Fédération de l'industrie horlogère suisse FH
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Press release

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Swiss watch exports in 2016

The substantial fall observed throughout the year seems to have bottomed out

The environment confronting the Swiss watch industry remained difficult throughout the year 2016. Demand for personal luxury goods fell, especially for the most expensive products. Timepieces therefore had to contend with changes in the choices made by consumers who are increasingly interested in the notion of experience associated with the world of luxury and less in shopping as used to be the case. The strength of the Swiss franc, the decline of tourism in Europe and the measures taken by the Chinese Government also weighed in the balance.

Swiss watch industry exports fell for the second year in succession. Their value stood at 19.4 billion francs, 9.9% lower than in 2015. With this result, the branch has returned to its 2011 level and seen an end to the growth of 15% achieved between 2011 and 2014. All the regions were affected by this downturn.

The complex and uncertain environment makes forecasting very difficult. The exercise is further complicated by structural factors. Information available at present suggests that watch industry export figures should stabilise in 2017.

Products

Watch exports fell by 9.8% last year to 18.3 billion francs. The decline was identical in volume terms with a total of 25.4 million timepieces exported in twelve months. This was the lowest figure since 2009.

Mechanical and electronic watches posted comparable falls in terms of both value and volume, close to -10%.

Almost three-quarters of the decline were attributable to watches in precious metal (-18.5%). Steel timepieces were less affected because their value was down by just 3.3%. On the other hand, in terms of volume, steel products (-7.8%) contributed to a substantial overall reduction. The *Other materials* (-9.5%) and *Other metals* (-17.2%) categories also penalised the result.

Representing two-thirds of export sales, watches priced at over 3,000 francs (export price) accounted for some 80% of the annual decline, with -11.6% in value. The 500 to 3,000 francs segment (-3.9%) showed a reduction that was three times less substantial. In volume terms, watches costing less than 200 francs set the tone (-11.3%), with 2.1 million fewer units sold than in 2015.

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Markets

During the year 2016, the fifteen main markets showed the following trend (total value in million francs and % variation by comparison with 2015):

1.	Hong Kong	2,382.6	-25.1%
2.	USA	2,145.5	-9.1%
3.	China	1,293.2	-3.3%
4.	Japan	1,262.0	-3.3%
5.	United Kingdom	1,206.1	+3.7%
6.	Italy	1,180.8	-10.3%
7.	Germany	1,099.7	-10.8%
8.	Singapore	1,012.9	-10.4%
9.	France	985.6	-19.6%
10.	UAE	923.9	-2.8%
11.	South Korea	662.0	+3.7%
12.	Spain	446.0	-9.9%
13.	Saudi Arabia	347.2	-20.3%
14.	Taiwan	345.6	-19.6%
15.	Austria	303.2	-0.9%

Asia, strongly influenced by the trend in Hong Kong, reported the biggest contraction in 2016 (-11.4%) and accounted for more than half the decline. Europe and America posted identical downturns with -8.6%.

Hong Kong played a very important role in terms of the global result. After two years of heavy decline (-25.1% in 2016), the value of this market has fallen by half in four years. China, on the other hand, recovered strongly thanks to a positive second half (+9.1%). It ended the year at -3.3% against 2015. However, the situation in Japan deteriorated after a good first half to finish up at a similar figure of -3.3%. Singapore (-10.4%) was in line with the global average while South Korea (+3.7%) was one of the few countries to progress. The Middle Eastern markets were affected by declining oil revenues and weakened in the second half of the year.

In Europe, only the United Kingdom (+3.7%), benefiting from the weaker pound sterling, stood out as an exception in the context of a clearly negative trend. Italy and Germany remained close to the global average. France (-19.6%) was particularly hard hit by the decline of tourism and a general sentiment of insecurity. Exports of watches to Spain (-9.9%) did not benefit from the influx of tourists.

The trend in the United States (-9.1%) did not stand out in 2016 and remained in line with the global average.

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