

WATCH & JEWELLERY SELL-OUT INDEX

MONITOR THE REAL TRENDS IN YOUR MARKETS

JUNE 2019

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THE WATCH & JEWELLERY SELL-OUT INDEX

MONITOR THE REAL TRENDS OF YOUR MARKETS

Retail sales statistics provide a prompt economic indicator which reflects the real business performance of industries.

For the first time ever in the watch & jewellery industry, the Sell-Out Index (SOI) measures the aggregated sales performances of the watch & jewellery specialized stores in selected markets. It is based on the monthly sales records of the retail trade surveyed by national statistical offices.

The Sell-Out index is the only monitoring tool able to provide trusted, harmonized and comparable information on the monthly sell-out trends of the watch & jewellery industry in its following top markets:

- USA
- Kong-Kong
- China
- United Kingdom
- Singapore
- Germany
- France
- Macau (quarterly base)

SOURCES:

Sell-Out Index data are based on official sources, not third party data providers. They are sourced from the national official statistics departments' monthly surveys and cover the watch & jewellery specialized distribution circuits (independent retailers, mono-brand boutiques, specialized W&J chains). Their E-commerce sales activity is included.

In Hong Kong, watches & Jewellery sales in Departments stores are also included, additionally to the specialized circuit.

INFORMATIONS:

Year-on-Year and Year-to-Date monthly evolutions of the total Watch & Jewellery specialized stores turnover are provided. They are calculated at current prices, and are not seasonally adjusted (except in the UK). It facilitates a harmonized comparative analysis with subscribers' proprietary sell-out data.

Additionally, comparison with the evolution of the aggregated sales of retail goods of the markets allows gaining a far better understanding of the dynamics of the watch & jewellery industry in the market and its real, rather than reported, consumption patterns. A sample presentation is shown in the two following pages.

Latest released data are preliminary figures which can be subject to revision later on.

**Top Markets
Retail Sales YoY**

**Watch & Jewellery Specialized Stores
Sell-out Evolution**

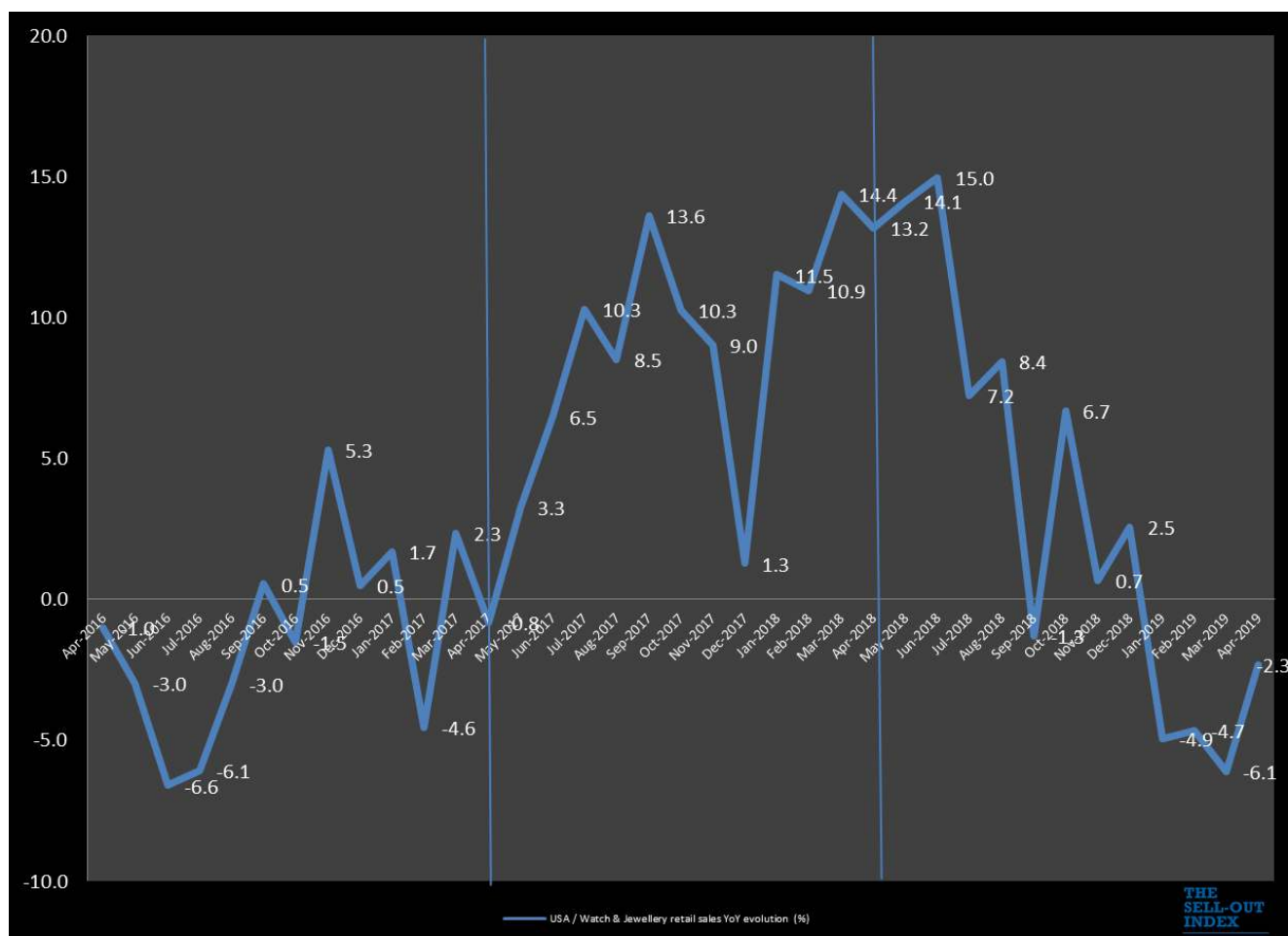
Year-on-Year Evolution (%)		Watch & Jewellery Retail Sales		Total Retail Sales of the Market	
		MTD	YTD	MTD	YTD
USA	Apr-2019	-2.3%	-4.5%	5.9%	3.2%
Hong Kong	Apr-2019	-11.3%	-4.5%	-4.5%	-2.0%
China	May-2019	4.7%	2.7%	8.6%	8.1%
United Kingdom	May-2019	13.6%	11.9%	2.2%	4.3%
Singapore	Apr-2019	-2.9%	-3.4%	-2.0%	-2.0%
Germany	Apr-2019	1.3%	-0.1%	5.4%	3.2%
France	Mar-2019	1.0%	1.3%	3.5%	3.0%
Macau	Q1-2019	-3.0%	-3.0%	-1.9%	-1.9%

