

Digital Opportunity in an Environment Rooted in Craft and Tradition: The Case of the Luxury Swiss Watches

**Bachelor Project submitted for the degree of
Bachelor of Science HES in International Business Management**

by

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Geneva, 2nd June 2021

Haute école de gestion de Genève (HEG-GE)

International Business Management

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Acknowledgements

I would like to thank my mentor, Ms Sophie Furley, who helped me and guided me during this fantastic adventure.

I would like to thank my professor and responsible for the HEG IBM Bachelor's theses, Mr Nicolas Montandon, who gave me the opportunity to work with Ms Sophie Furley.

I would like to thank all the brands' representatives I had the opportunity to interview.

I would like to thank all the people who took the time to answer to my survey.

I would like to thank the establishment Hotel Torre del Mar where I wrote many chapters of this thesis.

Finally, I would like to thank my fellow classmates, and friends, Nicolas Daven, Jeremy Gavillet, Gayal Kanagasabai and Quentin Pilloud for their continuous support.

Executive Summary

This Bachelor Project aims to highlight the main digital solutions currently used by luxury Swiss watch brands. Additionally, it intends to analyse how the Swiss luxury watchmakers can preserve their brand equity while leveraging these digital solutions. Data have been collected through survey and interviews from watch industry's professionals as well as watch enthusiasts.

This project leads to three different main outcomes:

Firstly, Swiss watch companies faced the important growth of the digital marketing. It has been concluded that, in order to preserve and communicate brand equity, luxury watch brands had to become real content creators in order to meet the requirements of the luxury characteristics. To preserve a qualitative brand image, luxury watch manufacturers shall invest in the quality of their content. Additionally, Swiss watch companies should build a strong digital marketing strategy in order to correctly leverage social media. The adoption of the social network codes could help watchmakers to become real actors of the media, and thus, communicate their values to their customers. Finally, to secure relevant brand equity, the online environment must be as qualitative as the physical one. Therefore, watch brands shall have a high level of control of their environment.

Secondly, luxury watchmakers started selling their timepieces online. Since the pandemic, e-commerce became a top priority for Swiss watch manufacturers. The project shows that e-commerce is not a disruptive enemy, but a complement of traditional retailing. Therefore, the most optimized sales strategy is omnichannel. Analysis shows that the majority of the major luxury Swiss watch companies embraced e-commerce while developing their corporate e-shop or by working with authorised retailers online platform. To build a seamless customer experience, which is key for luxury watch customers, Swiss watch manufacturers should break the barrier between the physical channels and the online channels. As brands rely heavily on the emotional aspect of their products, a current opportunity is to embrace the “phygital” experience by leveraging the new technologies. Thanks to features such as augmented reality, 3D visuals, virtual tours, live chat, virtual boutique appointments, online corporate websites became a real comprehensive platform which acts as a source of information, as a customer experience and as a point of sale.

Lastly, since 2019-2020, a couple of luxury watch brands started using blockchain-based technology to fight against counterfeit and to certify timepieces' authenticity. Additionally, the NFTs started entering the watch world with a few first digital watch auctions. Criticisms have arisen as to whether blockchain is a real need or not.

To conclude, despite the high advancement and constant evolution of the digital world, it is still hard to communicate the emotional aspect of the watchmaking universe. The “Swiss made” tradition, such as craftsmanship, precision, quality, authenticity, and elegance should remain a priority even in the new technologies. Watchmakers should not launch themselves directly into a completely new digital revolution without thinking about integrating what they do best; Selling an emotional, with rich heritage product in a qualitative environment made with an important human dimension.

Contents

Disclaimer	i
Acknowledgements.....	ii
Executive Summary	iii
Contents.....	iv
List of Tables	vi
List of Figures	vi
1. Introduction	1
1.1 Structure of the report.....	1
1.2 Current state of the watch industry	2
2. Literature review	6
2.1 Introduction.....	6
2.1.1 <i>Why is their tradition important?.....</i>	<i>7</i>
2.1.2 <i>Why is digital important?.....</i>	<i>8</i>
2.1.3 <i>Why is there a conflict?.....</i>	<i>11</i>
2.2 Digital Marketing & Brand Equity	13
2.2.1 <i>Watch brands are becoming content creators: The Case of Instagram.....</i>	<i>14</i>
2.2.2 <i>Importance of the quality of Swiss watch brands' online environment: The Case of Rolex.....</i>	<i>25</i>
2.3 E-commerce	30
2.3.1 <i>Current luxury Swiss watch brands' e-commerce situation in the Western World</i>	<i>32</i>
2.3.2 <i>Digital solutions used within the Swiss watch brand's corporate websites.....</i>	<i>38</i>
2.4 The Trend of the Blockchain Technology	59
2.4.1 <i>Watch brands using blockchain-based technology.....</i>	<i>60</i>
2.4.2 <i>The watch industry and the phenomenon of the NFTs</i>	<i>68</i>
3. Methodology	71
3.1 Secondary research.....	71
3.2 Primary research	72
3.2.1 <i>Interviews</i>	<i>72</i>
3.2.2 <i>Survey</i>	<i>73</i>
4. Results	74
4.1 Survey	74
4.2 Interviews	85

5. Discussion	90
5.1 Findings related to digital marketing: Keep focusing on quality	90
5.2 Future of digital marketing: Shall luxury watch brands become their own influencer?	91
5.3 Findings related to e-commerce: Watch customers are willing to buy online – Brands must transfer what they do best in-store: Unbeatable customer experience & customer service	92
5.4 Future of traditional stores: Luxury boutiques dedicated to the brand universe.....	93
5.5 Future of e-commerce: Phygital and the “Amazon for Luxury Products”	94
5.6 Findings related to new technologies: Is it Real Innovation or Trick Marketing?	95
5.7 Future of new technologies: “Manage your company like your house”	96
6. Conclusion.....	97
Bibliography	100
Appendices.....	111
Appendix 1: FRENCH – Interview with the Owner of two Re-Born Swiss and French Watch Brands (Brand A and Brand B).....	111
Appendix 2: Interview with two Founders of a Digital-Born Watch Brand (Brand C)	114
Appendix 3: FRENCH – Interview with the Manager of an independent Geneva-based Watch Retailer (Retailer A).....	119
Appendix 4: Interview with the Manager of an independent Amsterdam-Based Watch Retailer (Retailer B)	124
Appendix 5: Interview with a Senior Manager of a Long-Established Swiss Luxury Watch Manufacturer (Brand D).....	125
Appendix 6: Interview with a Member of the Extended Group Management Board of a Major Swiss Watches Manufacturer.....	129
Appendix 7: Hublot Big Bang Meca-10 P2P	133
Appendix 8: Biver’s Hublot Bigger Bang All Black Tourbillon Chronograph	133
Appendix 9: NFT Jacob & Co SF24 Tourbillon	134

List of Tables

Table 1 – Luxury Swiss watch brands selling online	33
Table 2 – Luxury Swiss watch brands using digital solutions	39

List of Figures

Figure 1 – Watch Categories	6
Figure 2 – Sales of personal luxury goods	8
Figure 3 – Sales influences	9
Figure 4 – Digital influence	9
Figure 5 – Total followership of watch brands	14
Figure 6 – Rolex: Instagram posts from 2015	16
Figure 7 – Rolex: Instagram posts from 2016	17
Figure 8 – Rolex: Instagram posts from 2021	18
Figure 9 – Hublot: Instagram posts from 2012	19
Figure 10 – Hublot: Instagram posts from 2014	20
Figure 11 – Hublot: Instagram posts from 2018	21
Figure 12 – Hublot: Instagram posts from 2021	22
Figure 13 – Rolex on Lepage.fr #1	25
Figure 14 – Rolex on Bucherer.com #1	25
Figure 15 – Rolex on Lepage.fr #2	26
Figure 16 – Rolex on Bucherer.com #2	26
Figure 17 – Longines on Lepage.fr #1	27
Figure 18 – Longines on Bucherer.com #1	27
Figure 19 – Longines on Lepage.fr #2	28
Figure 20 – Longines on Bucherer.com #2	28
Figure 21 – IWC using AR #1	40
Figure 22 – IWC using AR #2	40
Figure 23 – Jaeger-leCoultre using AR #1	41
Figure 24 – Jaeger-leCoultre using AR #2	41
Figure 25 – Hamilton Watch using AR	42
Figure 26 – Hublot using AR #1	43
Figure 27 – Hublot using AR #2	43
Figure 28 – Patek Philippe using 3D photos #1	44
Figure 29 – Patek Philippe using 3D photos #2	44
Figure 30 – Jaeger-leCoultre using 3D photos #1	45
Figure 31 – Jaeger-leCoultre using 3D photos #2	45
Figure 32 – Blancpain Virtual Tour #1	45
Figure 33 – Blancpain Virtual Tour #2	46
Figure 34 – Blancpain Virtual Tour #3	46
Figure 35 – Tudor personalisation #1	47
Figure 36 – Personalisation #2	47
Figure 37 – Rado personalisation #1	47
Figure 38 – Rado personalisation #2	47
Figure 39 – Blancpain website homepage	48
Figure 40 – Patek Philippe price	49
Figure 41 – Vacheron Constantin price	49
Figure 42 – Omega watch information #1	50
Figure 43 – Omega watch information #2	50
Figure 44 – Omega watch information #3	51
Figure 45 – Omega watch information #4	51

Figure 46 – Breitling order by phone	52
Figure 47 – Patek Philippe wishlist	52
Figure 48 – Vacheron Constantin Live Chat	53
Figure 49 – Longines Click & Reserve.....	54
Figure 50 – Breitling Boutique Appointment	55
Figure 51 – Rado Find a Boutique.....	55
Figure 52 – Vacheron Constantin Playlist.....	56
Figure 53 – Rolex Wallpapers	56
Figure 54 – Breitling Pay in Instalments	57
Figure 55 – Longines Compare feature	57
Figure 56 – Age group.....	74
Figure 57 – Gender 2021	75
Figure 58 – Gender 2020	75
Figure 59 – Location.....	75
Figure 60 – Income per year	76
Figure 61 – Do you own a Swiss luxury watch?.....	76
Figure 62 – Would you consider buying a watch online?	77
Figure 63 – Excluding watches, do you buy luxury purchases online?.....	77
Figure 64 – On a scale of 10, what is the probability that you buy a watch online?	78
Figure 65 – Reasons to shop watches online	78
Figure 66 – If yes, which price point (USD) would you consider?	79
Figure 67 – Which e-commerce website would you consider to buy a watch?.....	79
Figure 68 – Would you buy a watch online without trying it?.....	80
Figure 69 – If you have already bought a watch online, were you satisfied with the online services provided?	80
Figure 70 – Do you search for online information before considering buying a watch?	81
Figure 71 – If yes, where?	81
Figure 72 – Are you following watch brands on social network?	82
Figure 73 – If yes, on which platforms?	82
Figure 74 – Do you feel that luxury watch brands are well representing their values online?	83
Figure 75 – Most visited websites in the past 12 months.....	83

1. Introduction

1.1 Structure of the report

This thesis comprises 8 sections:

- 1) Introduction: This includes the current situation of the watch industry.
- 2) Literature review: Divided into four chapters: The introduction highlighting the importance of the tradition in the Swiss luxury watch industry, the importance of digitalisation and why the two are in conflict. Digital Marketing and its current trends. E-commerce, its current situation, and the new technological features used by the twenty biggest watch brands. And the new trend of blockchain technology.
- 3) Methodology: Divided in two parts, the secondary research and primary research.
- 4) Results: Analysis of the interviews and the survey.
- 5) Discussion: Review of the findings and the future of digital marketing, traditional and digital stores, and the future of the new technologies used by the Swiss watch companies.
- 6) Conclusion
- 7) Bibliography
- 8) Appendices: Including the transcript of the interviews and illustrations.

