Value segment**

Market segment of watch & jewellery stores or departments carrying watch brands at a retail price below CHF 5 000,00.

# THE WATCH RETAIL LANDSCAPE

## INDEPENDENT RETAILERS PREVAIL IN SWITZERLAND AND LIECHTENSTEIN



According to the Mercury Project census figures, there are 978 watch retail stores in Switzerland and Liechtenstein totalling a brand density score (BDS) of 8883 (cumulated number of brands available in stores). As a result, the average size of the watch assortment is 9.1 brands per store.

These figures map the current situation for the three watch and jewellery in-stores sales channels: authorized independent retailers, who lead the watch business, authorized chain retailers (including department stores) and mono-brand boutiques or flagships, whose respective penetration is 60%, 29% and 11%.

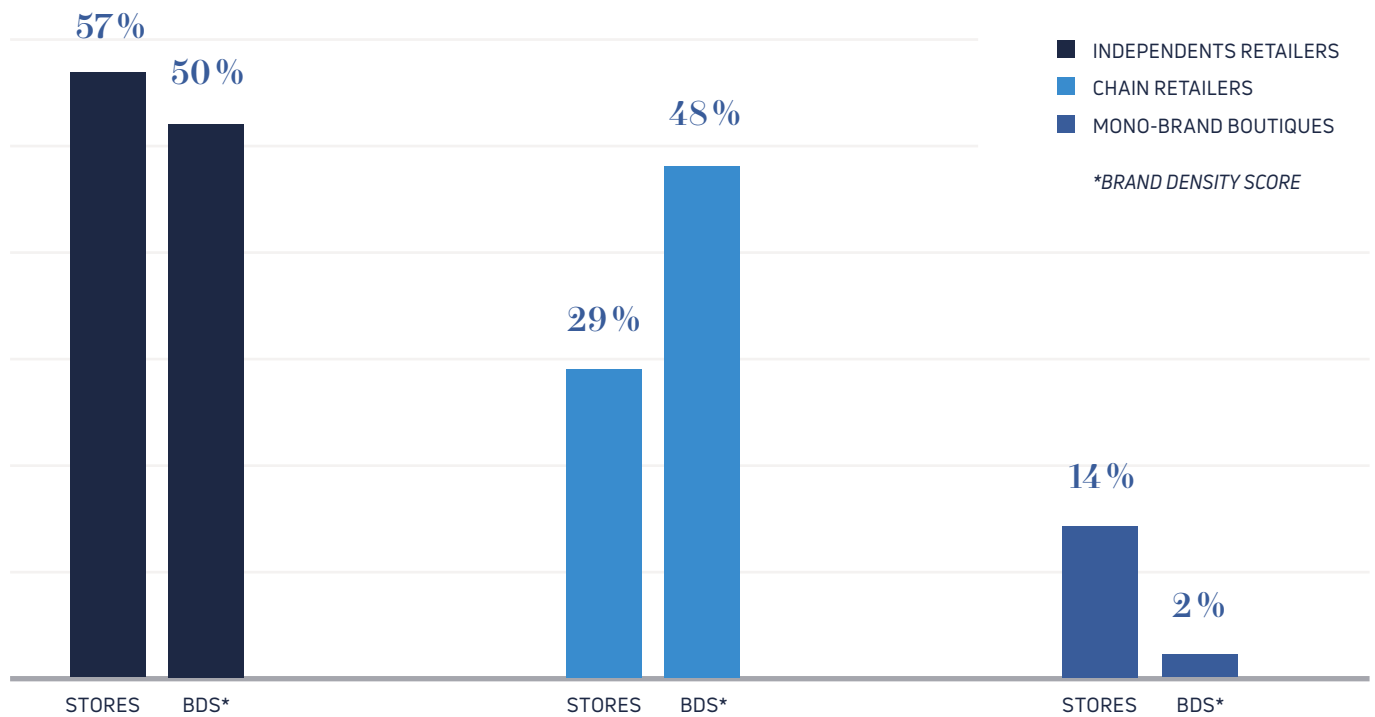
A closer look at the retail segmentation, based on similar price scales in the store assortments, provides useful information about the positioning of the stores. 468 stores are registered in the Economy category, and 255 stores each in the Value and Premium categories. Accordingly to their commercial strategy, watch brands are positioned in one, two or even the three categories.

The market remains nevertheless fragmented. Chains retailers represent only 29%, and Top 10 locations 41% on total number of stores.