	Watch & Jewellery definition	Total Retail definition	Data type	Source
USA	Specialized Jewelry stores (incl. Watches and E-commerce activity)	Retail sales, total (excl. motor vehicle and parts dealers)	At current prices Non-seasonally adjusted	www.census.gov
Hong Kong	Jewellery, watches and clocks, and valuable gifts specialized stores & Department Stores (incl. E-commerce activity)	All retail outlets	At current prices Non-seasonally adjusted	www.censtatd.gov.hk
China	Gold, Silver and Jewelry (incl. Watches and E-commerce activity)	Total Retail Sales of Consumer Goods	At current prices Non-seasonally adjusted	www.stats.gov.cn
United Kingdom	Watches & Jewellery specialized stores (incl. E-commerce activity)	All Retailing, Excluding Automotive Fuel	At current prices Seasonally adjusted	www.ons.gov.uk
Singapore	Watches & Jewellery specialized stores (incl. E-commerce activity)	Total (excl Motor Vehicles)	At current prices Non-seasonally adjusted	www.singstat.gov.sg
Germany	Retail sale of watches and jewellery (incl. E-commerce activity)	Retail trade, except motor vehicles and motorcycles	At current prices Non-seasonally adjusted	www.destatis.de
France	Commerce de détail d'articles d'horlogerie et de bijouterie en magasin spécialisé (incl. Ventes E-Commerce)	Commerce de détail à l'exception des automobiles et des motocycles	At current prices Non-seasonally adjusted	www.insee.fr
Macau	Watches, Clocks & Jewellery (incl. E-Commerce activity)	Total Retail Sales of Consumer Goods	At current prices Non-seasonally adjusted	www.dsec.gov.mo

USA
Retail Sales Year-on-Year
(%)

April
2019

Jewelry Stores
(incl. E-Commerce activity)



Watch & Jewellery retail trade decreased 2.3% from a year earlier in April 2019. This was the fourth straight month of yearly fall in the category.

In contrast, **Total Retail sales of the country (excluding motor vehicles and part dealers) rose 5.9 % from a year earlier.**

From January to April 2019, Jewelry stores registered a negative performance with a **4.5% decrease over 2018**, while Clothing stores were down 0.6% and Health and personal care stores were up 4.4%.

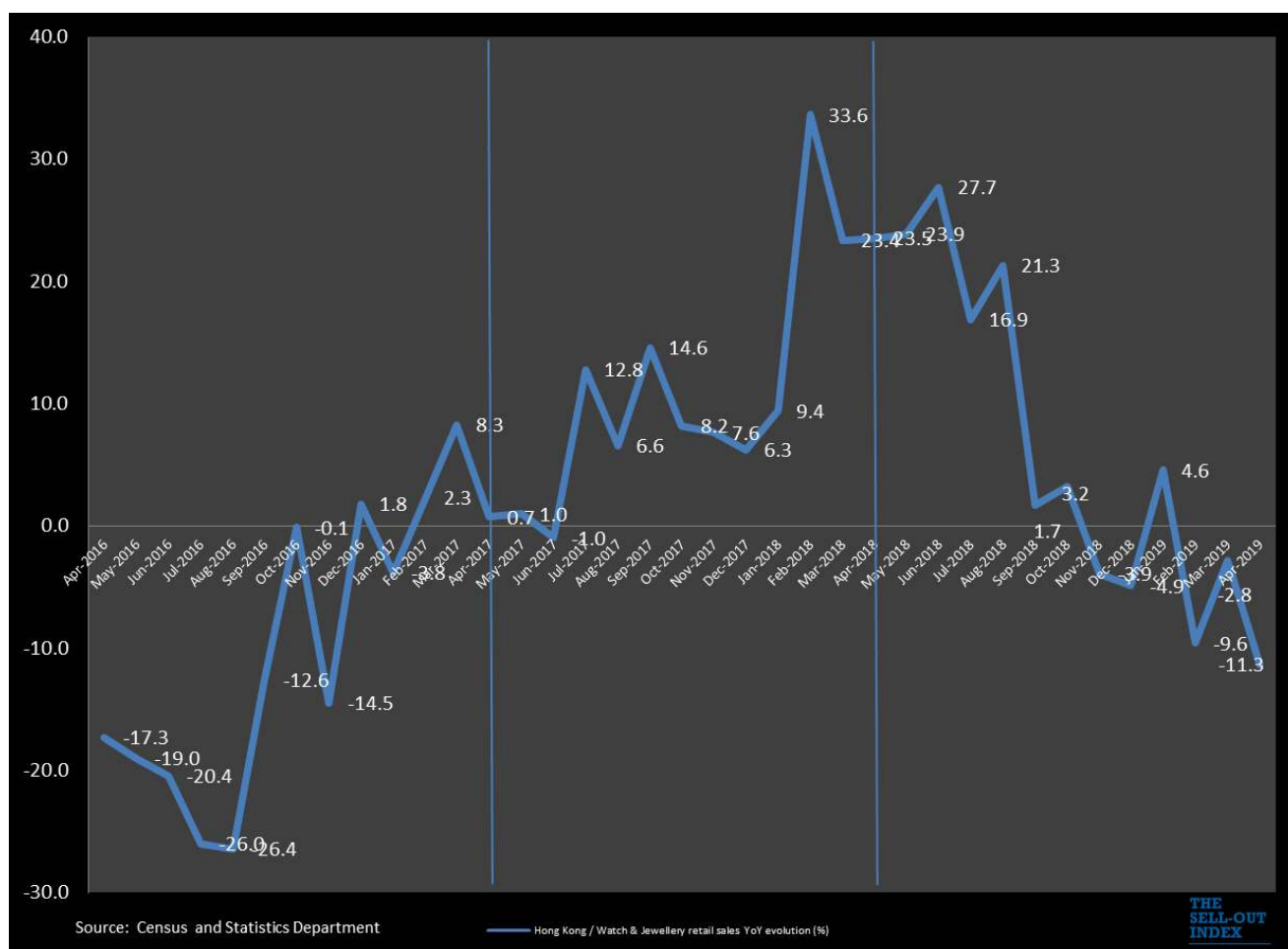
Meanwhile, **Total Retail sales (excluding motor vehicles and part dealers) advanced 3.2 %**, led by on-line sales growth which rose 10.6%.