1.2 Current state of the watch industry

The Swiss watch industry is far from facing its first crisis. Indeed, before the pandemic, the watchmakers were already preoccupied by a growing number of difficulties.

The current pandemic crisis accelerates the polarisation of the market regarding high-end watches. Entry/mid-price mechanical watches (price below CHF 3,000) decreased consequently. Quartz watches' sales decreased by 36% (Morgan Stanley, 2020). As opposed to the upper segment of the market (over CHF 7,000) that account for 70% of sales in value, but only 10% of the volume of watches produced (Morgan Stanley, 2020). Nevertheless with 2% of the watches sold in the world, in volume Swiss watches represents more than 50% of the global watch industry in terms of value. (SWISSINFO, FHS, 2020). Over 95% of watches that cost more than CHF1,000 are manufactured in Switzerland. (SWISSINFO, FHS, 2017).

According to Morgan Stanley and LuxeConsult, the watch market is dominated by 75% by the four largest groups, namely Swatch Group, Rolex, Richemont and LVMH. Additionally, the "Billionaire Club" also called the "Magnificent Seven", namely Rolex, Omega, Cartier, Longines, Patek Philippe, Tissot and Audemars Piguet have a growth rate of 9% in 2018 compared to 6.3% for the overall industry. (ROULET, 2019).

A directly linked trend is the premiumisation. Out of these 7 billionaire brands, only Tissot is situated in the middle price range. Morgan Stanley suggests that the high-end major brands will perform better than the lower price segment. As stated in the FHH Journal by Christophe Roulet: According to Morgan Stanley, watches with a wholesale value above CHF 3,000 should account for an all-time high of 71% of Swiss watch exports in value versus just 10% in volume. The entry-level market has been drastically affected by the arrival of a new segment of the watch market, the smartwatches. Of course, smartwatches should not be considered as a complete substitute of traditional watches. However, it is interesting to note that in 2019, Apple sold more watches than the entire Swiss watch industry. Indeed, according to Strategy Analytics, Apple exported 30.7 million units worldwide, compared to 21.1 million units for the Swiss watch companies. (Strategy Analytics, 2019).

Another effect linked with the polarisation of the industry is the dependence of the Chinese market. Since January, China is the only market that show a positive increase. (Morgan Stanley). China is becoming the first market for Swiss watches by overtaking Hong Kong. According to Bain & Company, China will likely achieve a 48% growth of luxury goods consumption in mainland China, accounting for almost RMB 346 billion (Bain & Company, 2020). China's consumption is elevating towards upper price points, which strengthens the polarisation of the industry.

Hong Kong was one of the major markets for high-end watches, with CHF 1,696.7 million worth of exports in 2020 (FHS, 2020). Since 2019, protests have affected drastically the major watch groups including Swatch Group and Richemont. Sales of watches decreased by 47.4% according to RBC Capital Markets reports and the Hong Kong Retail Management Association (MCSPEDDEN, 2019). In August 2019, Switzerland exported CHF166.4 million worth of watches whereas, one year before, in August 2018, Switzerland exported CHF 190.6 million (FHS).

Other political instabilities such as the Gilet Jaune (Yellow Vests) in France, Brexit or the US-China trade war have a negative impact on the Swiss Watch industry.

The Gilet Jaune protesters that started in November 2018 led to the closure of stores and impacted French tourism. This led to French retailers with a turnover loss of 40% and a decrease of 30% of visitors in major luxury department stores like Printemps or Galeries Lafayette (BOSTEELS, 2018).

Sustainability is another challenge watch manufacturers are currently facing. As stated in the Deloitte Swiss Watch Industry Study 2020 “Nearly 90% of executives believe that sustainability and supply chain transparency are important for the industry, and over 50% of consumers surveyed consider sustainability when purchasing a watch”. According to WWF, many watch brands are “non-transparent” or “latecomers” when it comes to sustainability matters (WWF, 2018).

A major present concern is digitalisation. It has become a top priority for any business. However, this opportunity is complex for Swiss managers as they have the particularity of managing their corporations with great precautions. Meaning that Swiss corporations usually do not take huge risks when it comes to new technology. This already happened in the 70s when the Quartz technology completely disrupted the Swiss watch market. Digitalisation has been particularly in the minds of the Swiss watchmakers since the start of the pandemic.

Originally, digital innovations were perceived as a disruptive enemy, however, new innovative solutions have emerged over the last 10 years. These solutions are:

1. Digital Marketing: The use of social media including Facebook, LinkedIn, Instagram or YouTube. This is not a question for brands anymore. They all have been able to use these tools and incorporate them into their strategy. They are still trying to understand how to leverage some platforms such as TikTok.

2. Retailing, e-commerce: Most luxury brands understood that omnichannel was a priority. High-end brands such as Rolex and Patek Philippe are still looking for ways to secure customer experience, however major players in other segments have already moved on with the e-commerce opportunity. It is also worth mentioning that COVID-19 pushed many luxury watches brands into the digital space.

3. New technologies solutions: Such as MS Dynamics or Salesforce could be leveraged by brands to secure customer experience. Additionally, these tools help brands to clearly analyse customer journeys. Blockchain can also help brands to further develop their warranty system or fight against counterfeiting. CRM technologies are also important for Swiss watch brands to consider.

These innovations are great opportunities for the watch industry. Over the past 10 years, luxury brands from other industries have shown great use of new technology.

Cartier is considered to be the first to go online, in 2008, in Japan. Montblanc has been online since 2011 and Jaeger-leCoultre since 2012. More recently luxury brands such as Omega or Hublot opened their official e-boutiques in Europe.

The two most iconic luxury watch manufacturers in the world, namely Rolex and Patek Philippe also started to invest in their online presence. Patek Philippe opened their Instagram in 2018 and Rolex opened their Twitter in 2017. In numbers, 60% of luxury Swiss watch customers use online and digital channels to research product information. By 2025, 20% of luxury sales will be online. Since 2019, more than 40% of luxury Swiss watch brands started to go online. Digital is key for watch brands.

2. Literature review

2.1 Introduction

Leidar Consulting categorised within their 2019 analysis on luxury watch brands 5 main watch categories. Within the framework of this research, “Basic Luxury to Ultra-Luxury” will be the references. Additionally, all watch brands are labelled “Swiss Made”.

Figure 1 – Watch Categories

Entry Luxury

- > 500CHF
- Fashion and sports brands
- Mass production
- Quartz/movements made in Asia

Basic Luxury

- 1'500 CHF – 5'000 CHF
- Average heritage
- Mass production
- Good automatic movements, often made by ETA
- Good craftsmanship
- Occasional use of metals and stones

Luxury

- 5'000 CHF – 10'000 CHF
- Renowned heritage
- High resale values
- Mostly mass production, some rare pieces
- Quality movements, some in-house manufacturing
- Focus on craftsmanship and quality
- Some precious materials and stones

High-End Luxury

- 10'000 CHF – 40'000 CHF
- Excellent heritage
- Very high resale value
- High quantities, with some unique and rare pieces
- Complex movements, mostly in-house manufactured
- Excellent craftsmanship, often handmade
- Frequent use of precious metals and stones
- Brand recognition by greater public

Ultra-Luxury

- > 40'000 CHF
- Superb heritage/pedigree
- Limited pieces
- May not have the best resale value
- Impeccable craftsmanship
- Brand recognition in niche circles
- Complex automatic in-house movements
- Precious materials

Source: LEIDAR (2019, p. 18)

2.1.1 Why is their tradition important?

The success of the Swiss watch industry is partially due to the long tradition of manufacturing precision instruments. (DONZÉ, 2011). Elegance, tradition and performance form the Swiss watches' DNA. Benefiting from their label "Swiss made", Swiss watch manufacturers even have their dedicated common phrase in the English language with the expression "Precise like a Swiss watch".

Brand heritage, driver of brand identity is a crucial part of Swiss watch brands equity (AEKER, 1996). Thanks to innovation, precision, craftsmanship, high quality and high standards, Swiss watch brands enjoy an iconic status and an exclusive image that is crucial for their reputations (BELLONI, 2019). Additionally, the cultural heritage of Switzerland is a major asset for their watch brands. (POHLI, 2020).

Many specialists, state that heritage, and historical brands in general, indicate credibility, reliability and authenticity and this helps brands to benefit from a competitive advantage (AEKER, 2004, LEIGH et al, 2006, CARCANO, et al., 2011). Heritage is shown through maintained traditional values, symbolism, expert craftsmanship, and landmark locations. (LODHA, 2020)

Brand heritage provides foundation for strong and lasting relationships with stakeholders. If a luxury brand has a strong cultural heritage, potential customers can relate to it. By building a strong storytelling, brands can create desire and engage with customers. Additionally, heritage is a sign of depth, authenticity and credibility to the brand's perceived value. This allows brands to build brand loyalty and willingness to pay higher prices. (DIAMANTOPOULOS, 2012). Therefore, luxury brands aim to build a long-lasting emotional connection through these values. (POHLI, 2020).