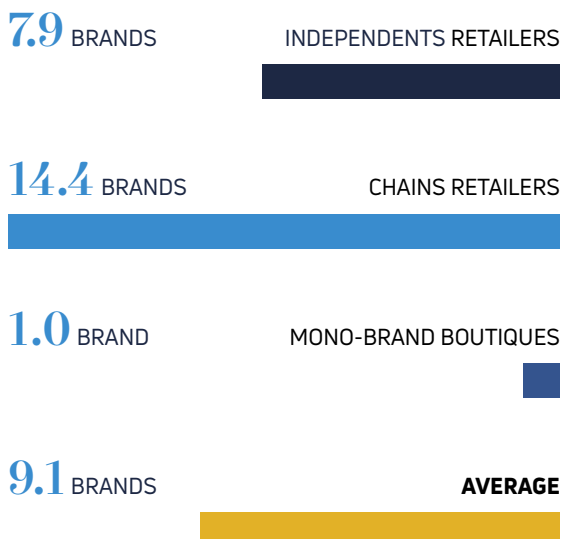
# WATCH RETAIL BY CHANNEL

## INDEPENDENT RETAILERS ARE CHALLENGED BY THE SIZE OF THE TOTAL ASSORTMENT OF THE CHAIN RETAILERS

### DISTRIBUTION OF STORES BY CHANNELS (% STORES AND % BDS)



### SIZE OF THE BRAND ASSORTMENT PER STORE



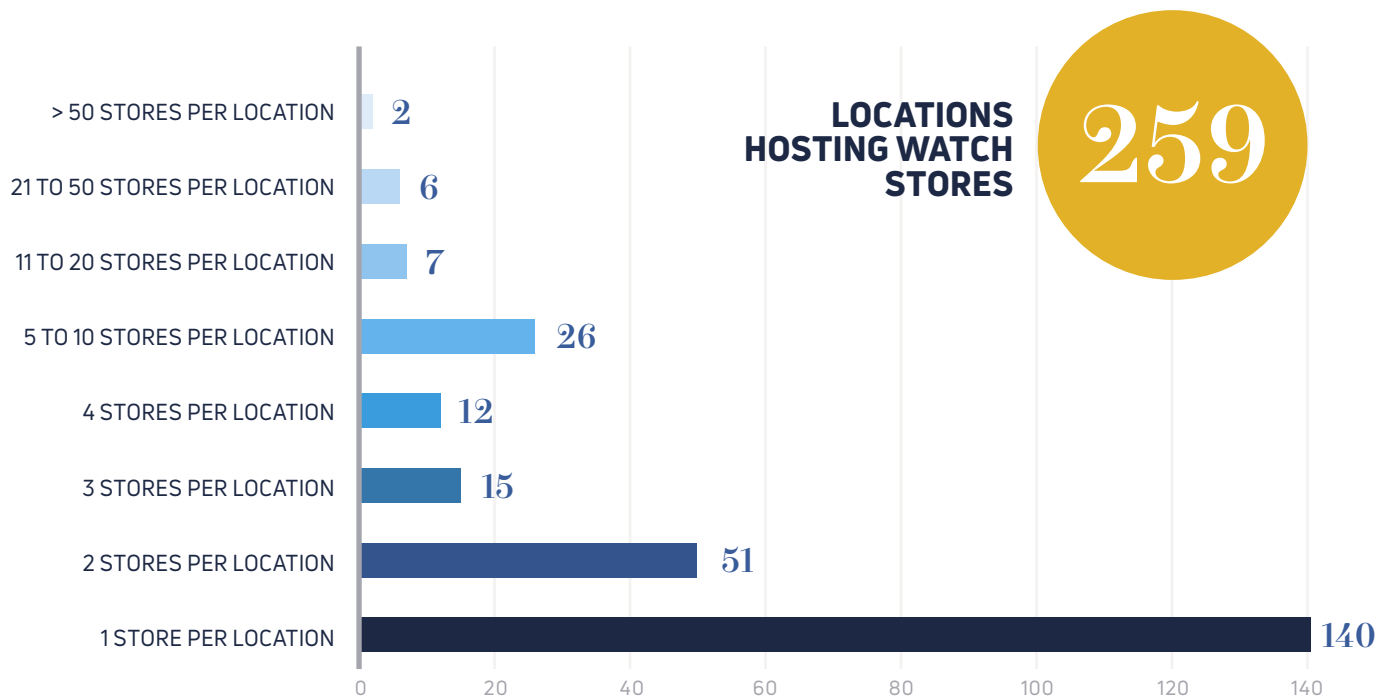
With 582 stores, Independent retail stores have the highest presence in Switzerland and Liechtenstein representing 60% of the market, then followed by 287 stores (29%) belonging to Retail Chains (including Department Stores) and 109 Mono-Brand stores (11%).

Overall, the Independent stores remain the most common channel in the Switzerland and Liechtenstein watch retail sector, as they typically have longstanding relationships with watch companies. This channel increasingly faces competition from retail chains, mono-brand boutiques and now online-resellers. Through extra service, personalized relationships with their clients and the service of niche markets, they aim to maintain their market share. Interestingly, when considering the brand density score (BDS), namely the sum of watch brands carried in all stores, Chain retailers gain in importance and almost catch up with the Independent retailers (52% versus 47%). Their brand assortment is indeed double that of the Independent retailers (14.4 brands versus 7.9 brands).

# WATCH RETAIL BY LOCATION

## 259 LOCATIONS HOST WATCH STORES

### DISTRIBUTION BY NUMBER OF STORES PER LOCATION

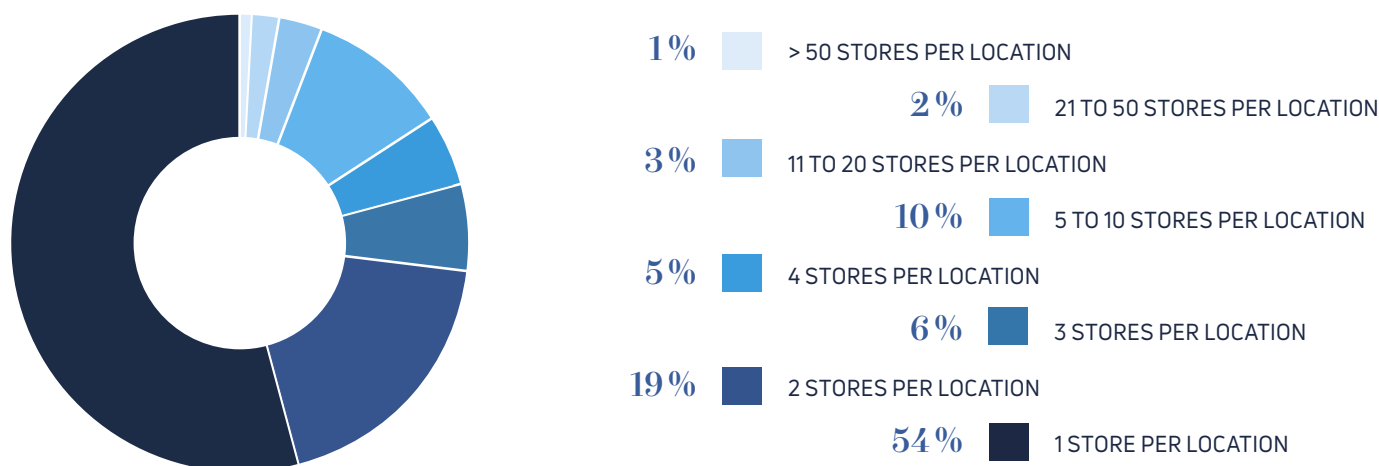


Watch retail stores are located in 259 cities. These are from all sizes and places. The distribution by number of stores per location is impressive and confirms how widespread watch retailing in Switzerland and Liechtenstein is, from rural areas to the main gateway cities of Zürich and Geneva.