According to the US Census Bureau, total sales at Jewelry (including watch & jewellery) stores were \$34.9 billion / CHF 34.3 billion in 2018, up from \$32.4 billion the prior year (+7.8 %). They accounted for 0.9% of the Total US retail sales (excluding motor vehicles and part dealers).

Hong Kong
Retail Sales Year-on-Year
(%)

April
2019

Jewellery, watches and clocks, and valuable gifts Specialized
stores & Department Stores
(incl. E-commerce activity)



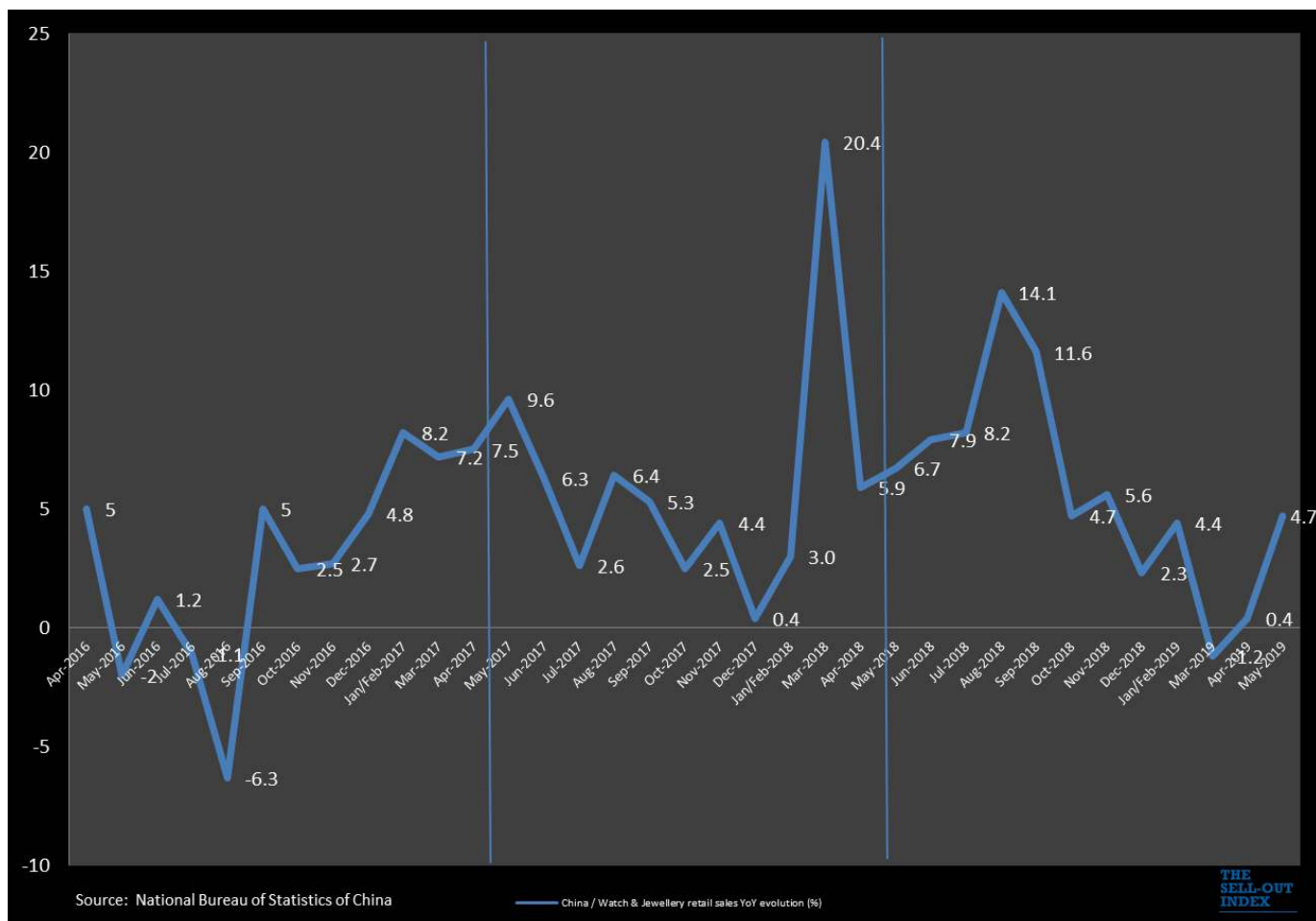
In April 2019, retail sales of watch and jewellery in specialized stores and department stores in Hong Kong **decreased 11.3% compared with the same month in 2018**. As in the previous month, it was the worst decline registered by type of retail outlet. This year-on-year drop in monthly sales resulted in a **4.5% decline in the first four months of this year**. Overall, in April 2019, **Total retail sales fell 4.5%** compared with the same month in 2018, reflecting the cautious consumption sentiment amid various external uncertainties. A government spokesman explained that it was also partly due to the late arrival of the Labour Day holidays in the Mainland (which fell in early May this year but straddled between April and May last year), which has led to a notable deceleration in the growth rate of visitor arrivals. In **year-to-date, Total Retail sales in the country declined 2.0%**.