Finally, in a global market volatility, brand heritage shows longevity, reliability, and performance. (POHLI, 2020). (WIEDMANN, 2011) (BALMER, 2011b; BLOMBÄCK and RBUNNINGE, 2013; WIEDMANN et al 2011).

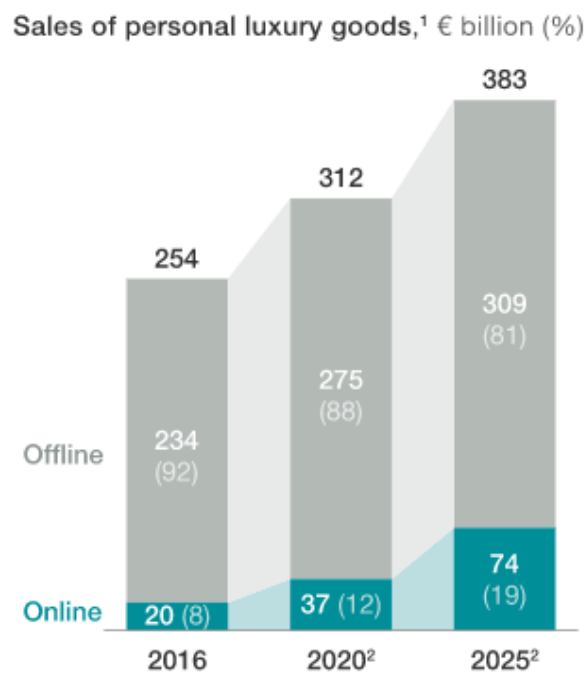
The Swiss made and its tradition is so important that it clearly enables Swiss watch brands to generate brand value and thus profits in a totally different scale compared to Japanese or other manufacturers.

2.1.2 Why is digital important?

New technologies drastically influenced the value chain of luxury brands, going from CRM to the in-store experience to the use of technologies such as virtual reality, artificial intelligence or blockchain. Evolving in a digital environment is crucial for a luxury brand as online strategies are strengthening the brand. (WIEDMANN, et. al., 2012). Digitalisation is inevitable, and that is a fact. However, it is key to approach digital in a qualitative manner to avoid jeopardizing hundreds of years of brand heritage. Here is what digital represents in number:

According to McKinsey report from 2018, online luxury sales will more than triple by 2025, with nearly a fifth of personal luxury goods sales taking place online, representing approximately 20%.

Figure 2 – Sales of personal luxury goods



¹Accessories, apparel, beauty products and perfumes, footwear, jewelry and watches, and leather goods.

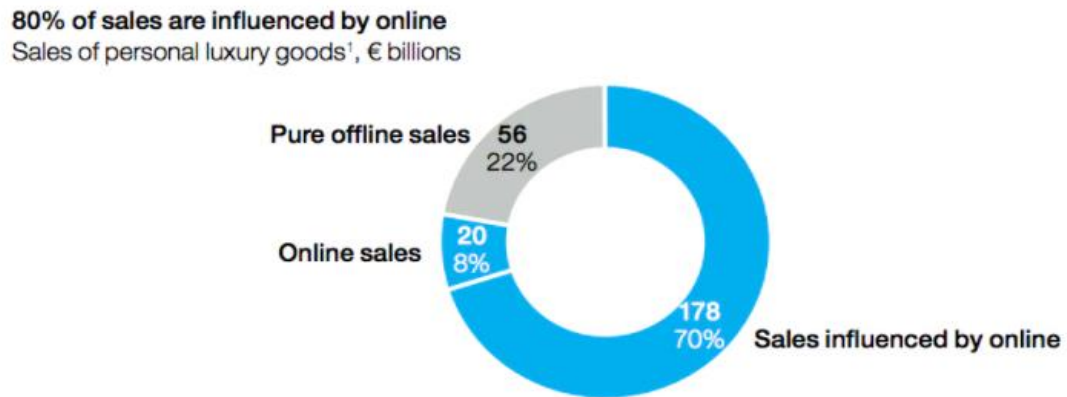
²Forecast.

Source: Euromonitor; Forrester

Source: McKinsey (2018)

Additionally, nearly 80% of luxury sales are “digitally influenced”. Meaning digital channels are included during the luxury shopping journey.

Figure 3 – Sales influences

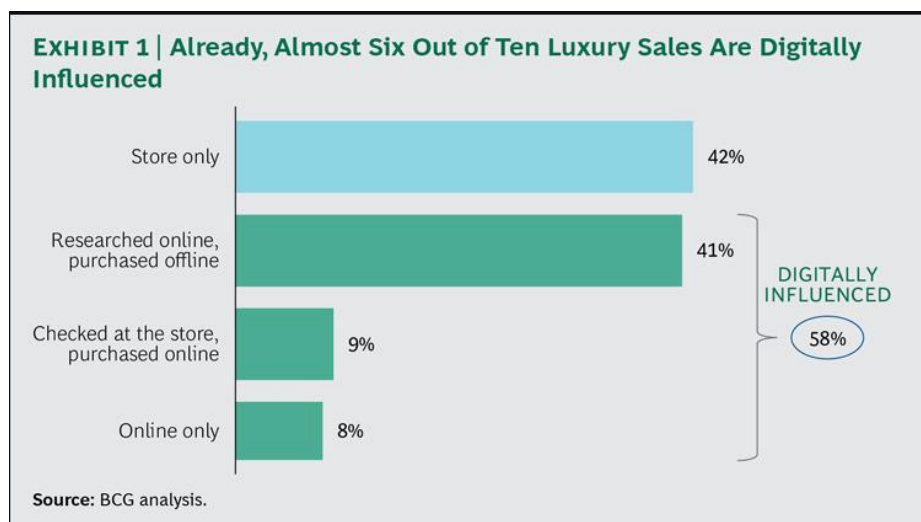


SOURCE: Euromonitor; Forrester; companies' Annual Reports; McKinsey

Source: McKinsey (2018)

Research from BCG (Boston Consulting Group) from 2016 indicates that six out of ten luxury sales are digitally influenced.

Figure 4 – Digital influence



Source: Boston Consulting Group (2016)

More precisely, as stated by David Sadigh, founder and CEO of Digital Luxury Group “There are more than 40% of the luxury watch brands that have developed their own e-commerce capabilities”.

Brian Duffy, chief executive of Watches of Switzerland informed the Financial Times in 2020 that e-commerce used to account for 6% or 7% of watches and jewellery sales. Since lockdown, there has been a +50% increase.

As said by Jean-Daniel Pasche, president of the Federation of the Swiss Watch Industry (FHS), between April and September 2020, Richemont accounted 7% of their sales online, against 2% the previous year.

The relationship between a luxury brand and its customer is vital. Thanks to digitalisation, luxury brands can develop tools and services to create and nurture this essential relationship even further. Digital leads to many opportunities:

Brand engagement: The use of new technologies enables brands to build a strong customer awareness and customer relationship by reaching them more effectively and more frequently. This helps them to reach potential new customers as well.

Customer insights: By collecting customer insights, this helps brands to build a comprehensive individual approach and more essentially, develop personalisation, which is key in the luxury world.

Ecosystem: Thanks to digitalisation, brands can engage in a deeper relationship with their business stakeholders including agencies, suppliers or sellers.

E-commerce: E-commerce became essentials for luxury brands, especially since the pandemic. It is a distribution channel that is now widely used by luxury customers.

Customer experience: New technologies help to share a brand's vision and culture more easily with technologies such as augmented reality. It also helps to develop new services like blockchain-based warranty.

2.1.3 Why is there a conflict?

Digital communication, and the internet in general is by default of mass communication rather than selective communication (MAMAN et al., 2014). Therefore, there is a high risk of loss of image control, what could lead to a prestige loss. (DE CHERNATONY, 2001).

While luxury brands' online presence can increase awareness and desire, it can also decrease their sense of exclusivity and perceptions of rarity (COWAN, 2020). This is therefore in conflict with their optimal brand strategies.

Some specialists go even further as stating that selling a luxury product online would be extremely dangerous because it would “reduce the dream value of the brand by increasing its penetration too quickly and giving easy access to an uncontrolled number of unqualified leads.” (KAPFERER and BASTIEN, 2012).

Many marketers and other specialists assume that the “digitalisation of luxury brands” is complex and paradoxical as luxury customers expect exclusivity, insider knowledge, personalised and intimate service as opposed to the online environment that is of mass communication (POPOMARONIS, 2017).

Deeply connected to its history and success, the Swiss watch brands' heritage was for a long time unchallenged. (SZEGEDI et al., 2017). However, this traditional spirit is constantly being challenged by various economic changes and is being kept alive by marketing operations. (DONZÉ, 2011). Despite the consequent competitive advantage of the Swiss watch industry, they have faced many challenges that questioned their legacy. This includes new technologies, production methods, and consumer habits. (DONZÉ, 2011).

Digital technologies have empowered luxury consumers. As stated in the research of 2017 from Deloitte:

“Times are changing, and the role of the luxury consumer has shifted from one of passive observance to empowered dominance. Consumers are no longer content with merely buying exclusive goods; the exponential use of digital technologies has empowered them. They want to interact, belong and be the brands they buy from. Informed, selective, and in charge, they care about their perception in the public light and social media, and the perception of the goods they buy and own.”
(DELOITTE, 2017)

30 years ago, the use of internet and digital technologies was ignored by luxury watch brands. According to NYECK and HOUDE, 1996; NYECK AND ROUX 1997, the first articles related to the use of internet as a communication tool for luxury brands were published in the late 90s.

In order for a luxury brand to integrate technology innovation within its strategy based on heritage, it must find the right relevant balance between the present and the future. (OKONKWO, 2007). Moreover, “Adaptability is a key to maintaining a brand’s relevance over time” (URDE et al., 2017).

Luxury brands were hesitant when it comes to the use of the internet until they realised that their customers were using internet for searching, shopping and sharing purpose. (OKONKWO, 2009).

Luxury brands face many challenges while going online. How do they recreate their unique in-store service, how do they leverage e-commerce while maintaining their long-term relationships with retailers, how do they avoid losing their brand equity based on traditions? (OKONKWO, 2010) How do they create and retain the exclusivity of a luxury brand on a platform that is mass-oriented? (OKONKWO, 2009) Ignoring innovation risk to put them behind the others.