The majority (54 %) of the Swiss hosting locations register only one single watch retailer store. These are mainly Chain retailers located in shopping malls and independent neighbourhood stores. These ones are increasingly leaving the scene or moving to a more profitable business, such as jewellery.

On the opposite side, the two main Swiss gateways (Geneva and Zürich) propose the highest concentration of watch stores.

### % OF STORES PER LOCATION



# TOP 10 LOCATIONS BY BRAND DENSITY

LESS THAN ONE THIRD OF ALL STORES ARE LOCATED IN GENEVA, ZÜRICH, LUZERN, BASEL AND LAUSANNE



	TOP CITIES BY BDS*	STORES	BRAND* DENSITY SCORE	BRAND ASSORTMENT PER STORE
1	Zürich	89	819	9.2
2	Geneva	97	677	7.0
3	Luzern	49	499	10.2
4	Basel	29	343	11.8
5	Interlaken	24	297	12.4
6	Bern	27	254	9.4
7	Lausanne	29	192	6.6
8	Lugano	24	171	7.1
9	St-Gallen	17	154	9.1
10	Zermatt	20	113	5.7

With almost 300 watch retail stores, the top 5 cities of Geneva, Zürich, Luzern, Lausanne and Basel combined propose the highest concentration of watch stores, but only account for less than one third of the total number of stores in Switzerland and Liechtenstein. In these cities, the presence of premium stores is very high and marks a definitive difference from mid- and small sizes locations which represent more than one third of the total offer.

If one considers instead the brand density score (sum of watch brands displayed in watch & jewellery stores) as an indicator of the density of the watch supply, Zürich would lead the ranking at the national level with 819 cumulated brands, then followed by Geneva at 677, where the proportion of mono-brand boutiques is higher and thus penalizes its score.

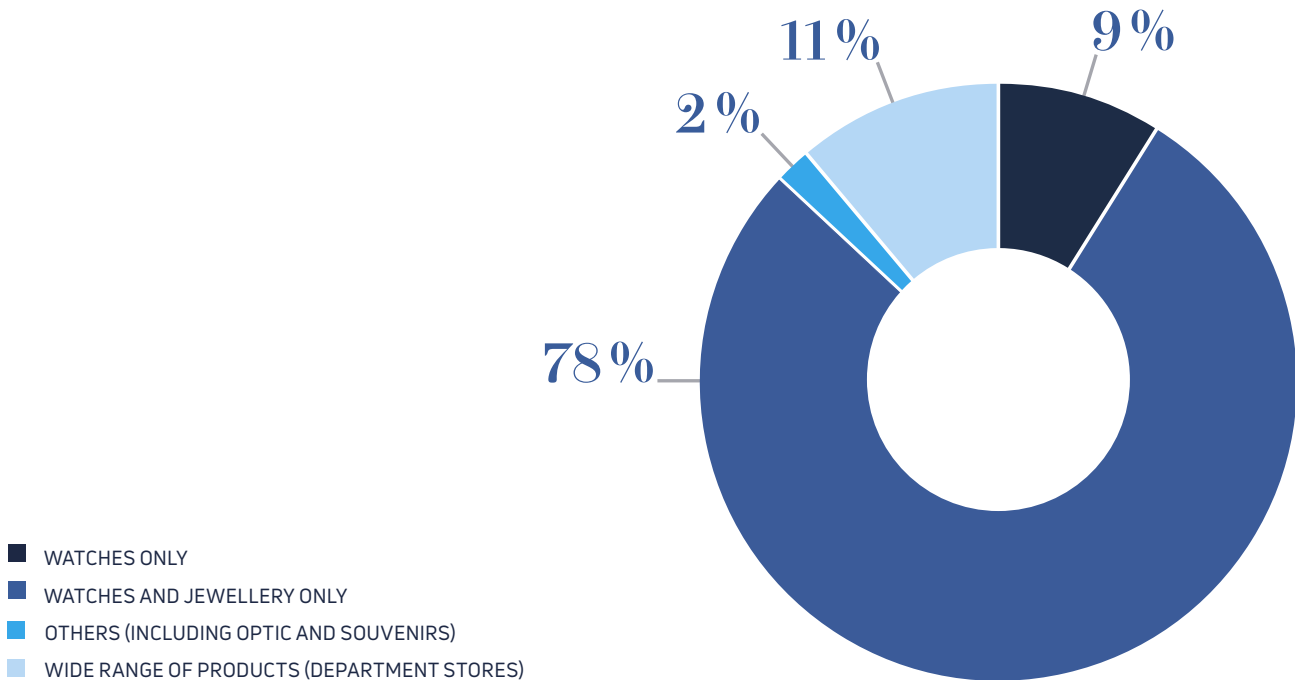
Interestingly, due to a larger brand assortment in its stores (12.4 brands), Interlaken gains 2 points in this scale and jumps from the top 7 position by stores to the top 5 position. The city clearly affirms its leading position concerning the size of the brand assortment per store.



# STORE BUSINESS MODELS

## THE WATCH AND JEWELLERY DUAL ACTIVITY BUSINESS MODEL DOMINATES THE SWISS LANDSCAPE

### STORES: SOURCE OF BUSINESS



Not surprisingly, the watch and jewellery dual activity business model dominates the Switzerland and Liechtenstein watch retail sector with a penetration of 78%, whereas the watches only business model has a penetration rate at only 9%. Needless to say that the Premium segment, carrying watches at a retail price greater than CHF 5 000,00 is massively represented in this "watches only" category.

