

WATCH & JEWELLERY SELL-OUT INDEX

MONITOR THE REAL TRENDS IN YOUR MARKETS

SEPTEMBER 2019 REPORT

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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.

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

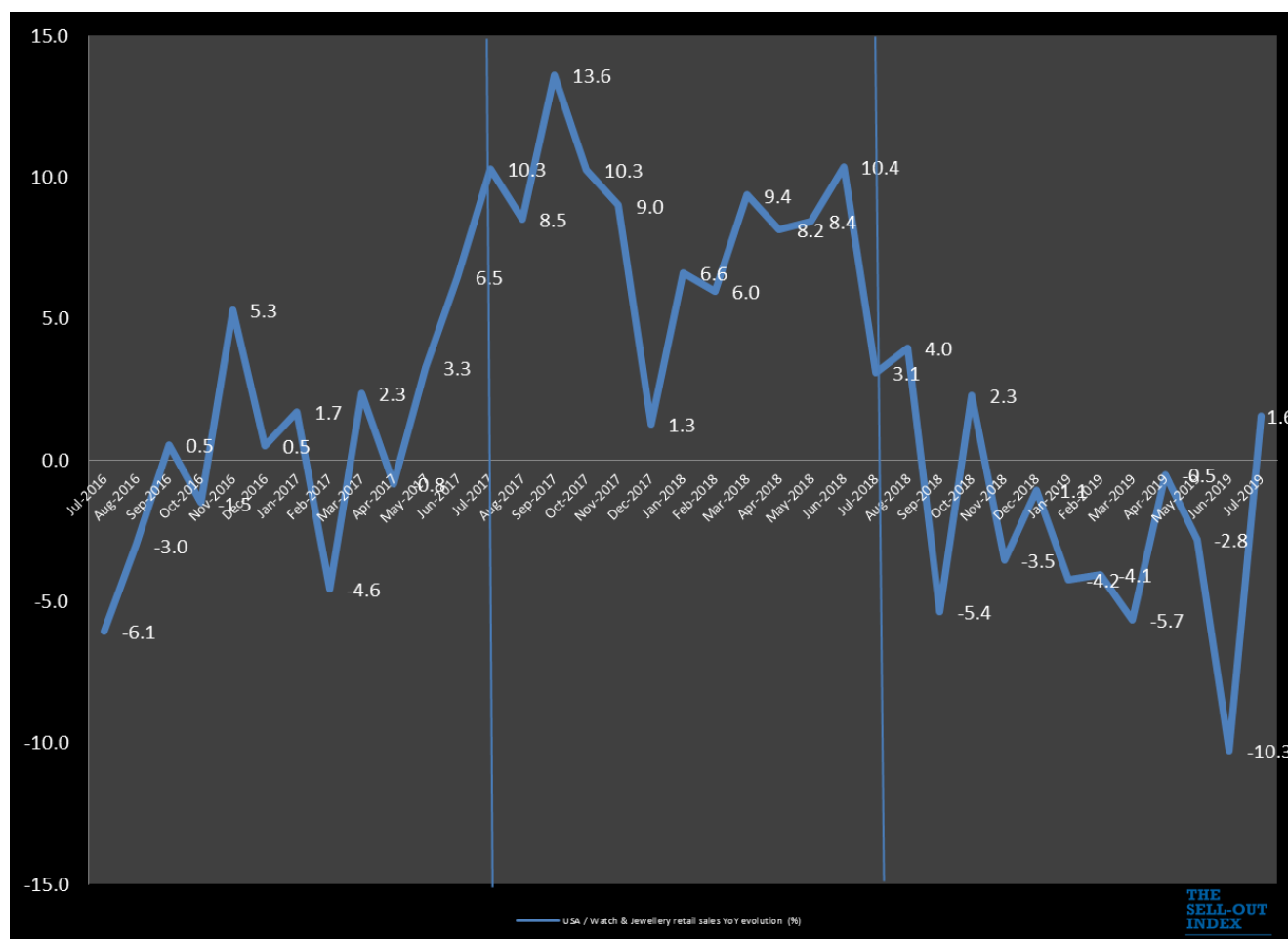
Year-on-Year Evolution (%)		Watch & Jewellery Retail Sales		Total Retail Sales of the Market	
		MTD	YTD	MTD	YTD
USA	Jul-2019	1.6%	-3.7%	4.8%	3.0%
Hong Kong	Jul-2019	-24.3%	-8.9%	-11.4%	-3.8%
China	Jul-2019	-1.6%	2.9%	7.6%	8.3%
United Kingdom	Jul-2019	1.6%	11.3%	3.4%	4.2%
Singapore	Jul-2019	-6.3%	-2.4%	-2.4%	-2.0%
Germany	Jul-2019	6.1%	0.2%	5.4%	3.5%
France	Jun-2019	3.4%	2.4%	0.6%	2.7%
Macau	Q2-2019	-4.2%	-3.6%	-0.8%	-1.2%

	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
(%)

July
2019

Jewelry Stores
(incl. E-Commerce activity)



In July 2019, Watch & Jewellery retail trade rebounded by 1.6% from a year earlier, following a downwardly 10.3% decrease in June 2019. It stopped the straight months of fall of the category.