2.2 Digital Marketing & Brand Equity

Originally, watch brands were reluctant to go online as the nature of internet as a mass communication tool is in conflict with the traditional luxury brand strategy of exclusivity and control. (LIU et al., 2018). Substantial research (BAIN & CO, 2017, DELOITTE, 2017, MORGAN STANLEY 2020) demonstrates the strong growth of digital marketing. Originally, exclusivity was more important than accessibility for luxury products, therefore social media were not considered appropriate for brands' strategy. (KAPFERER and BASTIEN, 2012). Kapferer stated that "all brands look alike online" so they (the brands) need physical store to differentiate themselves (KAPFERER, 2015). Some specialists suggest that selling online does not negatively affect the customer's perception of exclusivity. (KLUGE and FASSNACHT, 2015).

As luxury becomes more reachable and accessible, especially with social media (YEOMAN, 2011), Cristini et al (2017) suggest that luxury brand's association with exclusivity is less relevant these days. Cristini adds that "excellence can come without exclusivity."

Digital offers great opportunities for luxury watch brands to further develop their omnichannel strategies, publish content about their brand equity and provide a high level of service. (KAPFERER, 2015).

Olivier Abtan from BCG suggests that digital will transform luxury consumer habits and states that:

"Luxury goods consumers are more connected than the average consumer. They are inspired by the web, by social media, by private sites, and those run by bloggers and brands. They compare products and prices, then they buy." (FHH JOURNAL, 2017)

Christine Barton from BCG adds that "Luxury consumers expect brands to be digital and act digitally".

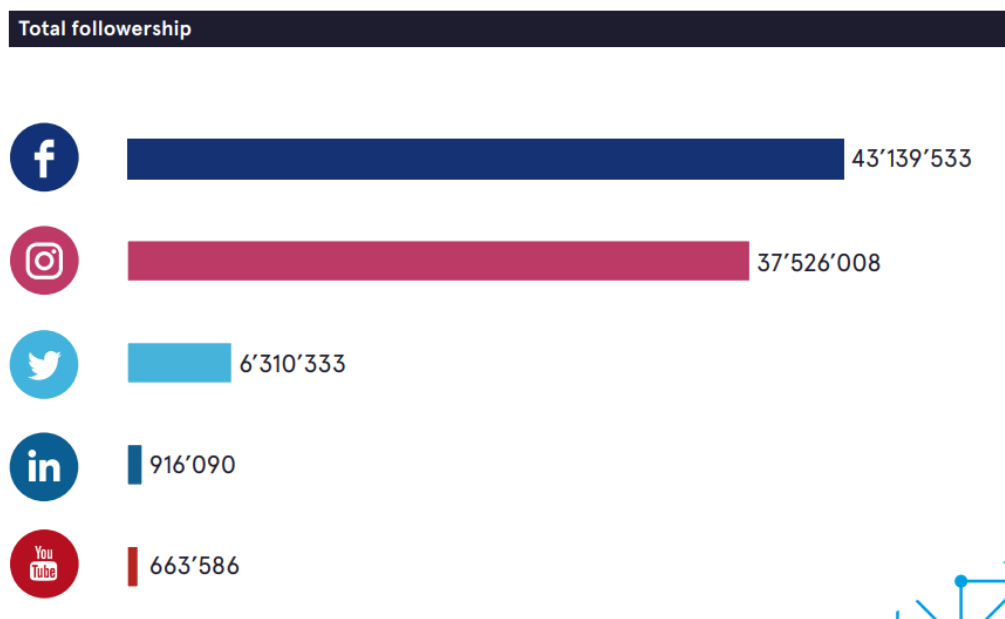
Platforms such as Instagram allow brands to create awareness at an efficient level (MIKE, 2020). MIKE (2020) suggests that people recognise more watches than before.

2.2.1 Watch brands are becoming content creators: The Case of Instagram

Nowadays, brands think digital first. Watch companies invest heavily in digital media rather than traditional media. According to Digital Luxury Group analysis, as of 2017, watch brands spend up to 50% of their marketing budget on online advertising. Luxury brands moved from a traditional media approach to extensive content creation dedicated to digital platforms such as Instagram.

In numbers, Leidar outline in their report from 2019, “From Engagement to Brand Experience: Opportunities for Luxury Watch Brands in the New Digital Landscape” that the current total followership of the 37 brands they analysed on social media accounts for +43M followers on Facebook and 37M on Instagram.

Figure 5 – Total followership of watch brands



Source: Leidar (2019)

Social media has a huge potential for Swiss luxury watchmakers. However, the fine watchmaking, rooted in craftsmanship and tradition, sometimes considered stuck in time must stay “digitally relevant”.

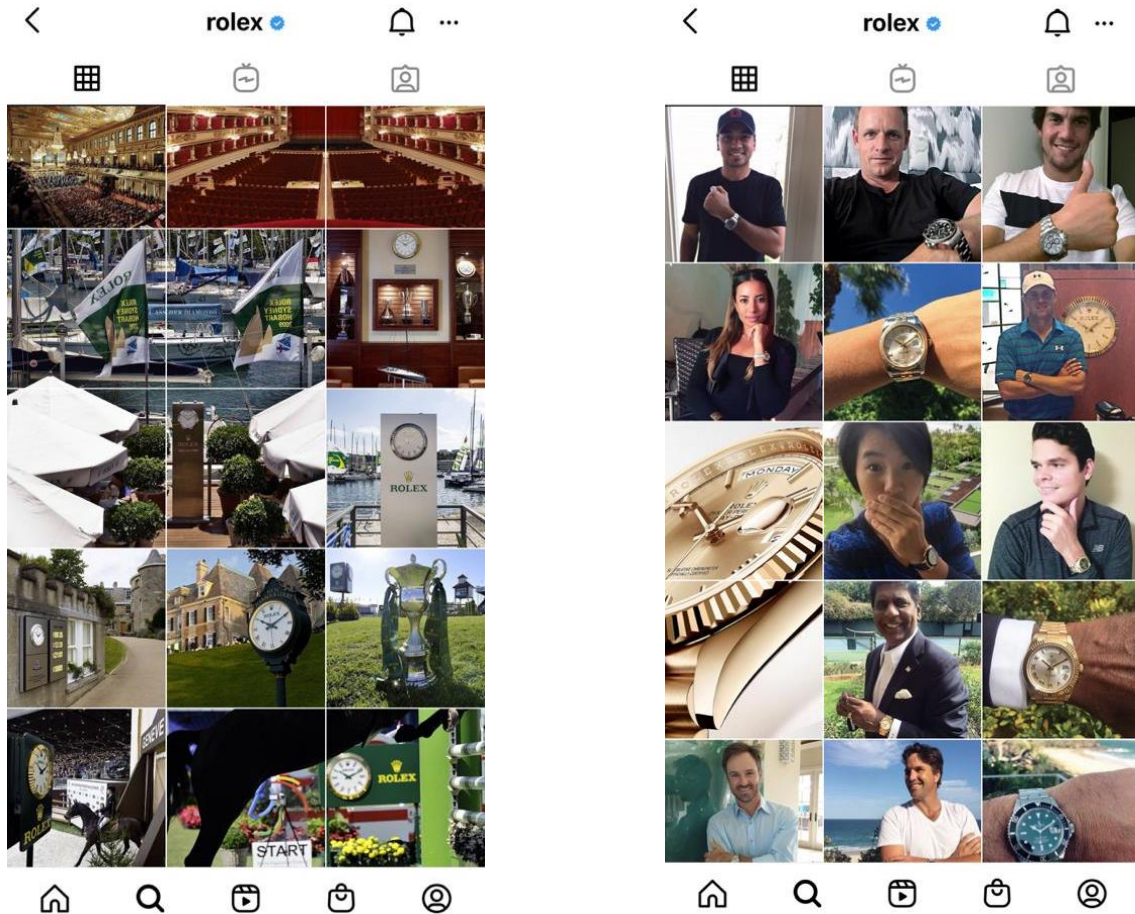
A couple of years ago, social media was still considered as “dangerous” and that “social media and luxury are incompatible” (DUBOIS, 2013). Managers used to see social media as a threat.

In order to respond to the important interest of customers on social media, watch brands must adapt. To stick out from the competition and communicate their values and brand equity, the Swiss watchmakers shall become real content creators. With an average of one post every two days on Instagram, they have to become a production house, they have to produce hundreds of visual works every year. This is a huge revolution for the Swiss watch industry. Four to five years ago, only a few contents would be created for digital media.

Rolex is a great example to show the consequent investment in visual work and creative campaigns. They are the most followed watch brand on Instagram with 11.7M followers as of May 2021.

Below are the first posts of the Instagram account Rolex from 2015. As shown below, there is almost no content specifically created for the media, and it included mainly photos from sponsored events or ambassadors.

Figure 6 – Rolex: Instagram posts from 2015



Source: Instagram (2021)

Below are posts from 2016. Rolex started creating specific content for the platform and use color code. The “feed” mainly includes photos.

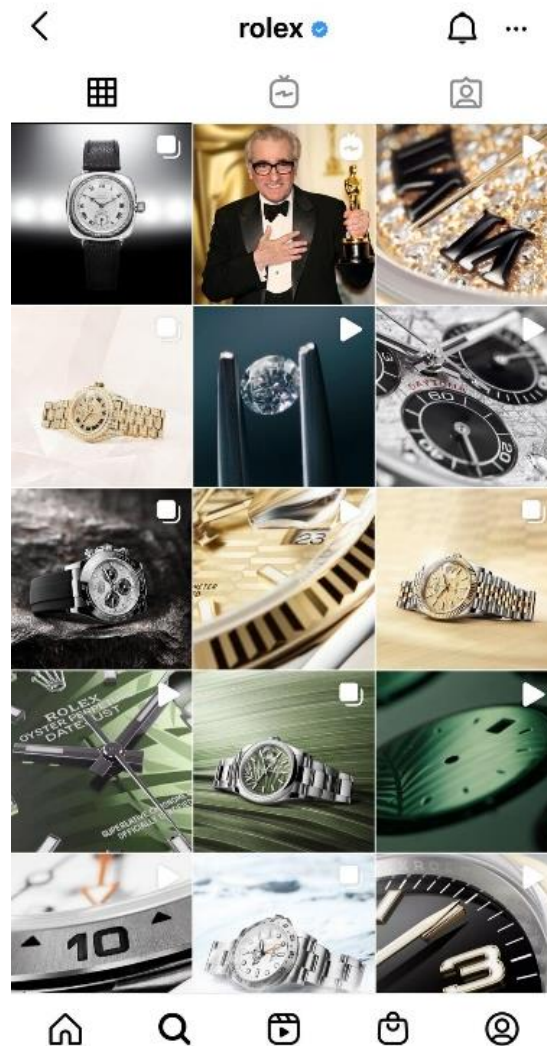
Figure 7 – Rolex: Instagram posts from 2016



Source: Instagram (2021)

Below are recent posts from 2021. As we can see Rolex keep using colour code, with themes and, they use rigorous type of visual work, such as slideshow, short video or even short movie ad.