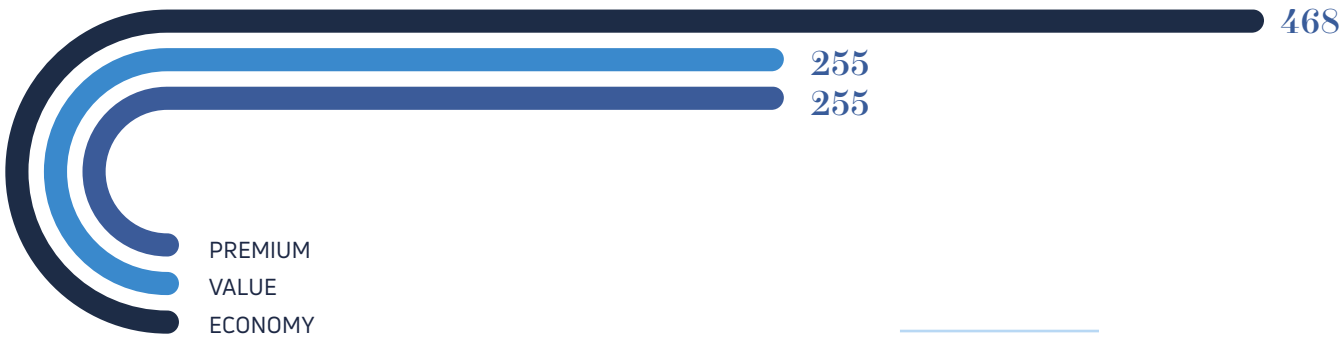
Department stores, displaying an extensive range of goods, represent 11%.

Additionally, in touristic or small size areas, stores can combine their Watch & Jewellery business with other additional sources of business such as optics and souvenirs. However, their penetration share remains minor in the overall Swiss landscape (2%).