According to the Hong Kong's Census and Statistics Department, estimated watches and jewellery sales at specialized stores and departments stores were HK\$ 87.8 billion / CHF 11.0 billion in 2018, up from HK\$ 77.4 billion the prior year (+13.5 %). They accounted for 18.7% of the Total value of retail sales in the country.

China
Retail Sales Year-on-Year
(%)

May
2019

Jewellery stores
(incl. watches and E-commerce activity)



Retail sales of watch & jewellery stores in China rebounded by 4.7 % year-on-year in May 2019, following a 0.4% advance in April. In the meantime, China's retail sales rose by 8.6% year-on-year, accelerating from a 7.2 % gain in April. It underscores the resilience of the domestic consumption and reflects stronger sales of food and household appliances as well as a rebound in sales of cars and clothing and footwear.

Considering the January to May period, Total retail sales advanced 8.1 % from the corresponding period a year earlier, boosted by the online retail sales which were up by 21.7 %, accounting for 18.9 % of the total retail sales of consumer goods. In the meantime, retail sales of jewellery stores went up only by 2.7%.

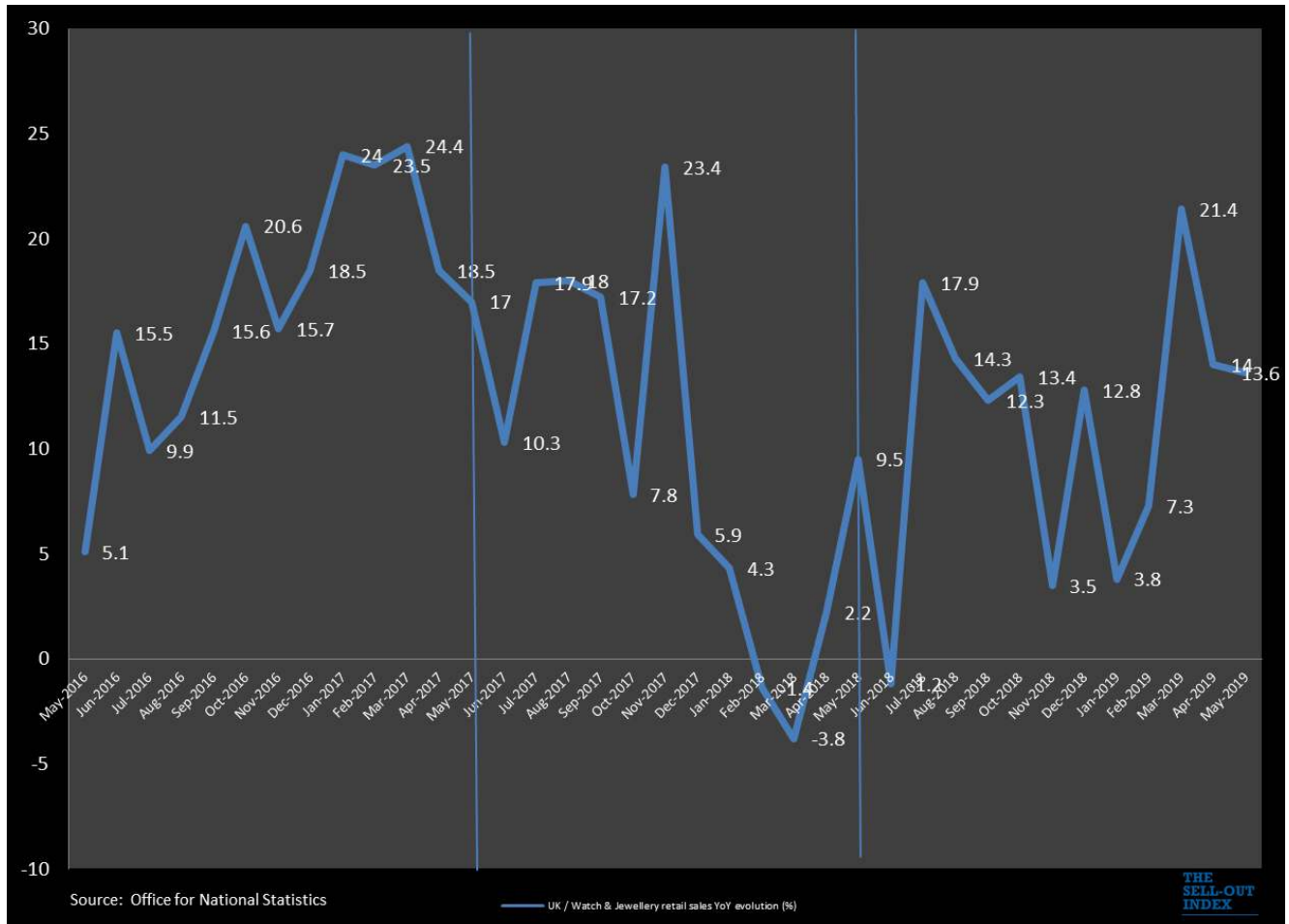
Retail Sales of watch & jewellery stores YoY in China averaged 4.3 % from 2016 until 2019, reaching an all-time high of 20.4 % in March of 2018 and a record low of -9.3 % in March of 2016.