Figure 8 – Rolex: Instagram posts from 2021



Source: Instagram (2021)

Another analysis is focused on Hublot, the second most followed watch brand on Instagram, with 5.2M followers.

They started posting content in 2012, 9 years ago. Similar to Rolex, most of their content from 2012 are photos from events or ambassadors, with some photos of their products.

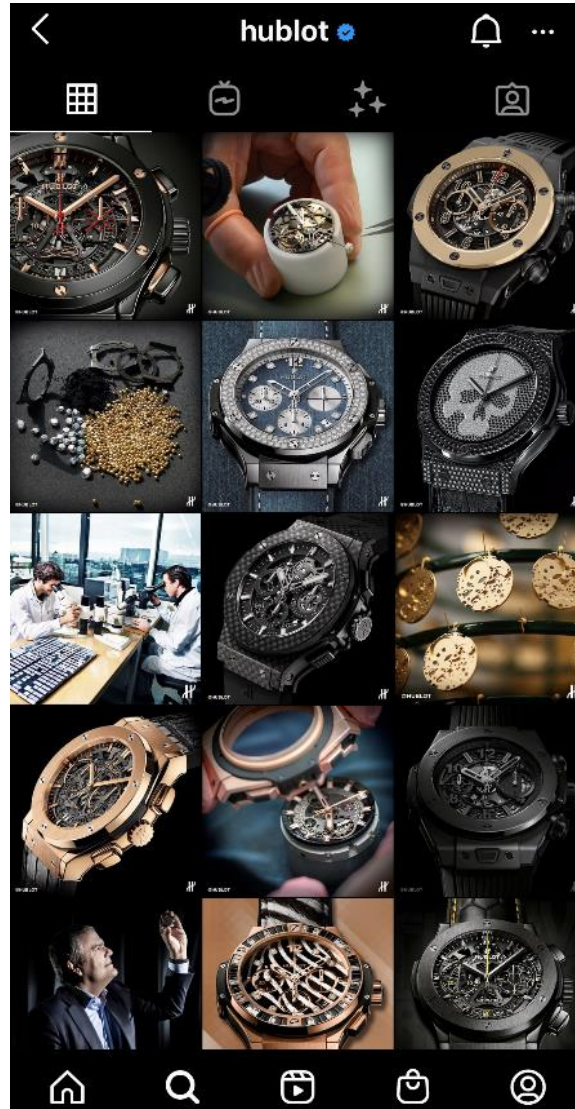
Figure 9 – Hublot: Instagram posts from 2012



Source: Instagram (2021)

Below are posts from 2014. It is clear that Hublot started investing in Instagram content with mostly photos showcasing their timepieces. There is a code of colours, with in this case focused on dark colour and gold.

Figure 10 – Hublot: Instagram posts from 2014



Source: Instagram (2021)

Below are posts from 2018. Hublot applied themes, with in this case the theme of the 2018 Football World Cup. Hublot leverage their ambassadors by posting a lot of content around them.

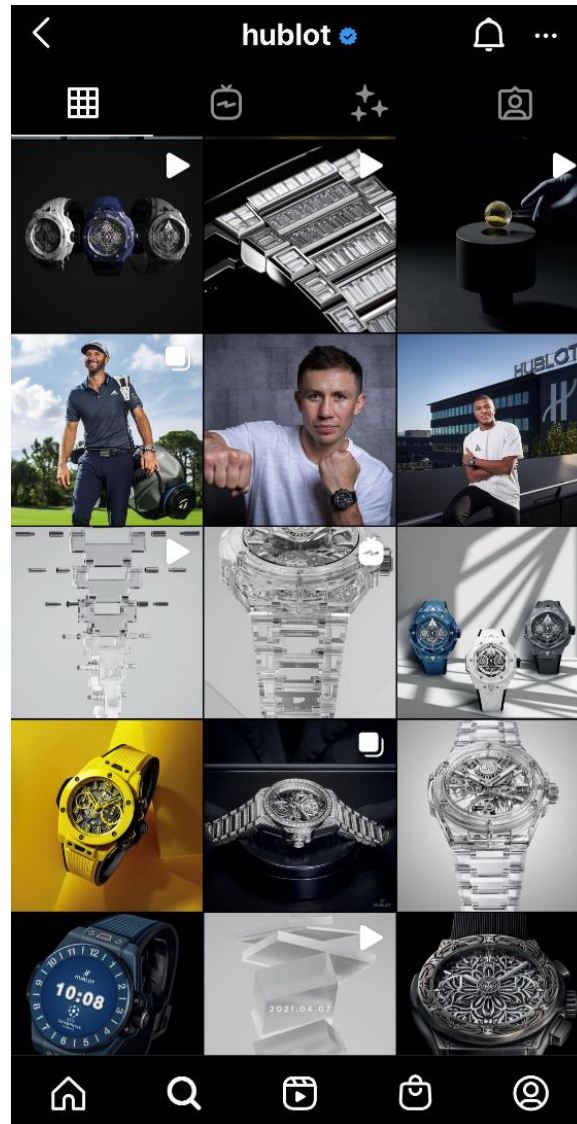
Figure 11 – Hublot: Instagram posts from 2018



Source: Instagram (2021)

Below are the most recent posts from 2021. Hublot clearly leverage all Instagram features with short and long videos, slideshows and beautiful photos. The content is diversified with watches, the manufacturing of the watches and ambassadors.

Figure 12 – Hublot: Instagram posts from 2021



Source: Instagram (2021)

This evolution is applicable to all watch brands that started their Instagram page years ago. They started with simple photos from events, ambassadors to highly qualitative fine-tuned content including short and long videos, photos and slideshows.

As of 2021, to maintain their brand heritage, and communicate their luxury values, watch brands such as Rolex invest heavily in digital media. They hire professional photographers such as Joël von Allmen in order to create various visual work, they have a code of colours, theme and a rigorous activity.

2.2.1.1 Conclusion

One important aspect of the evolution of the Swiss luxury watch brands may be the following: The brands' digital strategy will continue to focus on becoming in-house content creator. It is now very easy to create high-quality content with little means online. Therefore, brands are obliged to meet the content quality requirements. In industries such as the entertainment, brands on social media are becoming entities in their own right. Some brands like Netflix have perfectly adopted the codes of Twitter. They are very active and communicate intensively with their followers. They create their own "meme", which is a popular humour format on Twitter. These "meme" create a lot of attention for Netflix and they have been able to build a reputation of a great page to follow. On the other hand, Ryanair make thousands or even millions of views on TikTok because they have been able to adopt the codes of this social media. They create humour content to put forward their brands. They do not promote their services; they just make humour. This way of promoting a brand without even talking about a company's products or services is more and more popular. Online users are aware of the important mass of advertisement that is made online. It is therefore more and more difficult to attract a customer. Therefore, brands becoming their own "ambassador" on social media makes sense.

Naturally, watchmakers should probably not start creating their own humour content on social media. However, according to how social networks will evolve, they may identify what they could create on these platforms by following the codes of the social medias in order to promote their brand. Since they remain luxury brands, they must be very careful not to devalue their brand equity.

To conclude, it is important that Swiss luxury watchmakers continue to invest in the quality of their content to preserve a qualitative brand image. Furthermore, they must keep evolving in an ultra-qualitative online environment, which leads to the second point of this chapter.

2.2.2 Importance of the quality of Swiss watch brands' online environment: The Case of Rolex

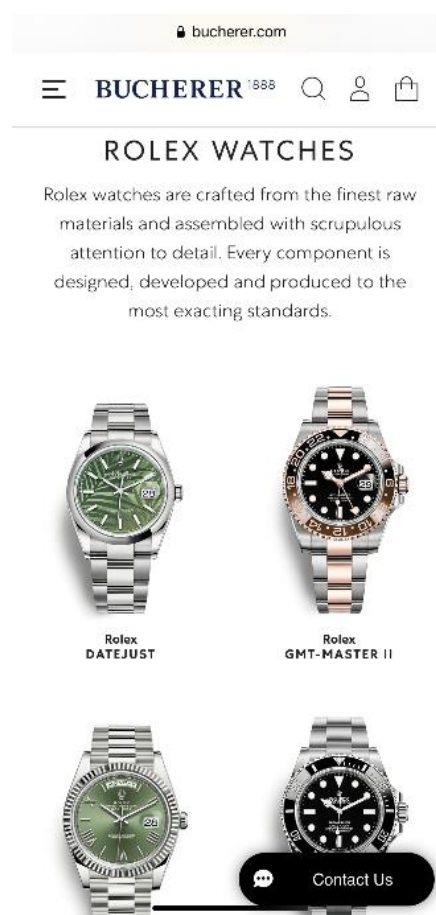
To secure a relevant brand equity, the online environment must be as qualitative as the physical one. The best example is Rolex. On retailers' websites such as Lepage.fr or Bucherer.com, once on Rolex section, they have the exact same environment.

Below is the Rolex section on Lepage.fr and Bucherer.com. The environment is exactly the same. The photos are the same. Despite the e-retailer, the content is the same.

