Bloomberg the Company & Its Products ▼ | Bloomberg Terminal Demo Request | ➡ Bloomberg Anywhere Remote Login | Bloomberg Customer Support Bloomberg **US Edition** Sign In Subscribe More : Live Now Markets **Economics** Industries Technology **Politics** Wealth **Pursuits Opinion Businessweek** Businessweek Business Chanel Rejects the 'Fashion Watch' as It **Takes Aim at Rolex** The company, a bastion of feminine style, is extending the brand to the clubby world of high-end timepieces. LIVE ON BLOOMBERG Watch Live TV > **Listen to Live Radio** > Chanel store on the Place Vendôme in Paris. Photographer: Marlene Awaad/Bloomberg By Robert Williams and Corinne Gretler December 6, 2019, 5:01 AM UTC Listen to this article Chanel's jewelry boutique on the Place Vendôme in Paris **5:07** sells ceramic timepieces, floral brooches, and gold quilted-pattern rings. Its three arched windows face the **Share this article** Ritz hotel where Coco Chanel once lived, on a square that today is home to the shops of such Swiss stalwarts as Rolex, Breguet, and Patek Philippe. Gift this article The French house is sending a message to its noble Follow the authors neighbors: The company synonymous with woven chain-@RobW_U link handbags, tweed blazers, and No. 5 fragrance is + Get alerts for determined to become a bigger force in the rarefied **Robert Williams** world of fine timepieces. But pushing even one of the @gretlerc most coveted names in female fashion into a category still + Get alerts for populated predominantly by men won't be easy. Other **Corinne Gretler** fashion brands such as Dior and Hermès have tried to make headway in the tradition-bound industry, with In this article limited success. And from its inception 109 years ago, MC Chanel has enjoyed a reputation for feminine sensibility, LVMH MOET HENNE which could make it difficult to build a big business in 673.80 EUR **7** -10.20 -1.49% truly expensive watches, where the majority of sales are 1513555D to men. "Diversifying is always tough, and it can go **LAUNCHMETRICS** wrong if a brand lacks legitimacy," says Oliver Mueller, a **Private Company** brand consultant at LuxeConsult in Aubonne, Switzerland, which specializes in the Swiss watch industry. "What Chanel has done very well is make its watches coherent with the rest of its product offering in terms of price and aesthetics." CHANEL The automatic J12 starts at \$5,700, about the same as some Rolex models. Source: Chanel Chanel's signature timepiece is the J12 (named after a class of racing yacht), a unisex divers' watch made of black or white ceramic that got a subtle design overhaul and new movement for its 20th birthday this year. Chanel also launched a marketing campaign featuring billboards on high-profile real estate from Paris to Los Angeles, as well as short videos with brand ambassadors such as actress Keira Knightley and model Claudia Schiffer philosophizing about the meaning of time. The most celebrated names in fashion have struggled to extend their cachet into timepieces. Indeed, "fashion watches" has become an almost pejorative term to aficionados more drawn to such technical features as perpetual calendars, minute repeaters, and gravitydefying tourbillon escapements. Fashion watches from the likes of Giorgio Armani, Gucci, and Michael Kors are typically available for a few hundred dollars and powered by reliable yet unremarkable quartz movements, acting as an entry point to the brands for younger consumers, similar to how fragrances or sunglasses are positioned by luxe houses. Even Hermès, among the most exclusive names in luxury, sells "affordable" quartz watches for as little as \$2,100. Chanel has instead priced the automatic J12 with its crystal case back starting at \$5,700, approaching the cost of the Rolex Submariner, the standard-bearer of sporty dive watches. "It's not a fashion watch, it's a real watch with a fashion inspiration," says Marianne Etchebarne, Chanel's global head of watches and fine jewelry marketing. Etchebarne Photographer: Marlene Awaad/Bloomberg Chanel has sought to burnish its credentials by focusing on what makes many watch lovers tick: the movement. The company owns 20% of Swiss movement maker Kenissi, which powers the J12 model, as well as a stake in Geneva-based watch brand F.P. Journe, whose models can cost as much as a luxury car. While the categories of fashion and expensive watches coexist under the umbrella of luxury emporiums such as LVMH, Kering, and Richemont, few houses have managed to become a recognizable force in both. But as LVMH's recent agreement to purchase Tiffany & Co. for \$16 billion shows, jewelry and watches are seen as areas where big brands can still grow. "Consumers are becoming more interested in brands than specific products," says Michael Jais, chief executive officer of fashion advisory firm Launchmetrics. At Chanel's production facility in Switzerland (from top): laterally polishing sintered links; assembling the dial onto the movement; a bracelet and watch head. Source: Chanel

Labels like Chanel can extend their name across a range

of items-from sneakers to handbags to watches-because

customers view their products as a lifestyle offering with

a consistent design language. That makes the brand more

elastic than those specializing in niches such as footwear

or watches, which risk getting marginalized and stand to

see lower returns on their marketing spending, Jais says.

competitive," he says, "it's hard to make it worth it when

"Acquiring new clients has become so costly and

Chanel's ambitions in watchmaking haven't gone

unnoticed. The J12 model took home the prize as best

ladies' watch this year at the Geneva Grand Prix-the

Chanel skeleton watch that showed its inner workings

through a diamond-rimmed, transparent case also won

While Chanel remains overwhelmingly a brand catering

to women, watches also provide a way to draw in men.

men's watch, with a starting price of \$35,100, and the

Chanel store on the Place Vendôme in Paris. Photographer: Marlene

Chanel's network of more than 200 boutiques around the

watches directly to well-heeled consumers once they're

through the door. The brand's managers are betting that

willing to splurge on a mechanical watch from a house

that's created an aesthetic bond with buyers. For Chanel,

Etchebarne says, "technology is never the starting point.

The design is the starting point." –With Thomas Mulier

world gives the company an advantage to pitch its

today's smartphone-wielding shoppers may still be

The Monsieur de Chanel is the company's first dedicated

sporty design of the J12 doesn't make that timepiece look

Oscars of luxury timepieces. And in 2018 a \$47,300

you're only selling one thing."

the top women's prize.

out of place on a man's wrist.

Awaad/Bloomberg

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