Total Retail sales of the country (excluding motor vehicles and part dealers) were up 4.8 % from a year earlier.

From January to July 2019, Jewelry stores registered a negative performance with a 3.7% decrease over 2018. Tiffany posted a 4.2% decline in second-quarter sales (Total Americas - ended July 31, 2019) as well as through the first half this year, as the company continued to see fewer foreign tourists in its U.S. stores. And Signet delivered a 3.6% sales decline in its second quarter (ended August 3, 2019).

In contrast, **Total Retail sales (excluding motor vehicles and part dealers) grew 3.0 %**, still lifted by on-line sales which rose 11.7%, and accounted for 15.0% of the Total US retail sales (excluding motor vehicles and part dealers).

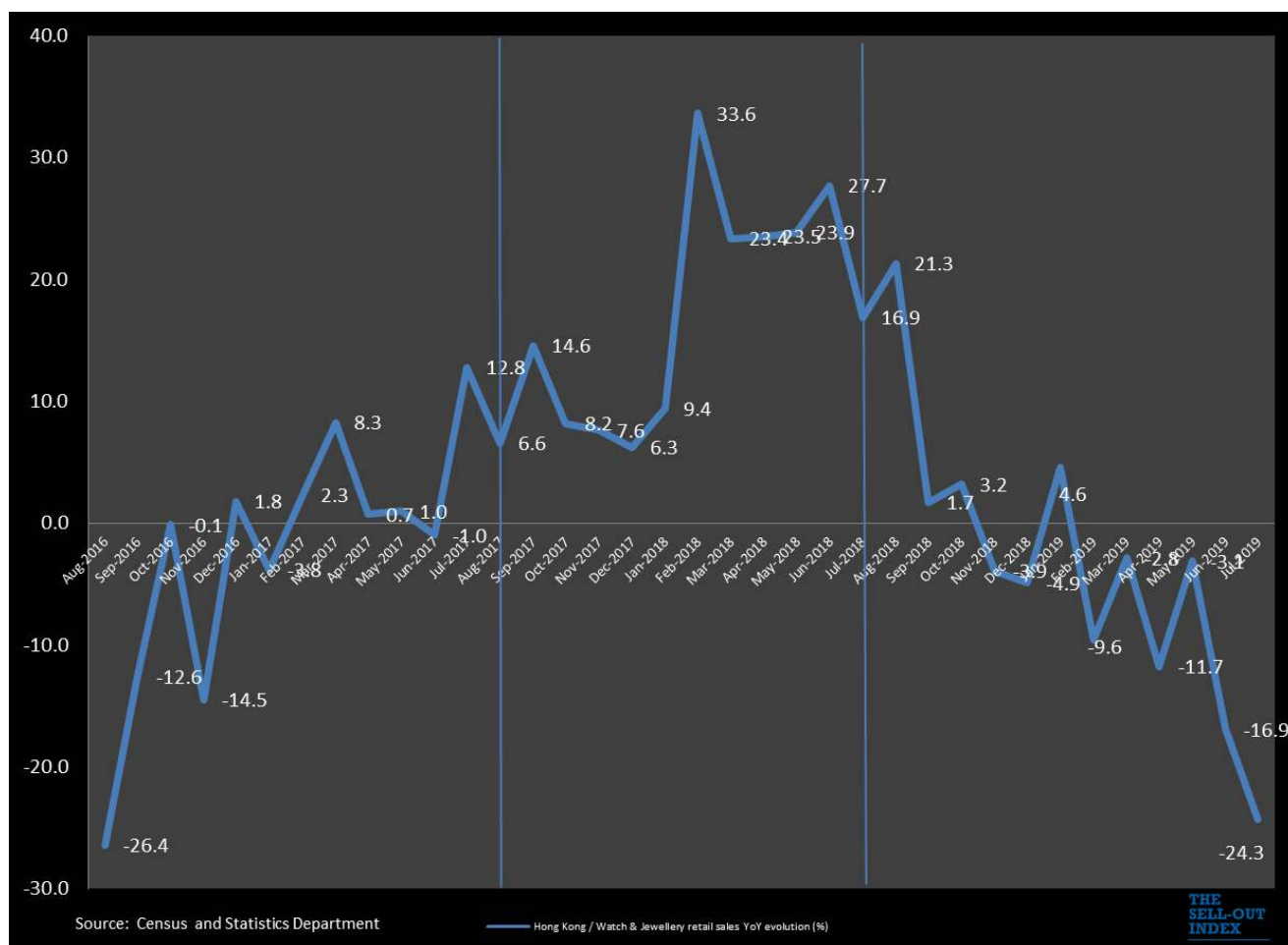
Department stores and Clothing stores were respectively down 4.5% and 1.1% and Health and personal care stores were up 4.0%.