Figure 13 – Rolex on Lepage.fr #1 // Figure 14 – Rolex on Bucherer.com #1

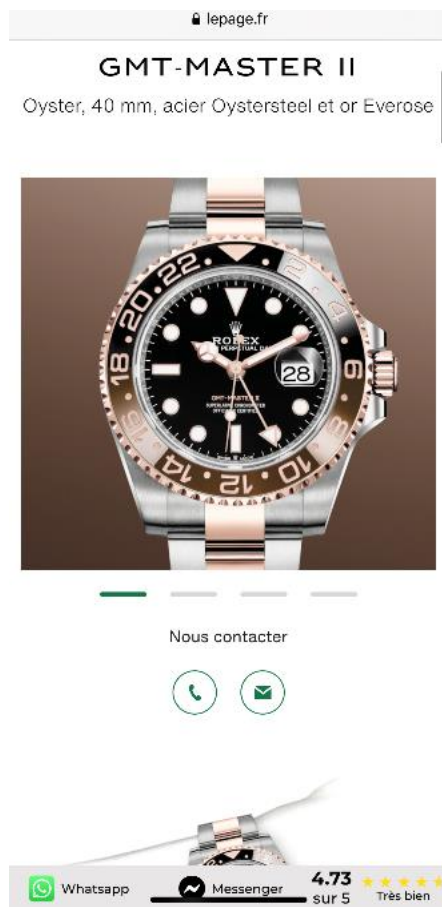


Source: LePage.fr

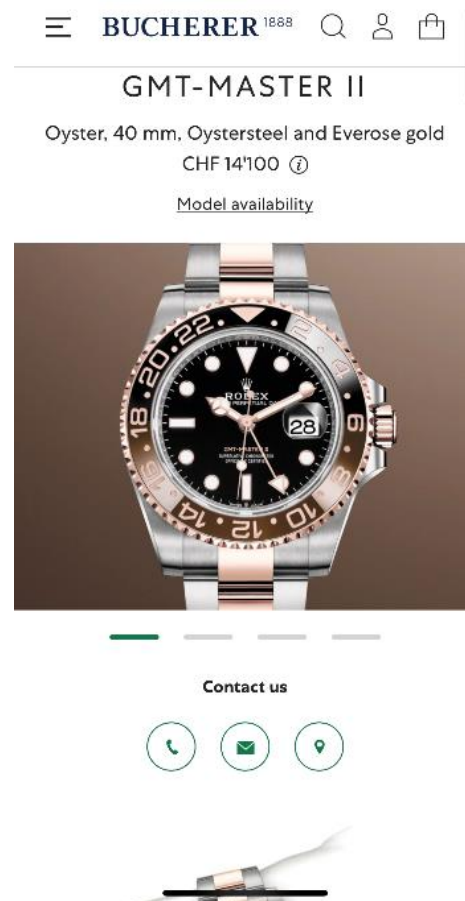


Source: Bucherer.com

Figure 15 – Rolex on Lepage.fr #2 // Figure 16 – Rolex on Bucherer.com #2



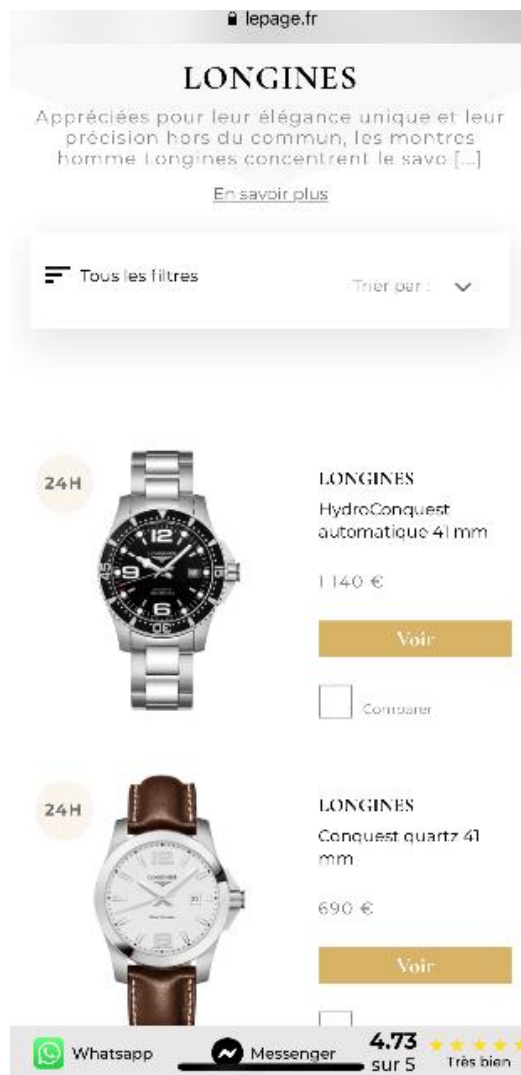
Source: LePage.fr



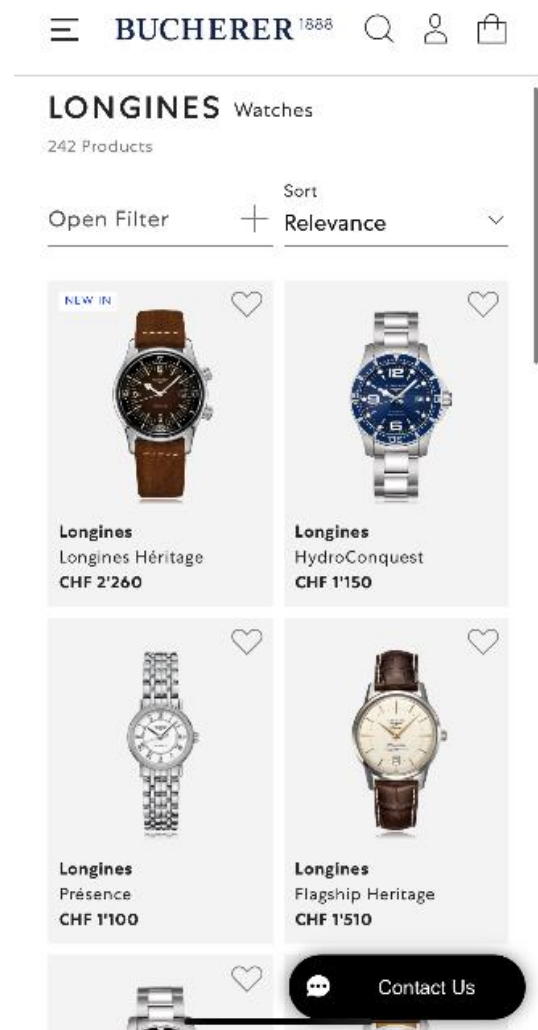
Source: Bucherer.com

As opposed to Longines for example, where here, the content differs from one e-retailer to another.

Figure 17 – Longines on Lepage.fr #1 // Figure 18 – Longines on Bucherer.com #1

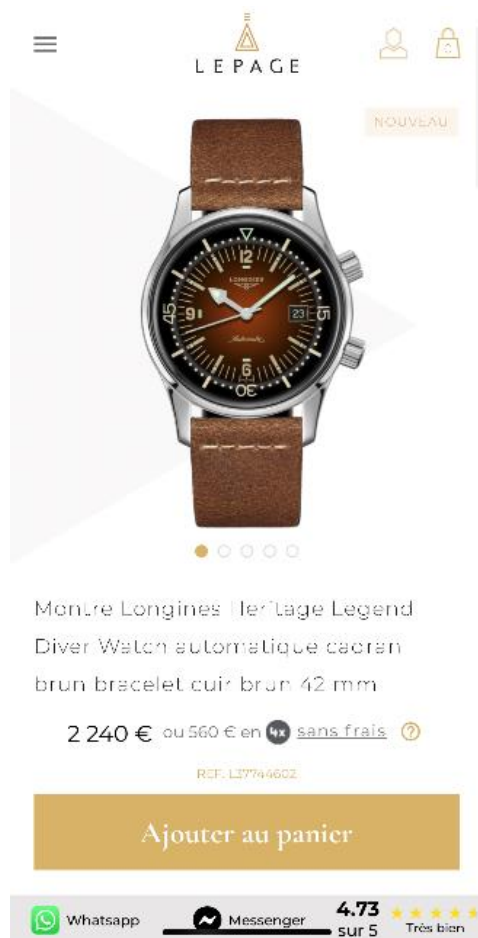


Source: LePage.fr

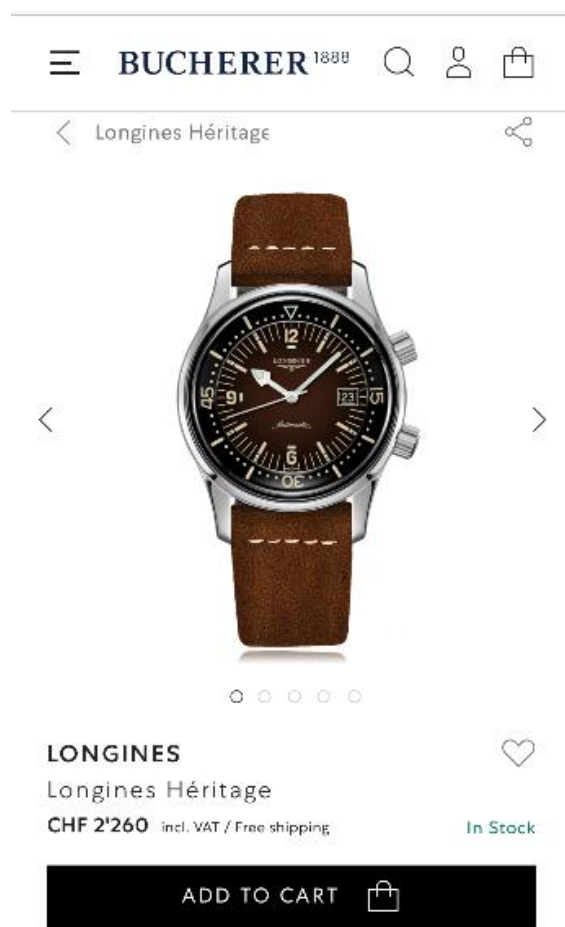


Source: Bucherer.com

Figure 19 – Longines on Lepage.fr #2 // Figure 20 – Longines on Bucherer.com #2



Source: LePage.fr



Source: Bucherer.com

The point here is to show that Rolex manage perfectly their online environment. Everything they do online, they do it with the same sense of detail. On any authorised retailer website, the detail of the product, the quality of the image, the service provided are the same. Just a few years ago, Rolex communicated their brand equity only through traditional channels. Nowadays, the work behind every online communication is irreproachable. Whatever is done online, this is fundamental for a luxury brand to have a high quality and an exceptional environment that is state of the art. On Instagram, they use the same strategy. They have a huge exigence, and everything they do is with the same sense of detail.

Nowadays, there is no other option for brands than being online. People want to learn and follow the brands' information. In order for brands to keep their brand equity, they need to be extremely demanding in terms of whatever is published.

To ensure a high quality of online activities, brands must have partners that align with their requirements. Brands must be extremely cautious. For brick & mortar, brands usually have very precise guidelines for their retail partners. The same way is applicable for internet partners with qualitative criteria in terms of how they present their brand online. Most of the luxury watch brands have specific guidelines for online activities that partners must follow to monitor the quality of the work.