According to the National Bureau of Statistics of China, total sales of watches and jewellery at specialized stores were RMB 275.8 billion / CHF 39.5 billion in 2018.

United Kingdom
Retail Sales Year-on-Year
(%)

May
2019

Watches & Jewellery specialized stores
(incl. E-commerce activity)



Watch & Jewellery retail trade increased 13.6% year-on-year in May 2019, following an upwardly revised 14.0% in the previous month. **Total retail sales of the country (excluding automotive and fuel) went up 2.2%**. It was the lowest gain in retail trade in the last three years, adding to evidence that the economy is losing momentum.

From **January to May 2019**, the Watch & Jewellery retail sales growth continued to easily outperform the Total retail sales of the country (excluding automotive and fuel): the category **grew 11.9%** compared to the same period in 2018. In the meantime, **country's Total retail sales increased 4.3%**. As said by David Perrotta, UK Country Manager at Planet: "We've been seeing a shift in the way that the UK is positioned to international audiences recently. Once known predominantly as a cultural and heritage destination, shoppers from across the globe are now seeing the UK as one of Europe's bigger-ticket luxury shopping destinations and are beginning to spend more per purchase while here". (www.dfnionline.com).

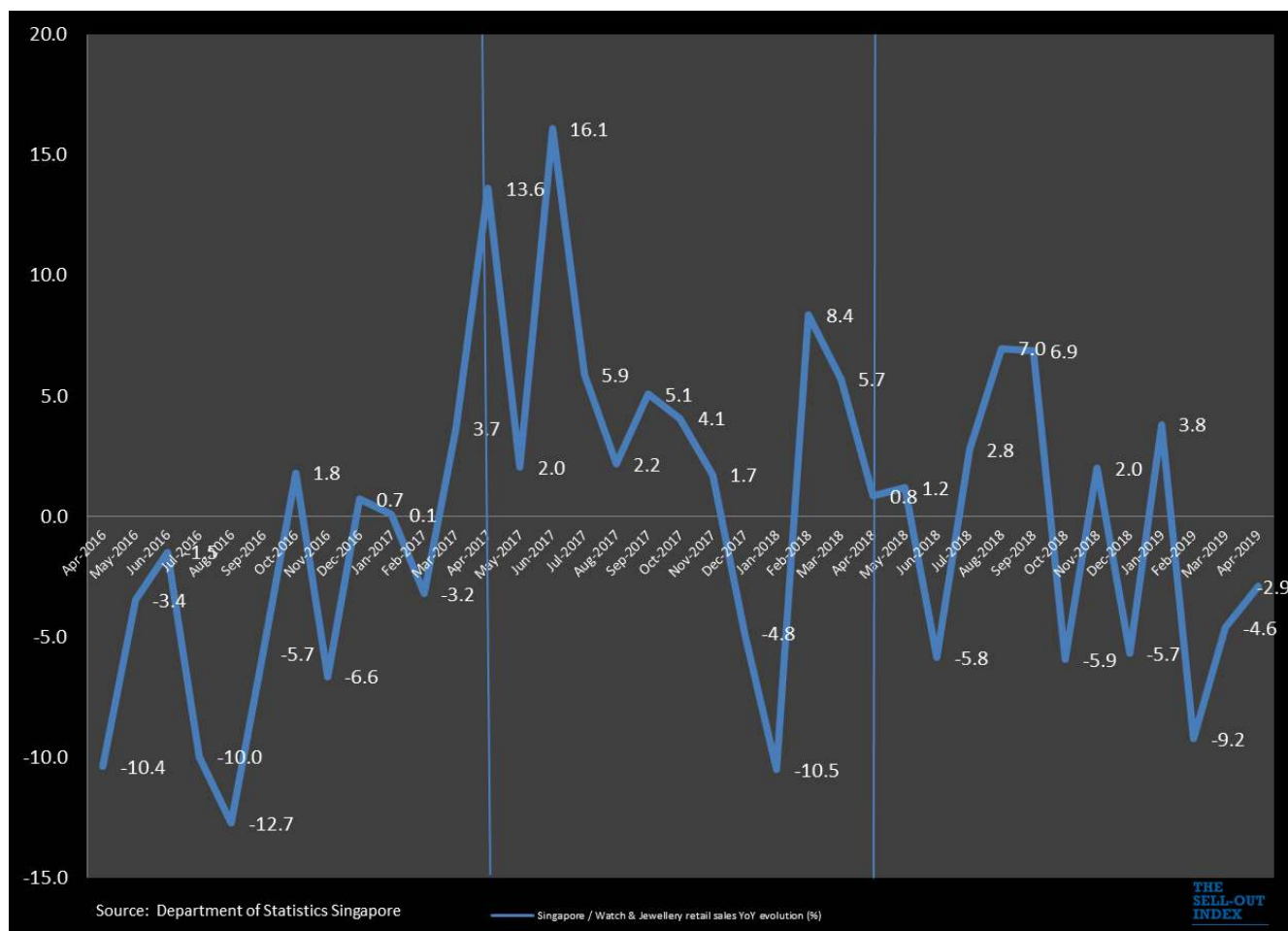
Retail Sales of jewellery stores YoY in the UK averaged 12.1 % from 2017 until 2019, reaching an all-time high of 24.4 % in March of 2017 and a record low of -3.8 % in March of 2018.

According to the Office for National Statistics, total sales of watches and jewellery at specialized stores were GBP 7.552 billion / CHF 9.510 billion in 2018.