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
(%)

July
2019

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



In July 2019, retail sales of watch and jewellery in specialized stores and department stores in Hong Kong **plunged by 24.3% year-on-year, following a 16.9 % fall in the previous month**. It was the largest decline since August 2016.

For the first seven months of 2019 taken together, **retail sales of watch and jewellery in specialized stores and department stores were down 8.9%. It represents a loss of HKD 4.6 billion / CHF 586 Million** over the same period in the previous year.

Overall, in July 2019, **Total retail sales fell 11.4%** compared with the same month in 2018. A Government spokesman said that retail sales worsened further to post a double-digit year-on-year fall in July, reflecting the weak local consumer sentiment and significant disruptions to inbound tourism and consumption-related activities arising from the recent local social incidents

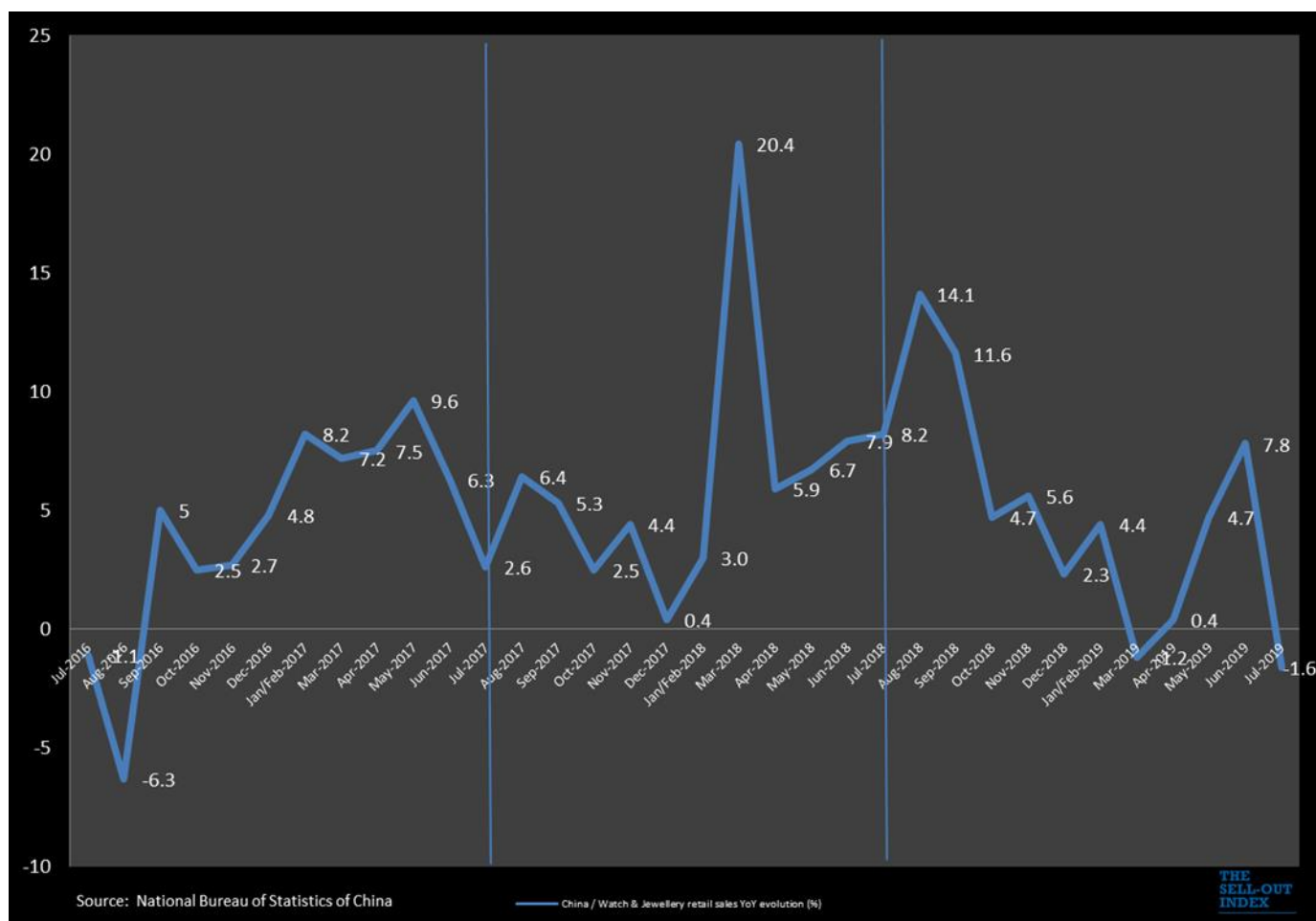
In **year-to-date, Total Retail sales in the country declined 3.8%.**

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
(%)

July
2019

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



Retail sales of watch & jewellery stores in China contracted 1.6 % year-on-year in July 2019, following a 7.8% climb in the previous month. This was the second decrease since January. In the meantime, **China's retail sales rose at a softer pace (7.6% vs 9.8% in June)**. Sales growth accelerated for cosmetics (+9.4%).

