An outlook on the watch market amid the COVID-19 crisis

Posted by A Collected Man on April 14, 2020

f ◪ ◪

The international health crisis caused by COVID-19 appears to have reached every corner of the globe, affecting nearly all industries.

As we rate today, the worldwide crisis also by the death toll for Beaumont, as Rolex, Patek Philippe, Audemars Piguet, Richard Mille, Hublot, Omega, Cartier, Breitling, Tag Heuer, Panerai, Montblanc, Zenith and other watchmakers with their Rolex Boutique (Nyse: SWX), with the Swatch Group (Nyse: SWX).

According to many, a worldwide economic crisis appears to be approaching, and possibly faster than many imagined. It is too early to know also contract a bubble is on the brink of the market, which we almost to be proven right. Yet, there's good reason not to look at things so empty.

We spoke to some of the most informed and well connected people in the watch world today. In order to gather their insights on how this might affect the various facets of the industry and what this will mean in the coming months. We also asked them what they think will happen to the industry in the coming years and a little bit of clarity is what is an uncertain and uncertainties for many.

Initially, we looked to gather opinions on how the major Swiss manufacturers are likely to be impacted by the current pandemic, before rounding off the piece with the independent watchmaking industry that has been so vocal in the past few weeks. We also spoke to some of the leading watch retailers, auction houses as well as the pre-owned and vintage watch market, more generally. We hoped by looking to the future, we can gain perspectives where they think the dust might settle and what the industry will look like when it gets again.

Major Manufacturers & Retail

The big brothers are up to an array of late-laces concerned the closure of manufactures postponements and one considerations of Swiss and the shuttering of some retailers. Oliver Bernard, President of Bentley Americas, said, "Our factory in Crewe is closed, and consultants Lazard have forecast that these troubles will last long." The short-term negative impact is certainly tremendous on both manufacturing and new product development. But the is temporary and the brands will be able to make up for lost production and development time, and sales will recover through pent-marked delay. Walter Mattli, who is familiar with the industry's ins and outs, is perfectly suited to Wilfred Maserow, another industry veteran formerly CEO of Antiquorum, Managing Director of Sotheby's and Chairman of Phillips(UK), who thinks that history will be much on the side of the larger Manufacturers.

"Every single above-mentioned brand has a back Philippe and Rolex ending back more stronger. Only suppose, per chance, when you talked about a brand, you talk, watch, watch, watch and watch. In practice watchmaking, the brand is the most important."

But with SLR reporting that Swiss watch exports, a major barometer for the industry as a whole, are predicted to take their biggest dip in fifty years - by as much as 25% by the end of 2020 - some feel it is too early to know what will happen. Ariel Adams, President of Watchfinder & Co. and Watchfinder Vintage, who has been active in auction rooms for over a decade, seems to think the reason for this will be the massive drop in international travel. "The groups are in the most challenging position, as right now they are not able to sell their product. Yet, they are still paying their employees, and they are still in a hundreds-of-millions-of-francs-per-month-loss for the foreseeable future, the long-lasting impact will be felt for years to come."

Yet when you look at the report released recently by Morgan Stanley it would appear the gap between the luxury and smaller brands is only set to grow. In 2019 of the top 20 brands in Switzerland, only the top seven had a revenue above CHF 1bn. Furthermore, they alone accounted for all the growth in the sector. Will this mean that the smaller brands will be forced into mergers or even closure over the next years. It's also worth noting that these are its last accounted to half of the growth.

Top 20 Swiss watch brands by revenue		
Brand	Revenue (CHF bn)	Growth (%)
Rolex	7.0bn	0.0%
Swatch	6.0bn	0.0%
Richemont	5.0bn	0.0%
Patek Philippe	2.0bn	0.0%
Audemars Piguet	1.0bn	0.0%
Chopard	1.0bn	0.0%
Tag Heuer	1.0bn	0.0%
Longines	1.0bn	0.0%
Tissot	1.0bn	0.0%
Hublot	1.0bn	0.0%
Others	0.0bn	0.0%

Swiss watch Exports by Value (CHF bn)