Singapore
Retail Sales Year-on-Year
(%)

April
2019

Watches & Jewellery specialized stores
(incl. E-commerce activity)



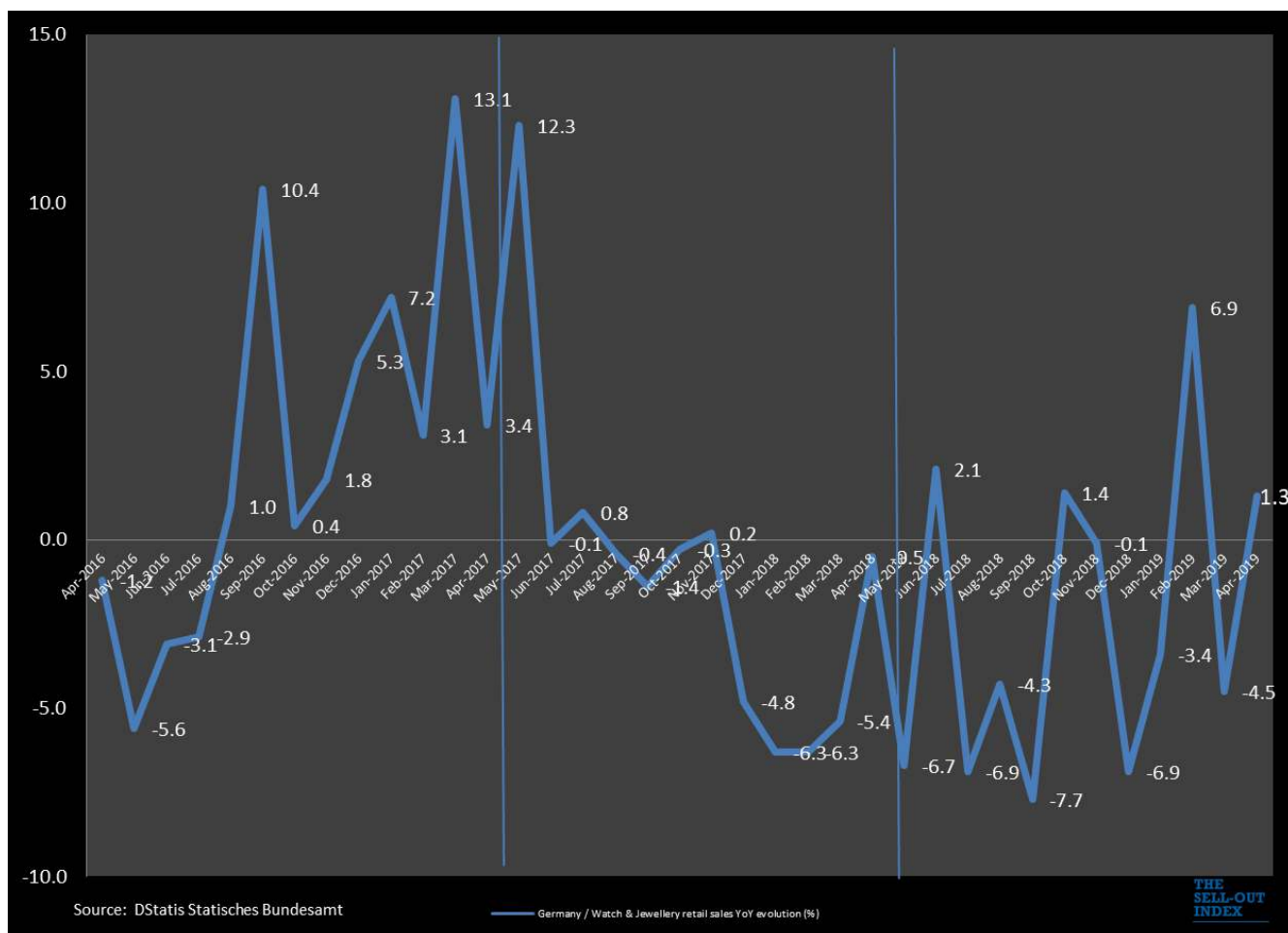
Singapore's watch & jewellery retail sales dropped by 2.9% year-on-year in April 2019, after a revised 4.6% decrease in March. This was the third straight month of yearly fall in the category. Country's **Total Retail (excluding Motor Vehicles) decreased 2.0 % y-o-y**. All retail categories recorded lower sales in April 2019, with the exception of sales of the wearing apparel & footwear category. It grew by 3.4%, due partly to higher demand for bags & footwear. **In year-to-date, watch & jewellery retail sales decreased 3.4%** and **Total Retail sales (excluding Motor Vehicles) fell 2.0%**.

According to the Department of Statistics Singapore, sales at watch & jewellery specialized stores were SGD 4.615 billion / CHF 3.370 billion in 2017. They accounted for 11.0% of the Total retail sales of the country (excluding Motor Vehicles).

Germany
Retail Sales Year-on-Year
(%)

April
2019

Watches & Jewellery specialized stores
(incl. E-commerce activity)



Provisional Germany's **watch & jewellery retail sales rebounded by 1.3% year-on-year in April 2019**, from a upwardly revised -4.5% in the previous month. Meanwhile, **Total retail sales in Germany increased 5.4%**. The timing of Easter had a positive effect on the year-on-year development of turnover in April 2019.

In year-to-date, Watch & Jewellery continued to underperform the Total retail sales of the market: compared with the previous year, **sales in watch & Jewellery retail trade were 0.1% lower** than in the corresponding period of the previous year, and **Total retail sales 3.2% higher**. Retail sale of textiles, clothing, footwear and leather were 1.2% lower.