From January to July period, **retail sales advanced 8.3%** from the corresponding period a year earlier. Meanwhile, **retail sales of watch & jewellery stores increased 2.9% only**. It represents a gain of **CNY 18,1 Billion / CHF 260 Million** over the same period in the previous year.

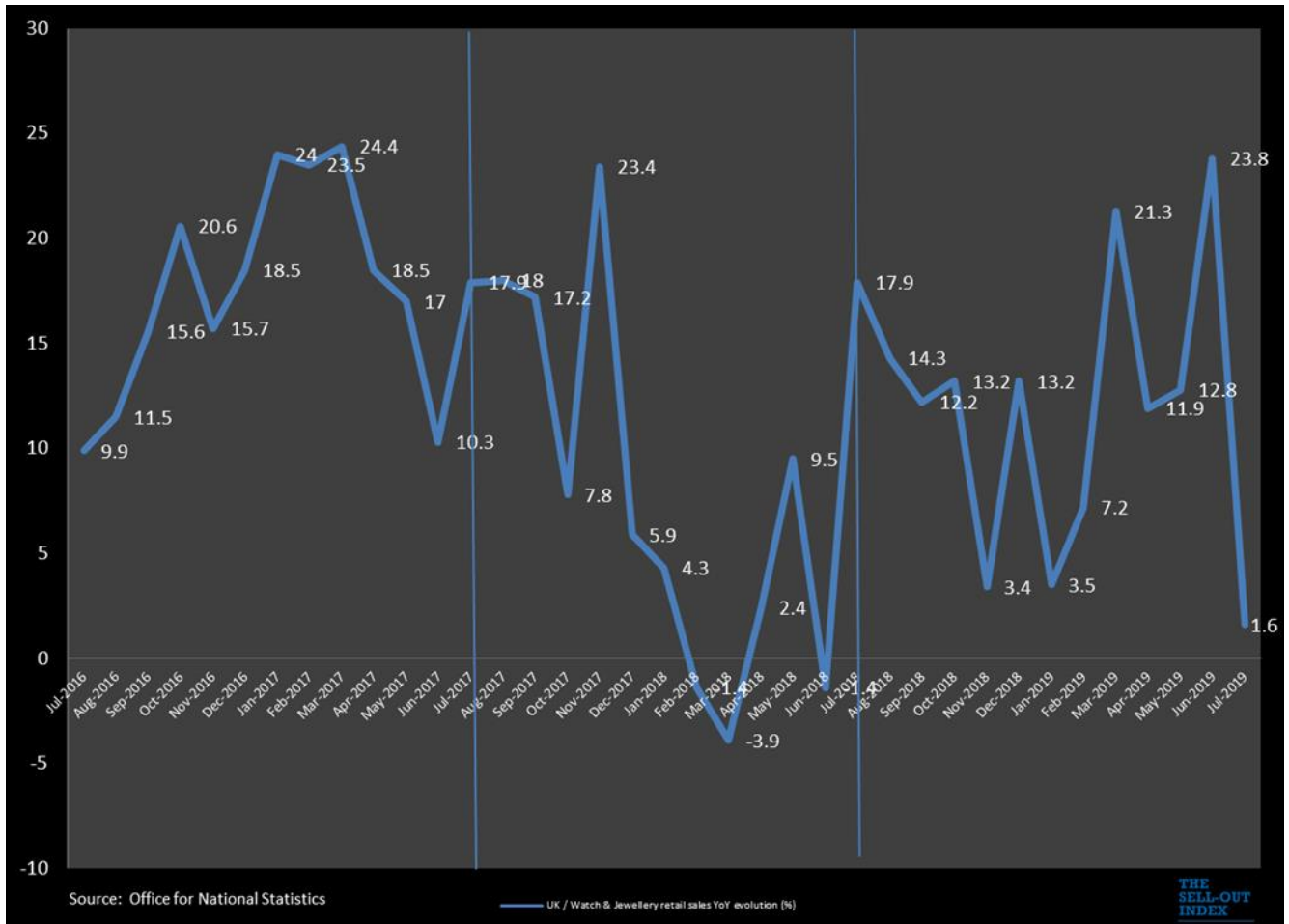
In the first seven months of 2019, the online retail sales of physical goods were up by 20.9 %, accounting for 19.4% of the total retail sales of consumer goods.