2.2.2.1 Conclusion

To conclude, Swiss luxury watchmakers have been able to embrace digital marketing, and nowadays, when a brand thinks of a new marketing strategy, there is a high chance that most of this strategy involves digital. To continue evolving in the digital arena while maintaining their brand equity, traditional luxury brands must develop a strong digital strategy that includes building a qualitative environment with unquestionable qualitative content. David Sadigh, founder and CEO of Digital Luxury Group states that it is important that brands build a strong online strategy in order to save their heritage and "luxury label".

2.3 E-commerce

It is impossible to completely replicate the traditional retailer's experience in an e-commerce environment. What is important for brands is to communicate their core values online and the same atmosphere as a brick & mortar store. Brands clearly understand that traditional retailing and e-commerce are complementary and not competitors. Online retailing allows to create additional services and additional touchpoints (AIOLFI, 2019). As stated by Patrick Pruniaux, CEO of Ulysse Nardin:

"I see the website as the continuity of what we're doing at brick and mortar. When someone puts a watch in a basket, they may not go to check out and that's fine. If the e-commerce experience is good, it may continue in-store." (ROBB REPORT, 2020)

Some executives still question e-commerce. In 2020, Thierry Collot, brand director of Zenith USA stated:

"As far as the commercial validity of e-commerce, it remains to be seen. It's important to have it. Since we only have 30 doors in the whole country, we have customers who say, 'I'm 60 miles away from this city, where do you want me to get my watch?'" (ROBB REPORT, 2020)

The 3 most sought-after brands, namely Rolex, Patek Philippe and Audemars Piguet, are still 100% committed to brick-and-mortar retail. Brian Duffy, CEO of Watches of Switzerland Group stated:

"Honestly, they don't need to do anything new to drive their business, They're of the view that you really should come into the store and try on the product. And I really respect that view. But if any day they decide they can transact, we'll do a huge business online." (ROBB REPORT, 2020)

It is crucial for brands to develop a consistent omnichannel strategy. Antonio Carriero, Chief Digital and Technology Officer at Breitling stated for Luxury Society in 2020:

“The consumer journey is circular, blending physical and digital touchpoints... As a brand, we provide a consistent experience across all the touchpoints. Then it is up to the customer to decide when and where to engage with the brand, and finally choose where and how to buy. Customers do not think in ‘channels’, or distinguish between ‘online’ and ‘offline’ anymore. They simply think of ‘product’ and ‘brand’, and seek for consistency across touchpoints and recognition from the brand.”. (LUXURY SOCIETY, 2020)

Carriero added:

“Digital touchpoints are playing a more relevant role in the decision making process and also in regards to the actual act of purchase. We should go beyond and really think in a holistic way about how consumers engage with brands, online and offline. After all, digital is where the customer lives.” (LUXURY SOCIETY, 2020)

2.3.1 Current luxury Swiss watch brands' e-commerce situation in the Western World

Below is a list of the top 20 Swiss watch brands ranked by revenue of 2020 (MORGAN STANLEY, 2021) and their current e-commerce situation.

“Corporate e-commerce” represents the brand’s own website. “Authorised retailers e-commerce” relates to specialised websites, either major ones such as Bucherer.com or independent ones such as AceJewelers.com. “Marketplace” are mass e-commerce platforms such as Amazon or Zalando. “Luxury Marketplace” represents specialised luxury goods online platforms such as MR PORTER. Important to note that the list does not include pre-owned watches as nowadays, any pre-owned watches (even Rolex and Patek Philippe) can be found online on websites such as Chrono24.com or Farfetch.com. The colours define the different groups, i.e., Swatch Group (in blue), Richemont (in yellow), LVMH (in green), Rolex Group (in orange) and the independents (in grey).

Table 1 – Luxury Swiss watch brands selling online

N°	BRAND (ranked by approx. revenue)	CORPORATE E-COMMERCE	AUTHORISED RETAILERS E-SHOP	MARKETPLACE	LUXURY MARKETPLACE
1	Rolex	x	x	x	x
2	Omega	✓	✓	x	x
3	Cartier Watches	✓	✓	x	✓
4	Patek Philippe	x	x	x	x
5	Longines	✓	✓	x	x
6	Audemars Piguet	x	x	x	x
7	Richard Mille	x	x	x	x
8	Tissot	✓	✓	✓	x
9	TAG Heuer	✓	✓	x	✓
10	International Watch Company (IWC)	✓	✓	x	✓
11	Breitling	✓	✓	x	✓
12	Hublot	✓	✓	x	x
13	Jaeger-LeCoultre	x	✓	x	✓
14	Tudor	x	x	x	x
15	Vacheron Constantin	x	✓	x	✓
16	Officine Panerai	✓	✓	x	✓
17	Bulgari Watches	✓	✓	x	✓
18	Breguet	x	✓	x	x
19	Blancpain	x	✓	x	x
20	Rado	✓	✓	x	x

Source: Respective websites (2021)

1

¹ Patek Philippe has exceptionally authorised some retailers to sell online during the pandemic.

2.3.1.1 Corporate E-Commerce

As stated in the Chapter “Digital Marketing”, it is crucial for luxury brands to perfectly manage their online environment in order to communicate the right image to customers. Building a perfect corporate website has been a top priority for watch brands. Even though brands like Rolex or Patek Philippe do not currently sell online, their website is perfectly developed, suggesting they could allow customers to purchase online if they chose to add this feature to their website. It is interesting to note that brands such as Jaeger-leCoultre or Vacheron Constantin sell online but have not developed their own e-commerce facilities. They can however, still leverage their parent organisation platform, MR PORTER. Breguet and Blancpain, two high-end pioneers of the Swatch Group also do not have their own e-commerce platform.

2.3.1.2 Authorised Retailers

Except a very few brands, namely Rolex (including Tudor), Patek Philippe, Audemars Piguet and Richard Mille, all of the biggest luxury watchmakers authorise their network to sell online. And this is a huge evolution. Couple of years ago, most of the brands disregarded e-commerce and considered it as taboo.

2.3.1.3 Marketplace

Marketplace, here considered as “mass e-commerce platform” is for obvious reasons not suitable to fill in the criteria of a “luxury environment”. It is still interesting to see that Tissot, the only mid-range price brand of the top 20 is present on websites such as Amazon.

2.3.1.4 *Luxury Marketplace*

When it comes to Western world specialised luxury watch marketplace, the leader of this domain is MR PORTER (YOOX-Net-A-Porter), owned by the group Richemont. Therefore, it is clearly shown in the table above that Richemont's brands are one step ahead as all of their brands are present on MR PORTER.

In 2019, luxury online sales represented 10% (BAIN & COMPANY, 2019). In 2020, Richemont Group stated that online sales contributed for 8% of the Group sales. (DELOITTE, 2020). Even if this represents a small part of their global sales, the growth is important. In 2019, Richemont's online sales represented only 2%. (DELOITTE, 2020)

Bain predict that online channel will account for one-quarter of luxury's market value. Analysts state that "Approximately half of all luxury purchases will be digitally enabled thanks to new technologies along the value chain, and nearly all luxury purchases will be influenced by online interactions."

The global pandemic was a phenomenal booster for online sales. By now, most of the major retailers developed their own e-commerce platforms. Two years ago, some traditional retailers were still worried about selling online. The trend has clearly moved in the recent months as almost all the brands are selling online and support their retailers to do the same.

However, in order for brands to stay relevant towards their values, retailers must respect the rules of the brands. It requires a lot of discussion and guidelines with the partners to ensure that traditional retailers open their boutiques with the proper presence of the brand and ensure a proper service. The service, deliveries and unboxing provided online must be as good as an offline purchase. While going online, brands and partners must ensure that they have a personalised, irreproachable experience.

CEO of H. Moser & Cie stated that:

“We’ll all get there at some point, that’s for sure. It costs more and more to reach customers. Online sales are clearly one way to reduce that cost. What matters is taking the right route. In certain regions, the Middle East for example, it’s vital that a brand also has a physical presence. In a country such as China, where we have brick-and-mortar stores, e-commerce opens doors where it’s impossible to go. On two conditions, however. One, that you find the right partner. Two, that the online customer experiences our brand environment exactly as he or she would in one of our stores.” (FHH JOURNAL, 2017)

2.3.1.5 Chinese E-Commerce

Table 1 – Luxury Swiss watch brands selling online, is focused on Western e-commerce. However, when it comes to online selling, it is crucial to talk about the significant advance of the Chinese e-commerce. According to Bain & Company, annual luxury online penetration increased from 13% in 2019 to 23% in 2020. In 2019, a report from McKinsey indicated that “Chinese consumers are set to contribute almost two-thirds of global growth in luxury spending”. (MCKINSEY, 2019).

For luxury brands, e-commerce platforms in China are more than a simple distribution channel. It acts as a real opportunity to raise awareness and communicate about their brand equity.

TMALL, WeChat and JD are the main platforms where many luxury Swiss watch brands have an online presence. Richemont invested \$1.1bn in a joint venture with Alibaba and Artémis to develop a “Chinese Farfetch” online marketplace.

2.3.1.6 Conclusion

For a brand to be successful, they need to manage both, brick & mortar stores, and online stores. Therefore, brands must have an omnichannel approach. The omnichannel strategy is a popular approach that is, as of 2021, widely used by luxury brands. This consists of building a seamless customer experience by breaking the barrier between the physical channels and the online channels. Serge Maillard, Publisher of Europa Star commented:

“Omnichannel model seems absolutely tailor-made for the watch industry, which draws its strength from a long tradition specific know-how and engineering and design that demand to be seen.”. (EUROPA STAR, 2020)

The goal of the omnichannel strategy is to have the most seamless relationship with a customer. It allows to order a product online, get it in-store or to buy online and return it in a physical store. This helps to respond to the current customers' needs where it stands on a seamless brand relationship with personalised products. As stated by Antonio Carriero, Chief Digital and Technology Officer at Breitling:

“Customers do not think in ‘channels’, or distinguish between ‘online’ and ‘offline’ anymore. They simply think of ‘product’ and ‘brand’, and seek for consistency across touchpoints and recognition from the brand.” (LUXURY SOCIETY, 2020)

2.3.2 Digital solutions used within the Swiss watch brand's corporate websites

As of 2021, as shown above, almost all major brands sell timepieces online. The table below represents the characteristics of the top 20 Swiss watch brands' (sorted by Groups) corporate websites.

Luxury brands started to invest more in their official websites in order to communicate their values. They introduced many innovative services such as virtual mannequins, dressing rooms, online salespeople, 3D technologies, AR technologies, live chat or virtual boutique.