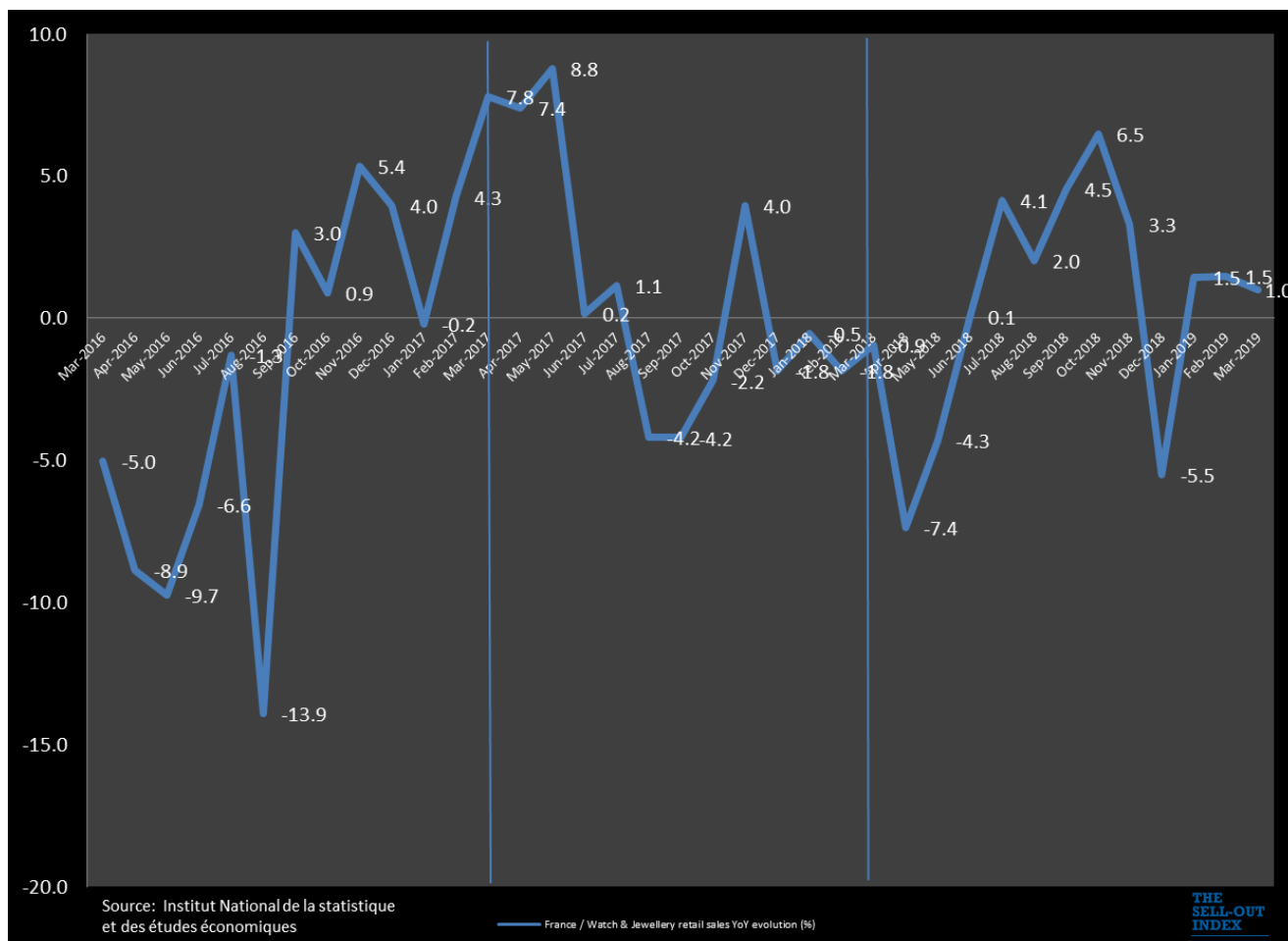
Retail Sales YoY of watch & jewellery stores in Germany averaged -0.5 % from 2016 until 2019, reaching an all-time high of 13.1 % in March of 2017 and a record low of -7.7 % in September of 2018.

According to D-Statistisches Bundesamt, the Federal Statistical Office of Germany, sales of watch & jewellery specialized stores were EUR 6.203 billion / CHF 6.990 billion in 2016 (excl. VAT).

France
Retail Sales Year-on-Year
(%)

March
2019

Commerce de détail d'articles d'horlogerie et de bijouterie en
magasin spécialisé



In March 2019, watch & jewellery retail sales in France **kept increasing** in a steady pace **(+ 1.0% year-on-year)** following an upwardly revised +1.5% in February). The **overall retail sales (excluding motor vehicles) increased slightly (+0.5% over a year,** after a +3.6% rise in February).

Considering the **first quarter of 2019, watch & jewellery Retail sales were up 1.3%** from a year earlier. **Overall retail sales (excluding motor vehicles) increased 2.2%.**