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
(%)

July
2019

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



In July 2019, Watch & Jewellery retail sales at specialized stores returned to a slower growth (1.6% year-on-year, following a downwardly revised 23.8% in the previous month. It was the lowest figure recorded in July during the last five years, and was partly explained by the success of the Amazon's Prime Day promotion: overall Online sales in July jumped by 12.7% year-on-year, far outstripping the **3.4% growth of Total retail sales (excluding automotive and fuel)**.

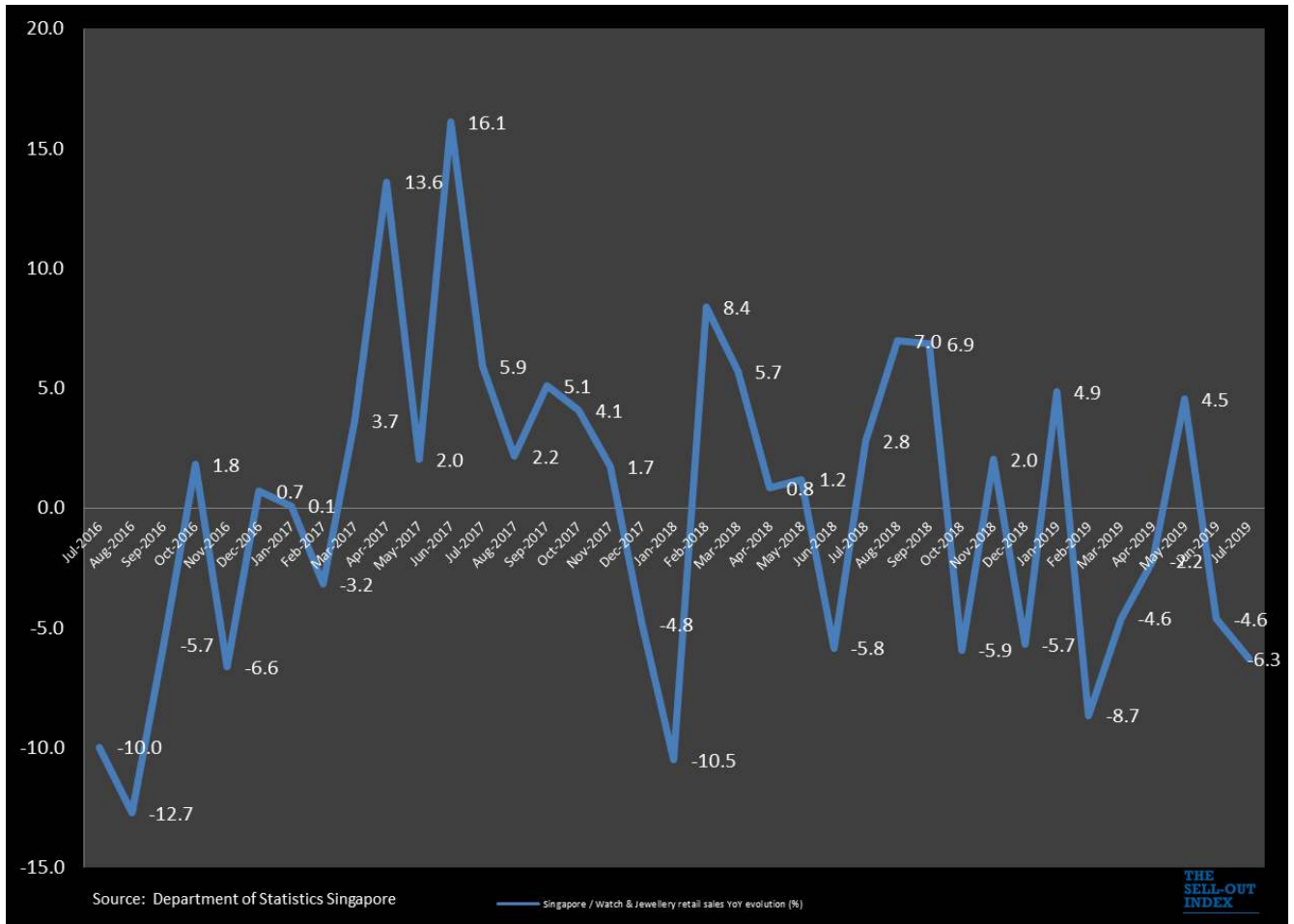
From **January to July 2019**, the Watch & Jewellery retail sales growth continued to strongly outperform the Total retail sales of the country (excluding automotive and fuel). Partly lifted by mono-brand boutiques, e-commerce and in-bound tourism, the category **grew 11.3%** compared to the same period in 2018. In the meantime, **Total retail sales increased 4.2%**.

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
(%)

July
2019

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



In July 2019, Singapore's watch & jewellery retail sales dropped by 6.3% year-on-year.