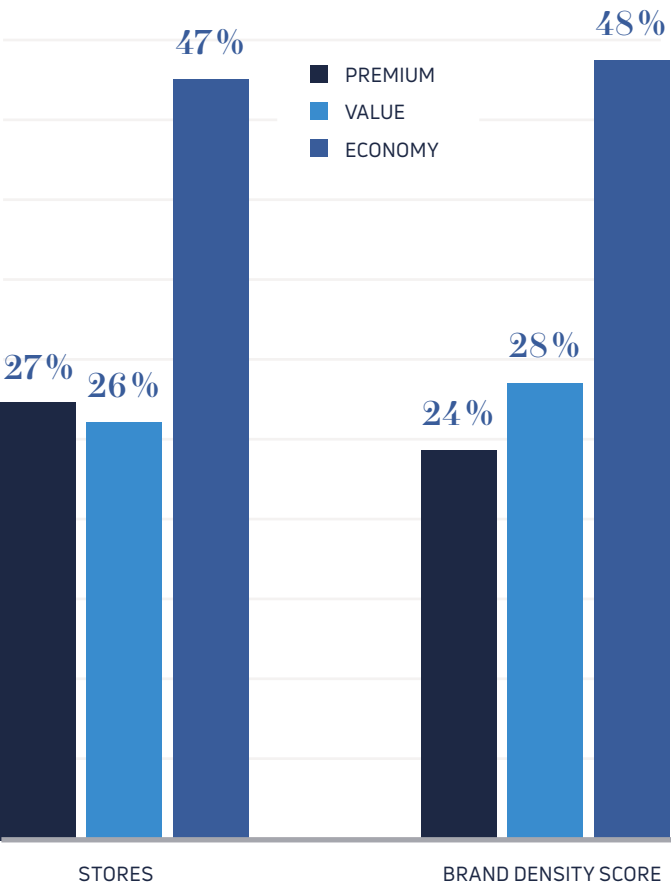
# WATCH RETAIL BY SEGMENT

THERE ARE AS MANY STORES IN THE ECONOMY SEGMENTS AS IN THE PREMIUM AND VALUE SEGMENTS COMBINED

## WATCH STORES BY SCALE



## WATCH STORES AND BRAND DENSITY BY SCALE



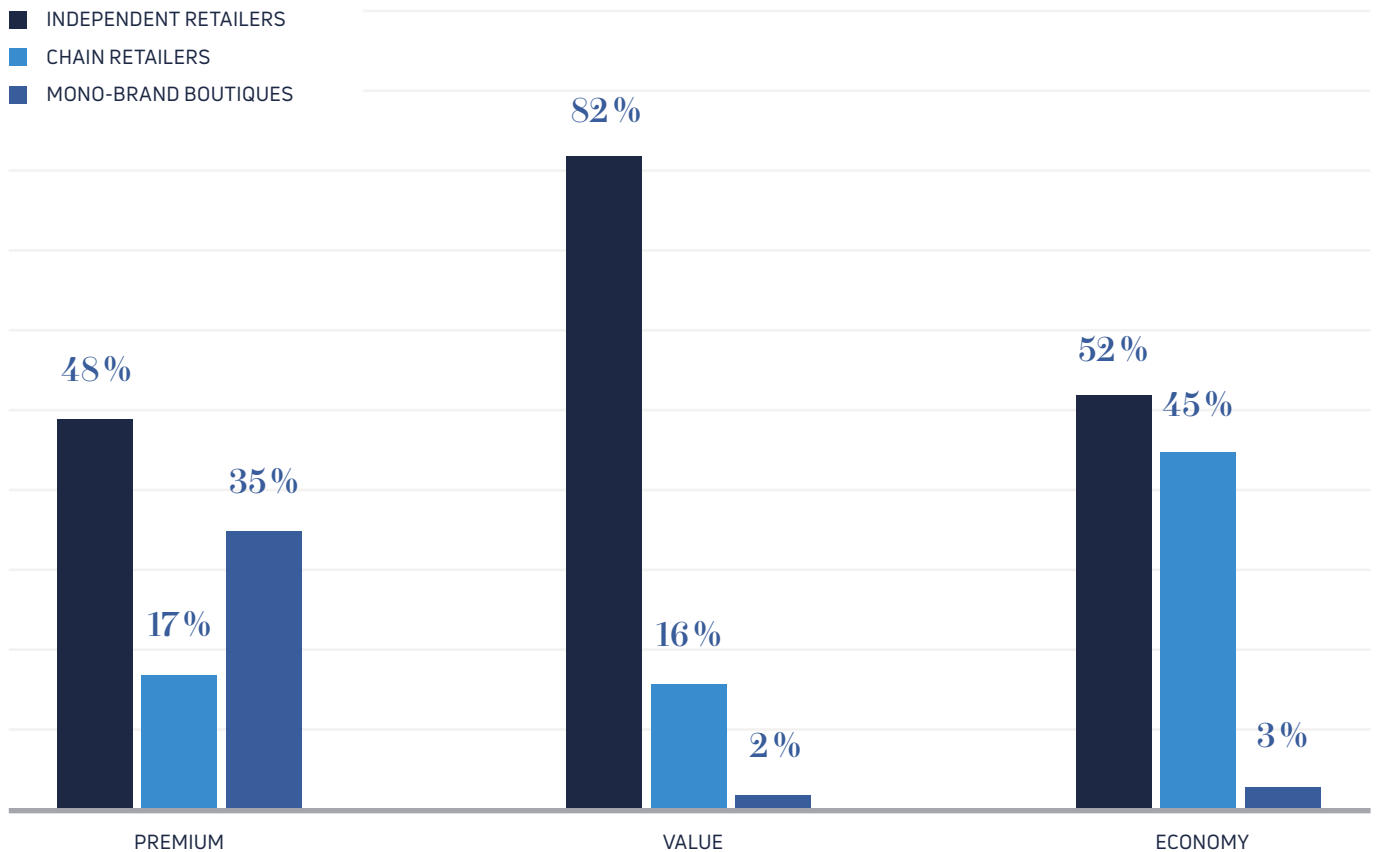
Achieving the right segmentation of the watch retail sector in Switzerland and Liechtenstein is particularly important, as retailers propose different watch assortments accordingly to their target positioning. It is also clear that some brands exist within each of the price categories. For significance purposes, a scale based on the price category of the watch brands assortment in the stores has been defined. Its analysis provides clear and manageable figures for retailers and watch companies.

- The Economy segment refers to a market segment of watch & Jewellery stores or departments carrying watch brands at a retail price below CHF 800,00.
- The Value segment defines the watch & Jewellery stores or departments carrying watch brands at a retail price below CHF 5 000,00.
- The Premium segment is the segment of watch stores carrying primarily, but not exclusively, watch brands at a retail price higher than CHF 5 000,00.

The Economy segment leads the retail watch trade in terms of number of stores (468 stores) and also in proportion of the brand density. Overall, it represents about half of the universe. It is followed by the Premium and Value segments. Both register the same penetration (26%). Due to the presence of mono-brand boutiques, the brand offer of the Premium segment is limited to 24%. It gives an advantage to the Value segment, which scores at 28%.

# WATCH RETAIL BY SEGMENT AND CHANNEL

**INDEPENDENT RETAILERS OVERALL, CHALLENGED BY MONO-BRAND BOUTIQUES IN THE PREMIUM SEGMENT AND RETAIL CHAINS IN THE ECONOMY SEGMENT**



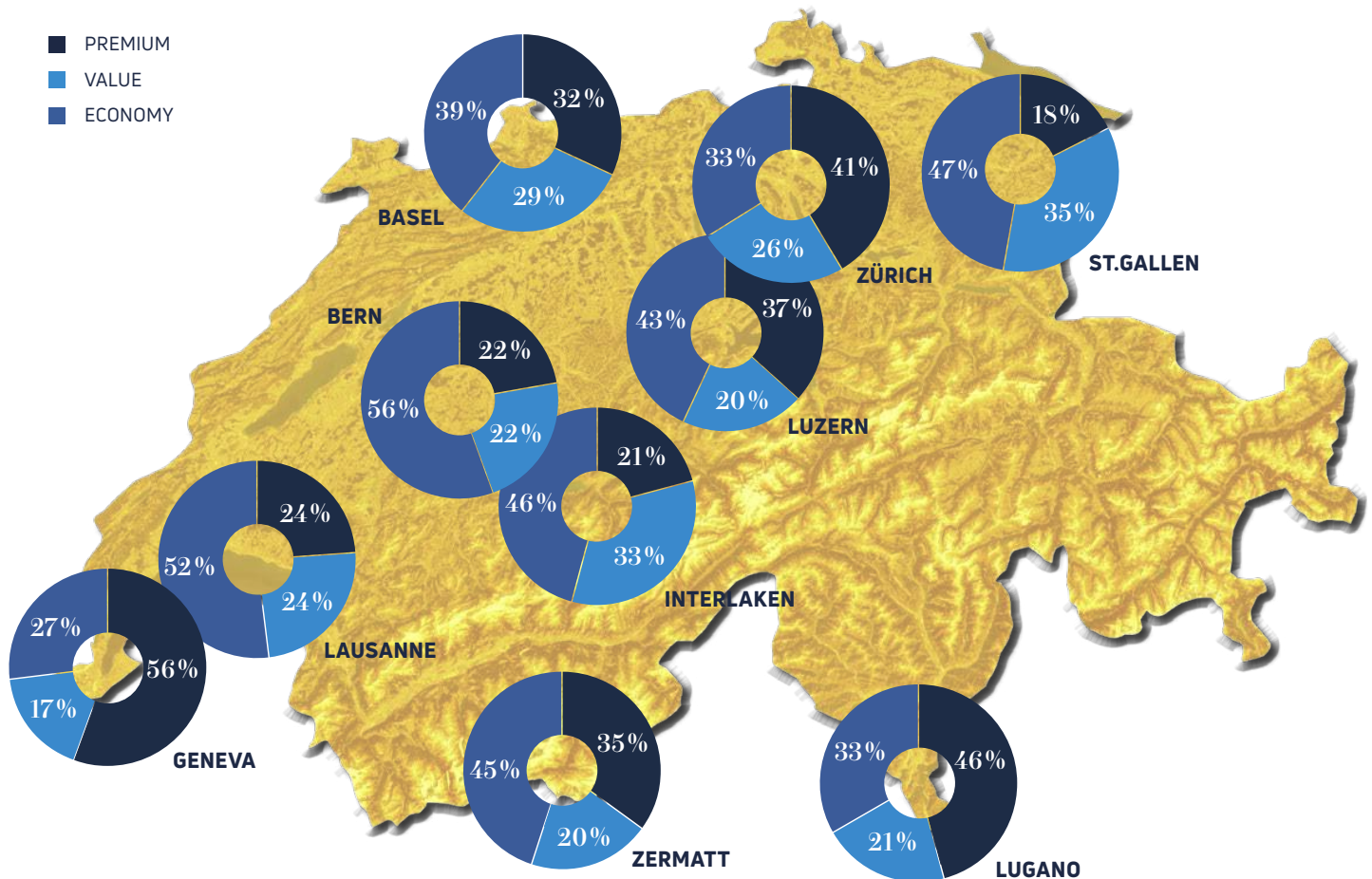
More than one third of the stores in the Premium segment are directly operated by Swiss watch brands. These mono-brand boutiques or flagships stores are located in the main gateways of the country: Geneva and Zürich but also in the major tourist locations, such as Luzern, Gstaad, St-Moritz, Zermatt and Crans-Montana.

