



Press release

for immediate publication

Bienne, January 28th 2021

Swiss watch exports in 2020

Historic decline due to the Covid-19 pandemic

2020 was an unprecedented year, resulting in a sharp decline in activity for the luxury goods sector as a whole, and for the watch industry in particular. The spring saw a halt in production and a lack of market activity for many weeks, in response to the lockdown that affected a large part of the world. The second wave of the pandemic during the autumn caused further disruption.

The value of Swiss watch exports in this exceptional situation fell to 17 billion francs compared with 21.7 billion a year earlier, a decline of 21.8%. This is comparable to the fall recorded in 2009 (-22.3%) during the financial crisis, which reduced the value of exports to their 2008 level. Following a historically poor second quarter (-61.6% compared with April-June 2019), the trend gradually recovered, resulting in just a 4.3% decline in the fourth quarter, in spite of the still highly unfavourable circumstances. The relative improvement in the situation was due almost entirely to China, which recovered sharply from June onwards (+50.1% in the second half of the year) because of domestic sales of goods that had previously been purchased abroad. The watch industry has been severely affected by the health crisis and in particular, by the restrictions it has imposed on international tourism. Travel retail, which is an important channel for sales of Swiss watches, has fallen to an extremely low level.

The changes that have been underway for some years have accelerated sharply in response to the problems caused by the crisis, allowing the sector to adapt more rapidly to new market characteristics. The digitalisation of customer relations and particularly, an increasing share of sales, has created new opportunities and partially offset the difficulties faced by traditional distribution channels. Initiatives in the area of sustainability are also responding to current and future consumer expectations.

At a time when the world is facing a third wave of infections and drastic measures are being taken by many countries, a high level of uncertainty remains over the prospects for a return to normal. Nonetheless, the recovery in watch exports that began in the third quarter, the methods deployed by brands to adapt to the situation and the undoubted appeal of Swiss watches suggest a more positive outlook for 2021. The recovery that is probably expected in the second quarter should result in steady growth for the year as a whole. This will not make up for the losses in 2020, however, and it is still difficult to predict when the sector will return to pre-crisis levels.

Products

Exports of wristwatches were valued at 16.1 billion francs, a reduction of 21.4% compared with 2019. At the same time, the number of items exported fell by a third. Switzerland therefore shipped 13.8 millions watches abroad, 6.9 million fewer (-33.3%) than the previous year.



Declines were seen in all price segments and all the main materials used for watches, by both value and number of items. Watches priced at less than 500 francs (export price) saw the sharpest declines, further accentuating the negative trend that has been seen for several years.

Markets

All the main regions were severely impacted by the decline in 2020. Asia accounted for 54% of Swiss watch exports by value and fell by 20.2% compared with 2019. Europe (-25.2%) was even more heavily affected and saw its market share decline to 29%. America, with a 15% share, recorded a 20.4% fall.

Swiss watch exports per market in 2020

Markets	Mil of CHF	Variation	Part
1. China	2,394.0	+20.0%	14.1%
2. USA	1,986.7	-17.5%	11.7%
3. Hong Kong	1,696.7	-36.9%	10.0%
4. Japan	1,189.5	-26.1%	7.0%
5. United Kingdom	1,030.2	-24.6%	6.1%
6. Singapore	933.6	-26.4%	5.5%
7. Germany	886.4	-21.4%	5.2%
8. UAE	758.5	-18.9%	4.5%
9. France	667.2	-37.9%	3.9%
10. Italy	647.6	-33.3%	3.8%
11. South Korea	584.2	-36.6%	3.4%
12. Taiwan	279.2	-9.9%	1.6%
13. Spain	256.1	-34.8%	1.5%
14. Netherlands	234.9	-9.5%	1.4%
15. Saudi Arabia	222.2	-31.1%	1.3%
World	16,984.1	-21.8%	

China proved an exception in 2020 and became the leading direct destination for Swiss watch exports. Less affected by the health crisis and with a very marked recovery in domestic purchases during the second half of the year, it was the only market to show growth (+20.0% compared with 2019). All the other main markets saw a very sharp decline. In Asia, Hong Kong posted one of the most negative performances across the board, pushing it down to third place in the ranking of Swiss watch exports, after 12 years in first place. Among other Asian markets, Taiwan (-9.9%) held up better.

In Europe, France (-37.9%) and Italy (-33.3%) suffered particularly badly, while the United Kingdom (-24.6%) and Germany (-21.4%) were closer to the global average.

The United States (-17.5%), which absorbs 80% of watch exports to the continent, saw a slightly less marked decline than the world as a whole, given a stronger recovery in the third quarter.

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