Total Retail (excluding Motor Vehicles) dropped by 2.4% year-on-year. This was the sixth straight month of yearly fall in retail trade after a decline of 2.7% in the previous month. Additionally to watch & jewellery sales, declines were seen in most of retail segments, including Department stores (-3.6%), wearing apparel & footwear (-2.2%), furniture & household equipment (-8.3%). As reported by the Strait Times, "hiring sentiments have also turned cautious which means that employees are likely to be more careful with their expenditure, especially in their discretionary spending", said Ms Ling, head of treasury research and strategy at OCBC Bank.

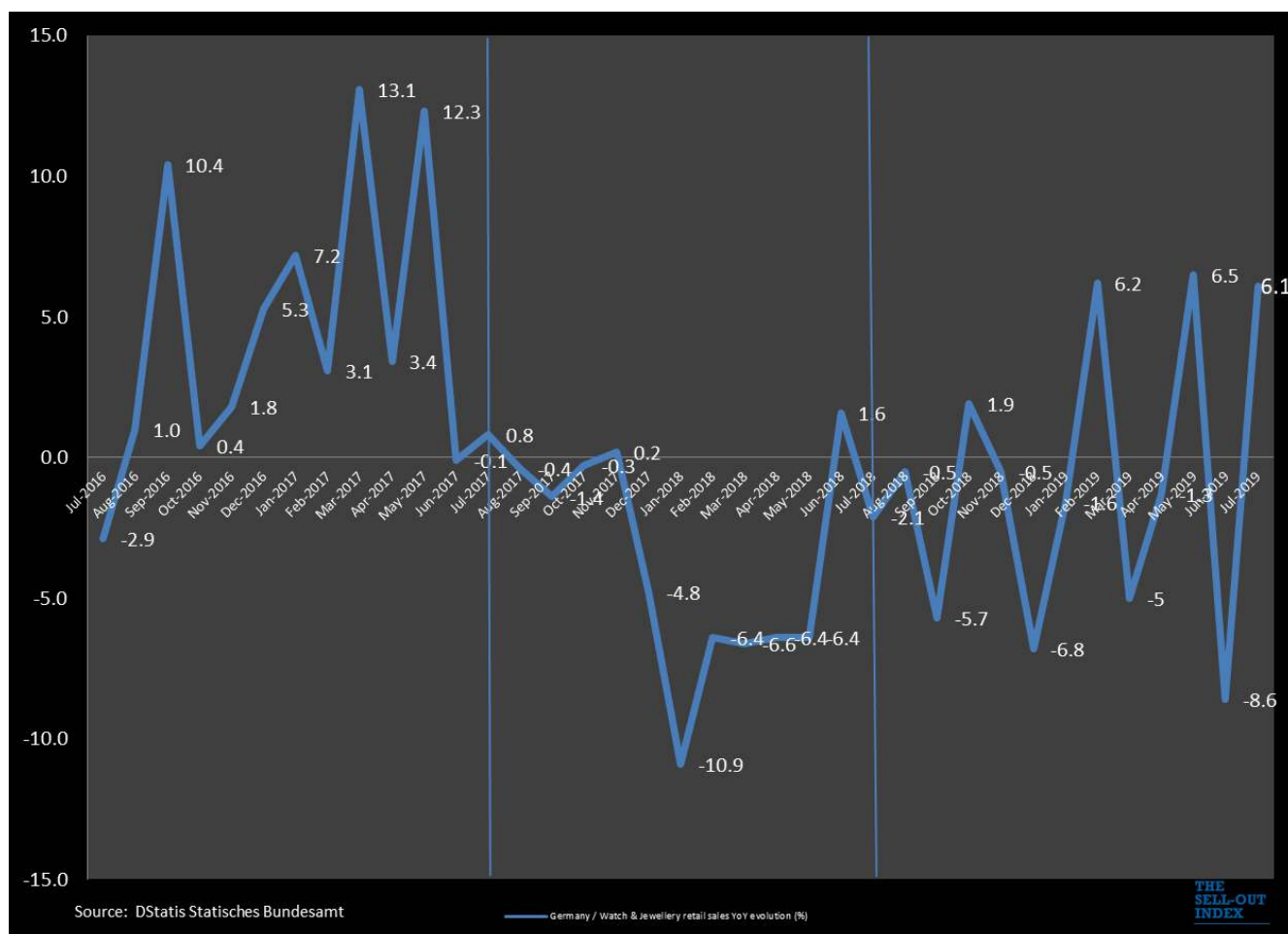
In year-to-date, watch & jewellery retail sales fell 2.4% and Total Retail sales (excluding Motor Vehicles) decreased 2.0%.