Driven by a different business model, the Value segment falls within the Independent stores channel. It represents the large majority of the stores (82%).

With 45% of the stores in the Economy segment, Chain retailers represent a solid challenger to Independent stores. Although they offer a wide selection of watch brands and products, both channels generally carry similar watch brands.

# WATCH RETAIL BY SEGMENT AND LOCATION

## CATEGORY SHARES DIFFER HIGHLY BETWEEN LOCATIONS



The count of stores by segment and location returns an interesting picture of Switzerland.

The one that have the highest concentration of Premium stores are those with a predominance of mono-boutiques stores (Geneva, Zürich, Luzern, Lugano, Zermatt).

In other large cities hosting an high presence of Departments stores (Bern, Basel, Lausanne, St Gallen, ...), the share of Economy segments increases. When Chains stores located in the shopping centres of their urban areas are included, the share is even higher.

Value store share is higher than Premium segments in mid-size regional capitals with watch demand being mainly driven by the local population (Fribourg, Biel, Fribourg, Thun, La Chaux de Fonds, Schaffhausen, Winterthur...)

Lastly, in cities driven by tourism, such as Interlaken or Zermatt, stores tend to be equally distributed over the three scales and record a major part of Economy Independent stores. This pattern satisfies the multiple preferences and profiles of their foreign visitors.

# FOCUS ON CHAIN RETAILERS : STORES AND BRAND DENSITY

## CHAIN RETAILERS : ONLY FEW AND POWERFUL PLAYERS

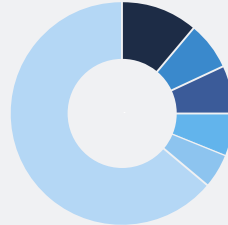
	TOP CHAINS SWITZERLAND	STORES	BRAND DENSITY SCORE
1	Manor	64	1264
2	Christ	70	986
3	Coop City	28	270
4	Bucherer	16	234
5	Kurz	12	228
6	Kirchhofer	7	188
7	Gübelin	7	157
8	Oro Vivo	23	139
9	Globus	11	138
10	Helen Kirchhofer	8	122

	TOP CHAINS PREMIUM SEGMENT	STORES	BRAND DENSITY SCORE
1	Bucherer	16	234
2	Gübelin	7	157
3	Kirchhofer	5	153
4	Kurz	6	123
5	Les Ambassadeurs	5	113

	TOP CHAINS VALUE SEGMENT	STORES	BRAND DENSITY SCORE
1	Christ	33	518
2	Kurz	6	105
3	Kirchhofer	1	26
4	Manor	1	24

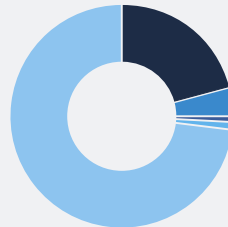
	TOP CHAINS ECONOMY SEGMENT	STORES	BRAND DENSITY SCORE
1	Manor	63	1240
2	Christ	37	468
3	Coop City	28	270
4	Oro Vivo	23	139
5	Globus	11	138
6	Helen Kirchhofer	8	122
7	Au Rubis	13	104
8	Carat	8	76
9	Kirchhofer	1	9

### SHARE OF THE TOP CHAIN RETAILERS IN THE PREMIUM SEGMENT \*



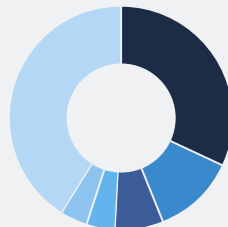
11%	BUCHERER
7%	GÜBELIN
7%	KIRCHHOFFER
6%	KURZ
5%	LES AMBASSADEURS
64%	OTHERS

### SHARE OF THE TOP CHAIN RETAILERS IN THE VALUE SEGMENT \*



21%	CHRIST	1%	MANOR
4%	KURZ	73%	OTHERS
1%	KIRCHHOFFER		

### SHARE OF THE TOP CHAIN RETAILERS IN THE ECONOMY SEGMENT \*



32%	MANOR	4%	AU RUBIS
12%	CHRIST	41%	OTHERS
7%	COOP CITY		
4%	ORO VIVO		

\* BASE = BRAND DENSITY SCORE OF THE SEGMENT IN SWITZERLAND AND LIECHTENSTEIN

As described in page 6, the watch retail market is rather consolidated. Despite their share of stores (29%), the Chain retailers propose a larger brand offer (47%).