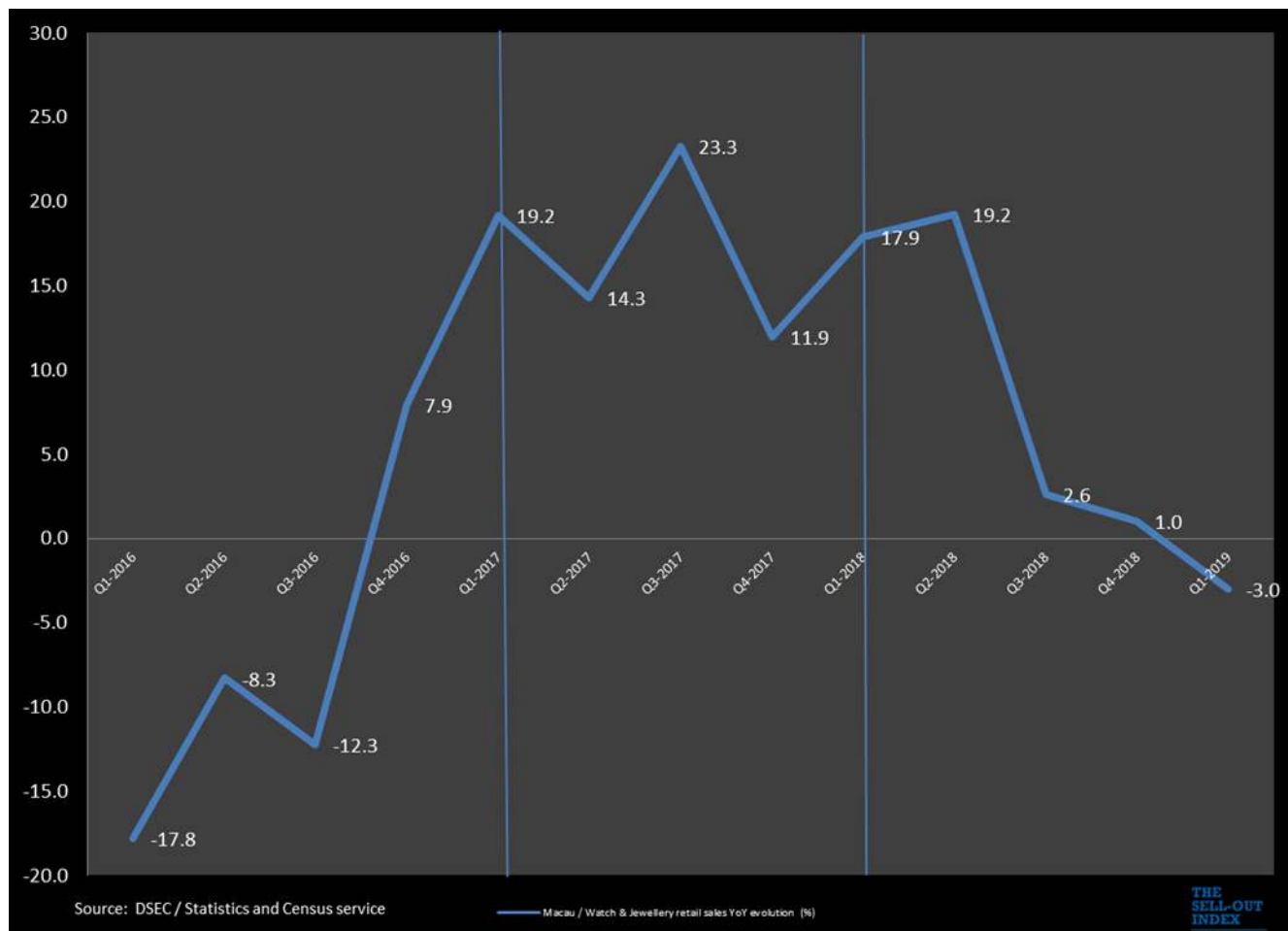
Watch & jewellery retail Sales YoY in France averaged -0.4% from 2016 until 2019, reaching an all-time high of 8.8% in May of 2017 and a record low of -13.9% in August of 2016.

According to the Institut National de la Statistique et des Etudes Economiques (INSEE) and Mercury Project's estimate, sales at watch & jewellery specialized stores were € 3.600 billion / CHF 4,056 billion (excl. VAT) in 2018, down from € 3.615 billion the prior year (-0.5 %).

Macau
Retail Sales Year-on-Year
(%)

Q1
2019

Watches, Clocks & Jewellery
(incl. E-commerce activity)



In Q119, value of watch, clocks & jewellery retail sales was down by 3.0% year-on-year, as country's Total Retail sales decreased 1.9%. Among the other major retail activities Communication Equipment and Adults' Clothing registered notable year-on-year decrease, while Leather Goods increased.

Watch & jewellery retail Sales YoY in Macau averaged 5.8% from 2016 until 2019, reaching an all-time high of 23.3% in the third quarter of 2018 and a record low of -12.3% in the second quarter of 2016.

According to the Statistics and Census Service (DSEC), sales of watches, clocks and jewellery stores were MOP 16.1 billion / CHF 1.97 billion in 2018, up from MOP 14.7 billion the prior year (+15.9%). Watches, Clocks & Jewellery accounted for 21.0% of the total value of retail sales in the country.

ABOUT THE MERCURY PROJECT :

The Mercury Project is a data-driven consulting company focusing on the watch & jewellery retail industry.

It provides sales intelligence information to industry stakeholders (companies, retailers and federations) through a reliable monitoring of the key aspects and trends of the markets.

Its activities are based on documented and trusted databases focusing on the watch & jewellery retail information (sell-out data, retailer database and new brand launch)

Mercury Project has an integrated service model that allows start-ups or big brands to maximise their resources while having access to specialized industry knowledge and skills.

As Mercury Project's founder, Thierry Huron brings years of experience and success in the luxury and market research industry.

While managing the international marketing strategy at TAG Heuer, he identified the need for a trusted global source of sell-out data in the watch industry and initiated numerous programs in this field.

He recently published:

- KickValue Tracks & Facts Q119 (monitoring report about the Kickstarter watch projects)
- The 2017 Watch Retail market in Switzerland (supported by the VSGU/ASHB Swiss watch retail federation)
- Watch Retail and Digitalization (supported by the VSGU/ASHB Swiss watch retail federation)

These reports have been released in newspapers and magazines.

Follow Thierry Huron's daily #watchretail posts on LinkedIn.

They fill a gap in the watch & jewellery industry, by contributing to the knowledge of its retailing activity.