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
(%)

July
2019

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



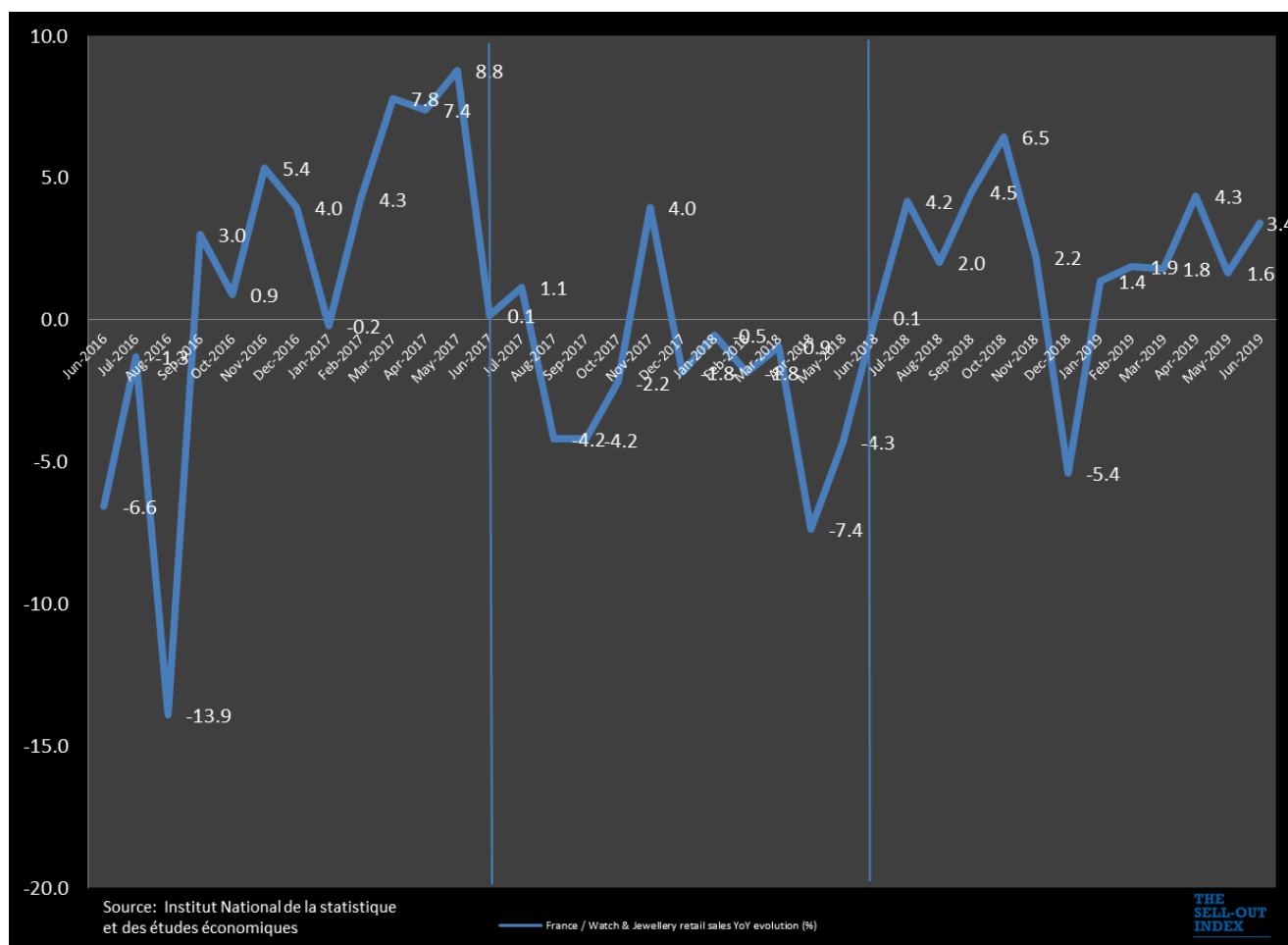
Provisional **watch & jewellery retail sales in Germany increased 6.1% year-on-year in July 2019**, following a downwardly revised -8.6% in June. Meanwhile, **Total retail sales in Germany (excluding sales of motor vehicles) increased 5.4%**, partly lifted by one additional day open for sale (27 in July 2019 and 26 in July 2018). Retail sale of leather goods and luggage increased 3.9% and retail sale of cosmetic and toilet articles rose 7.6%. Online retail in particular advanced 8.2%. In year-to-date **sales in total retail trade (excluding sales of motor vehicles) increased 3.5%**. **On the other hand, watch & jewellery retail sales were only 0.2% higher** over the same period in the previous year.

According to D-Statist, the Federal Statistical Office of Germany, sales of watch & jewellery specialized stores were EUR 5.968 billion / CHF 6.936 billion in 2017 (excl. VAT). They accounted for 1.1% of the Total retail sales of the country (excluding Motor Vehicles).