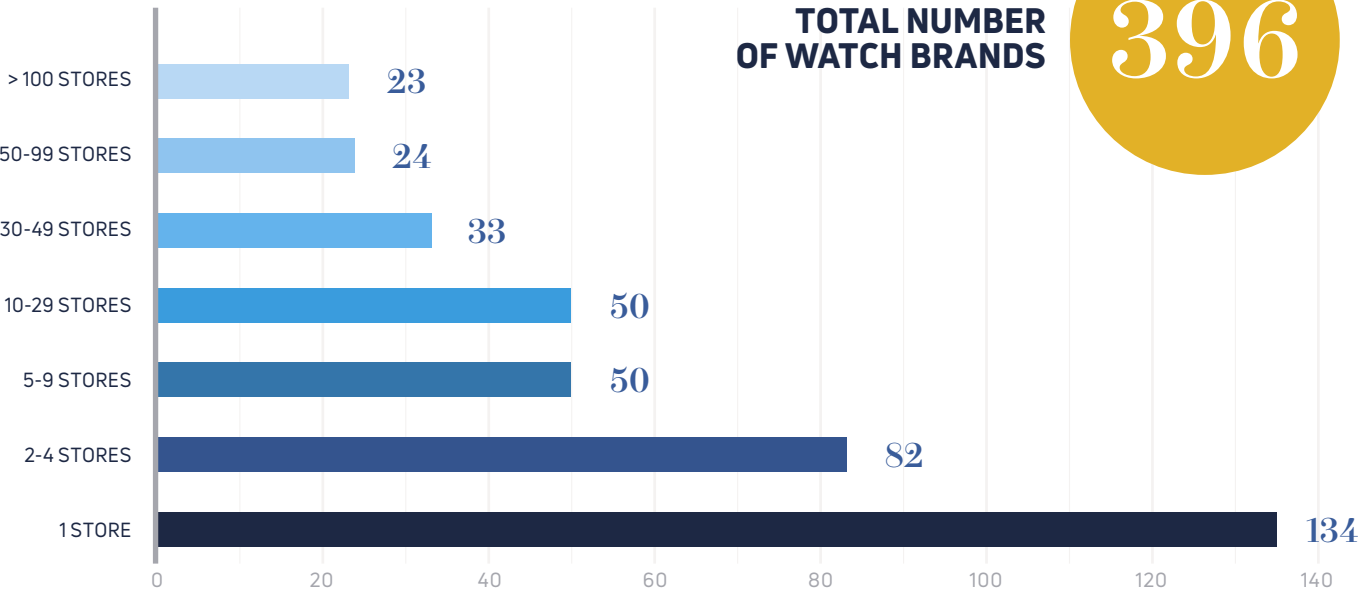
Currently two large Chain retailers (Manor and Christ) lead the overall ranking. They display more than a quarter of the total watch brand offer in Switzerland. They are followed at lower levels by many other players, operating in specific segments: Coop City, Oro Vivo, Globus, Helen Kirchhofer, Carat and Au Rubis in the Economy segment, Bucherer and

Gübelin in the Premium segment. Few Chain retailers operate stores in different segments but it is the case for Christ, positioned in the Economy and Value segments, and Kurz, active in the Value and Premium segments. Segment by segment, the share of these major players is even higher; on the purchase side they have become key negotiating partners for every watch company who aims to enhance its business in Switzerland, notably in the Economy segment and to some extent in the Premium segment.

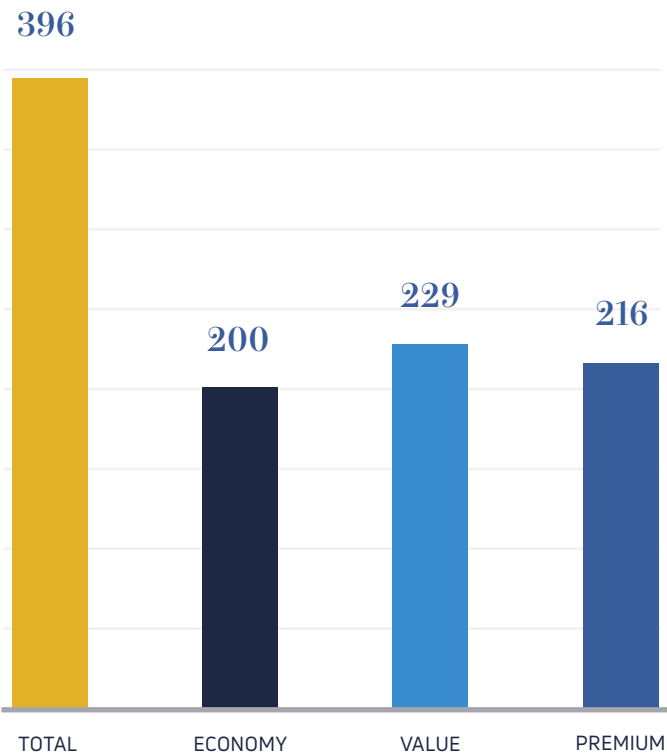
# FOCUS ON WATCH BRANDS

396 WATCH BRANDS ARE DISTRIBUTED AT WATCH RETAILERS IN SWITZERLAND AND LIECHTENSTEIN

## NUMBER OF STORES BY BRAND



## NUMBER OF BRANDS BY SEGMENTS



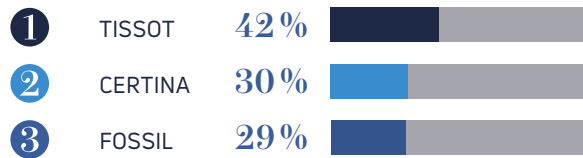
Out of the 396 watch brands active in the watch retail market, almost 50 are distributed in more than 50 stores. Most of them are carried by independent or chain retailers, positioned in the Economy segment. Out of these 47 brands, a small number (14 brands) are nevertheless quite active in the Value and Premium segments.