France
Retail Sales Year-on-Year
(%)

June
2019

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



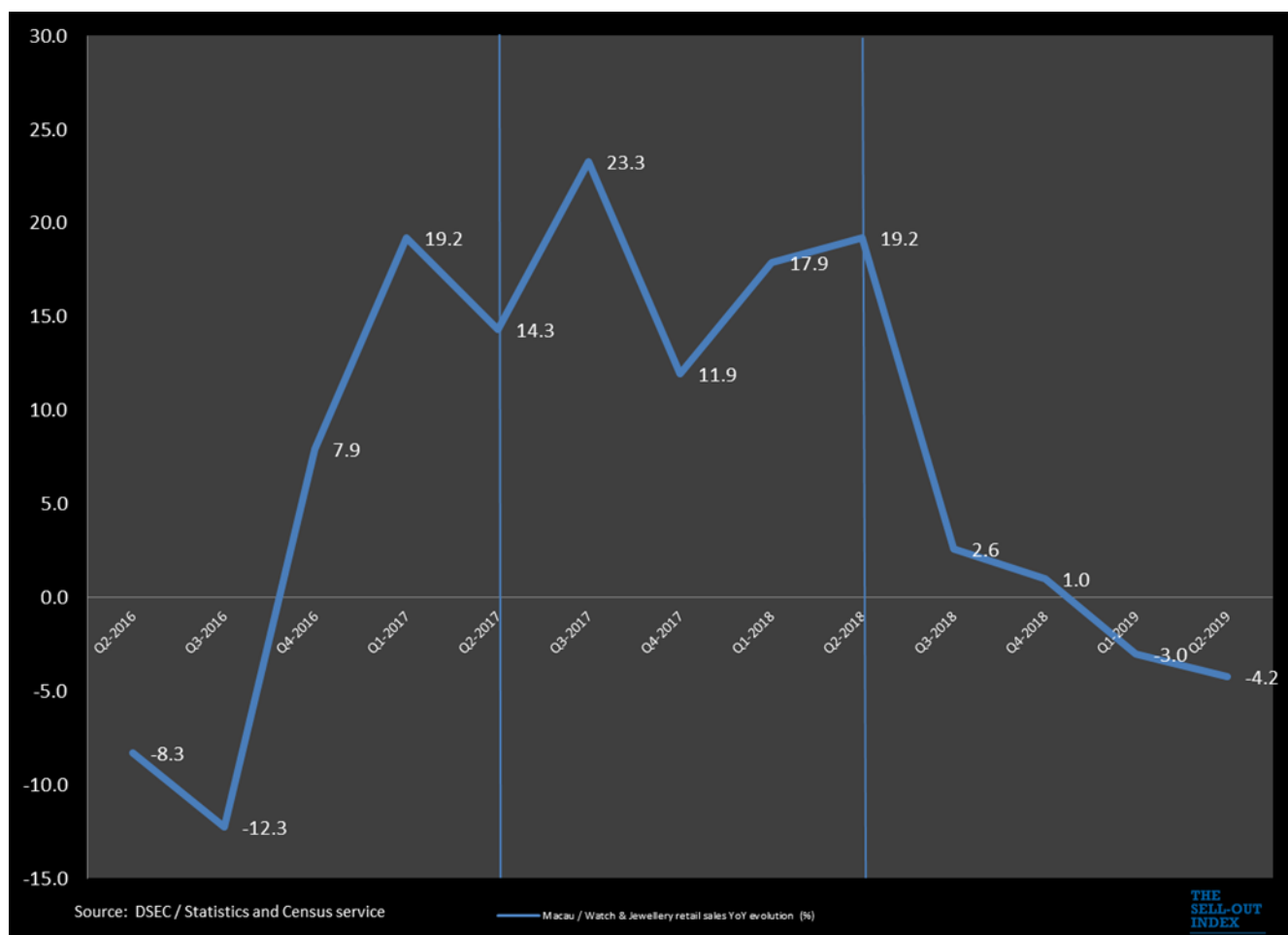
In June 2019, watch & jewellery retail sales in France **increased 3.4% year-on-year**, due partly as a result of a stronger demand. The **overall retail sales (excluding motor vehicles) slowed down (0.6%)** and Departments stores sales decreased 0.5%. For the first half of the year, **watch & jewellery Retail sales increased 2.4%** from a year earlier. **Overall retail sales (excluding motor vehicles) increased 2.7%.**

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
(%)

Q2
2019

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



Retail sales of Watches & Jewellery continue to drop in the second quarter of 2019 (-4.2% year-on-year). It was the third straight quarter decrease in retail sales. Among the other major retail activities, Adults' clothing registered notable year-on-year decrease (-10.9%). In the meantime Leather Goods slightly decreased (-0.7%) and **Total retail sales recorded a -0.8% year-on-year decrease.**

For the first half year, Watch & Jewellery retail sales decreased 3.6% from a year earlier and **Total retail sales fell 1.2%,** despite a jump of 20.6% of visitor arrivals.

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 product 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 in the luxury and market research industries.

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 H119 (report on monitoring of 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.