The large majority of watch brands seem under-represented in the watch retail scene (216 brands in less than five stores). There are many reasons for this : private labels operated by only one or a few retailers, very exclusive distribution of high-end watches, others channels ( Lifestyle boutiques, e-stores) or vanishing brands.

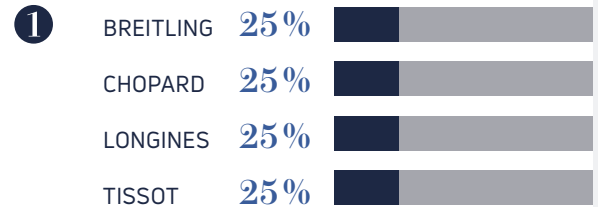
The number of brands active in each segment seems quite similar. However, we can estimate that 63% of them are available in at least two different segments.

# TOP 3 DISTRIBUTED WATCH BRANDS

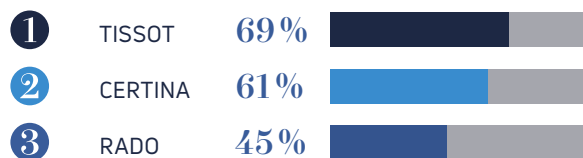
## TOP 3 WATCH BRANDS IN SWITZERLAND AND LIECHTENSTEIN



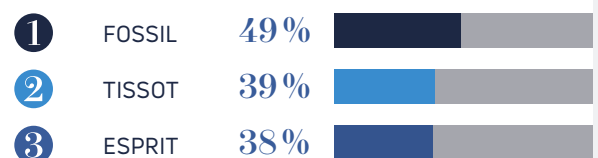
## TOP 4 WATCH BRANDS IN THE PREMIUM SEGMENT



## TOP 3 WATCH BRANDS IN THE VALUE SEGMENT



## TOP 3 WATCH BRANDS IN THE ECONOMY SEGMENT



Carried out during the Winter of 2016, as of the end of February 2017, the census provides an extensive and accurate picture of the distribution of every watch brand in Switzerland and Liechtenstein.

The overall ranking is led by Tissot, who has the most stores by far and records a numeric distribution at 42%. This brand is currently the most distributed watch brand in the watch retail landscape of Switzerland and is available across all three segments. It is followed by Certina at 30% and Fossil at 29%.

Given that not all stores have the same price positioning, it is recommended to analyse the figures per category.

In the Economy segment, Fossil, available in almost the half of the stores in this segment, is the most distributed brand, ahead of Tissot at 39% and Esprit at 38%.

Tissot again records a large presence in the Value segment at 69%, followed closely by Certina at 61% and Rado at 45%.

In the Premium category, the market of 216 brands available is definitively fragmented. The four most available brands in this category (Breitling, Chopard, Longines and Tissot) score each at only 25%.

# METHODOLOGY

All data on the Watch retail market in Switzerland and Liechtenstein is based on the census of active Watch & Jewellery retailers, as of February 28<sup>th</sup>, 2017. For the purpose of this report:

- Investigation is based on research covering several sources such as store-observations, domestic directories and corporate brand websites.
- For the scope of this report, only in-store watch and jewellery points of sale are counted. The report does not include the count of on-line sales retailers.
- As for the census, retailer segmentation is based on the dedicated classification:
  - Economy segment: market segment of watch & Jewellery stores or departments carrying watch brands at a retail price below CHF 800,00.
  - Value segment: market segment of watch & Jewellery stores or departments carrying watch brands at a retail price below CHF 5 000,00.
  - Premium segment: market segment of watch stores carrying primarily, but not exclusively, watch brands at a retail price higher than CHF 5 000,00.

It does not represent the target positioning of the store or the watch brand itself.

- A Chain retailer belongs to any group of retail outlets operating 5 or more stores in Switzerland or abroad. Chain stores have similar architecture, store design and layout, and choice of products.
- Independent retailers operate a maximum of 4 stores, wherever the location of the store.
- For purpose of definition, a mono-brand or flagship Boutique should be featured in the store locator pages of the corporate website of the eponym brand.

For any enquire on the census methodology, please contact the author, Thierry Huron at [thierry.huron@mercuryproject.ch](mailto:thierry.huron@mercuryproject.ch) or at **+41 (0)79 214 7166**.



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## ABOUT THE REPORT

The Watch Retail Market report represents the first step in the set-up of the Mercury project.

Thanks to the census methodology, it provides an exhaustive picture of the Watch Retail landscape in Switzerland and Liechtenstein that will subsequently provide clear information for the design of the retail panel of the Mercury Project.

Dedicated brand reports can be customised to meet specific requests from watch brand companies. The information and insight provided in these reports will enable brand managers to set clear strategies for domestic brand retail positioning and business growth.

## ABOUT THE AUTHOR

Having spent his career in the global marketing and research departments of luxury goods companies, Thierry Huron identified the need for a trusted global source of sell-out data in the watch industry while managing International Marketing strategy for TAG Heuer. During these tough times for the watch industry, it's more important than ever to have trustworthy sources of fact-based retail data as a knowledge base to generate relevant insights about market developments and support critical decisions on all aspects of retail sector growth. This is the objective of the Mercury project.

You can contact Thierry Huron at [thierry.huron@mercuryproject.ch](mailto:thierry.huron@mercuryproject.ch) or at **+41 (0)79 214 7166**.

## ABOUT THE MERCURY PROJECT

On July 2016, the Mercury Project was launched with the objective of setting up a retail panel in Switzerland measuring the sell-out to end-customers of Watch brands and Jewellery categories.

The goal is also to provide – for the first time ever – to the Watch industry (governing body, brands and retailers) a reliable and independent monitoring of the key trends in the domestic Swiss market. For retailers, it also represents a great opportunity to more efficiently manage their watch assortments based on full access to detailed sell-out trends including data on best selling categories and various benchmark analytics.

At a minimum, the Mercury Project aims to build an authoritative trusted database of Sales & Marketing information to the world's leading watch companies, retailers and governing body.

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