The analysis below focuses on the brands' corporate websites only. However, it is important to note that brands adopted technologies such as 3D images or Augmented Reality a long time ago.

11 years ago, Tag Heuer became one of the first watch brands to launch a try-on augmented reality (AR) application on their website. The same year, Tissot launched an AR application that allowed customers to virtually try-on their T-Touch collection.

The table below is sorted by Groups. Namely the Swatch Group (in blue), Richemont (in yellow), LVMH (in green), Rolex Group (in orange) and the independents (in grey). Additionally, the table includes the Japanese brand Grand Seiko.

Table 2 – Luxury Swiss watch brands using digital solutions

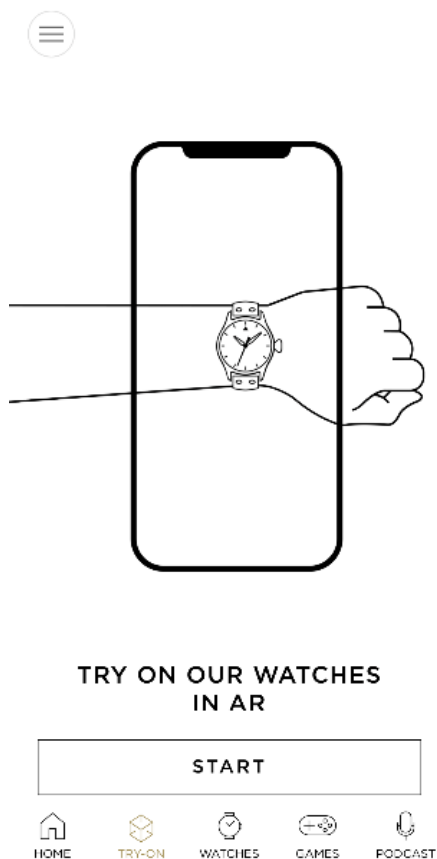
N°	BRAND (by Group)	AR Watches	3D Photos	Virtual Boutique/Tour	Watch Personalisation (bezel, strap, dial)	Integrated Videos	Price	Watch Details	Order by Phone	WishList	Live Chat	Click & Reserve	Boutique Appointment	Find a Boutique
1	Omega	x	x	x	✓	✓	✓	✓	x	✓	x	x	✓	✓
2	Longines	x	x	x	x	✓	✓	✓	x	✓	x	✓	x	✓
3	Tissot	x	x	x	✓	✓	✓	✓	x	x	x	✓	x	✓
4	Breguet	x	x	x	x	✓	✓	✓	x	x	x	x	✓	✓
5	Blancpain	x	x	✓	x	✓	✓	✓	x	✓	x	x	✓	✓
6	Rado	x	x	x	✓	✓	✓	✓	x	✓	x	✓	x	✓
7	Cartier Watches	x	✓	x	✓	✓	✓	✓	x	✓	✓	x	✓	✓
8	International Watch Company (IWC)	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	x	✓	✓
9	Jaeger-LeCoultre	✓	✓	x	x	x	✓	✓	x	✓	✓	x	✓	✓
10	Vacheron Constantin	x	✓	x	x	x	✓	✓	✓	x	✓	x	✓	✓
11	Officine Panerai	✓	✓	x	x	✓	✓	✓	✓	✓	✓	x	✓	✓
12	TAG Heuer	x	x	x	x	✓	✓	✓	x	✓	x	x	x	✓
13	Hublot	✓	✓	x	✓	✓	✓	✓	x	✓	x	x	✓	✓
14	Bulgari Watches	x	x	x	x	✓	✓	✓	✓	✓	✓	x	✓	✓
15	Rolex	x	x	x	✓	✓	✓	✓	x	✓	x	x	x	✓
16	Tudor	x	x	x	✓	✓	✓	✓	x	✓	x	x	x	✓
17	Patek Philippe	x	✓	x	x	✓	✓	✓	x	✓	x	x	x	✓
18	Audemars Piguet	x	✓	✓	x	✓	✓	✓	x	x	x	x	x	✓
19	Richard Mille	x	✓	x	x	✓	x	✓	x	x	x	x	x	✓
20	Breitling	x	x	x	✓	✓	✓	✓	✓	✓	x	x	✓	✓
	Grand Seiko	x	x	x	x	x	x	✓	x	✓	x	x	x	✓

Source: Based on the author evaluation of company respective websites

2.3.2.1 AR Watches:

The first website's feature analysed is AR Watches. As stated above, augmented reality technologies have already drawn attention 10 years ago. As shown above, Richemont is leading the way, proposing AR features on almost all their brands' websites. For example, IWC developed a state-of-the-art application allowing customers to try-on their timepieces. Panerai, also part of Richemont, developed a similar mobile application.

Figure 21 – IWC using AR #1 // Figure 22 – IWC using AR #2



Source: IWC



Source: Author

Since April 2020, AR is available on the Jaeger-leCoultre website, enhancing their online experience (Business Traveller, 2020).

Figure 23 – Jaeger-leCoultre using AR #1 // Figure 24 – Jaeger-leCoultre using AR #2



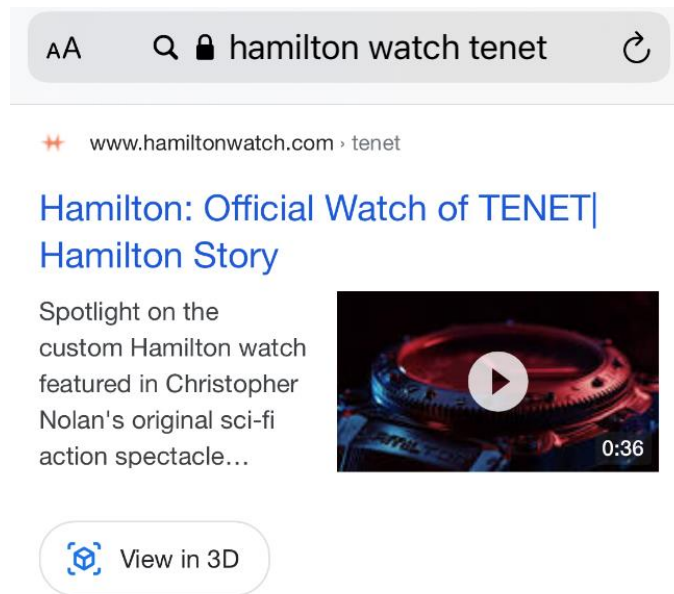
Source: Jaeger-leCoultre



Source: Author

Jaeger-leCoultre also collaborated with Google. One of their models, the Master Control Chronograph Calendar is available in augmented reality directly from the Google search results (Business Traveller, 2020). Hamilton Watch (Swatch Group) collaborated the same year with Google to promote their watch featured in the movie Tenet while proposing augmented reality in the Search Results.

Figure 25 – Hamilton Watch using AR



Source: Hamilton Watch

ARCadium

In 2019, Richemont opened an immersive experimental pop-up using augmented reality and virtual reality technologies. The pop-up highlighted in 3D worlds Richemont's brands including Cartier, IWC, Panerai, Van Cleef & Arpels, Vacheron Constantin and Jaeger-LeCoultre.

Hublot, a brand known to leverage new technologies, allow customers to virtually try-on their Big Bang Millennial Pink on their websites.

Figure 26 – Hublot using AR #1 // Figure 27 – Hublot using AR #2



Source: Hublot



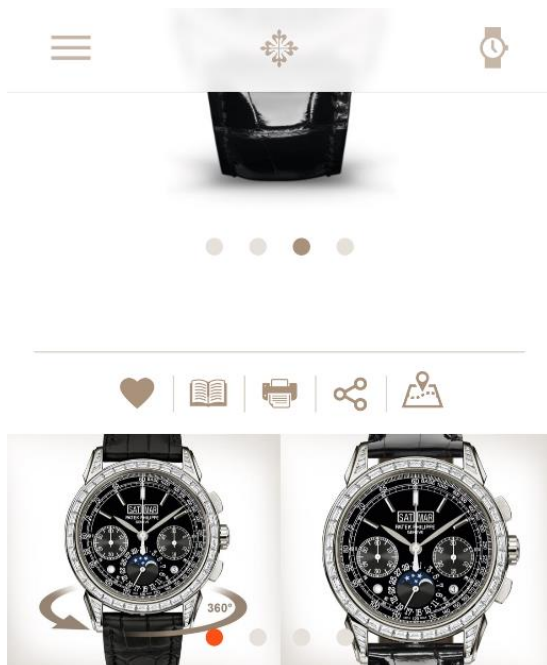
Source: Author

3D photos:

3D photos, similar to augmented reality, seemed to be a priority for Richemont's websites. As well as AR technologies, IWC, Jaeger-LeCoultre, Vacheron Constantin and Panerai propose a 3D feature on their websites.

Interesting to note that Patek Philippe, considered as one of the most traditional watch manufacturers in Switzerland, include a 3D feature on their mobile website.

Figure 28 – Patek Philippe using 3D photos #1 // Figure 29 – Patek Philippe using 3D photos #2



Source: Patek Philippe



Source: Patek Philippe

Jaeger-leCoultre allow customers to view their timepieces in 3D even on their full (desktop) websites.

Figure 30 – Jaeger-leCoultre using 3D photos #1 // Figure 31 – Jaeger-leCoultre using 3D photos #2



Source: Jaeger-leCoultre

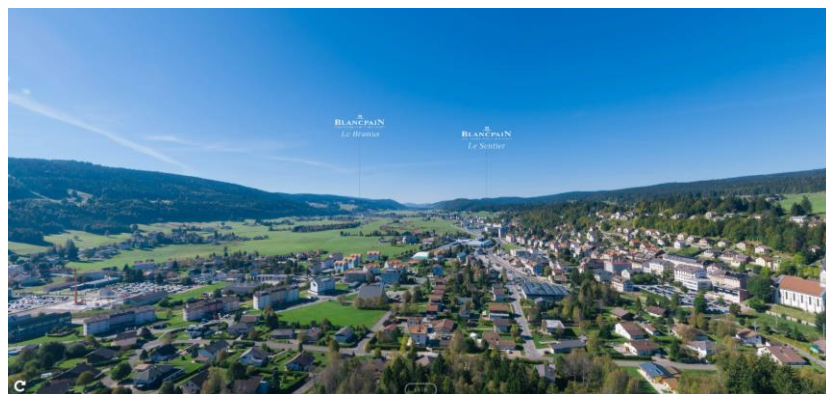


Source: Jaeger-leCoultre

Virtual tour:

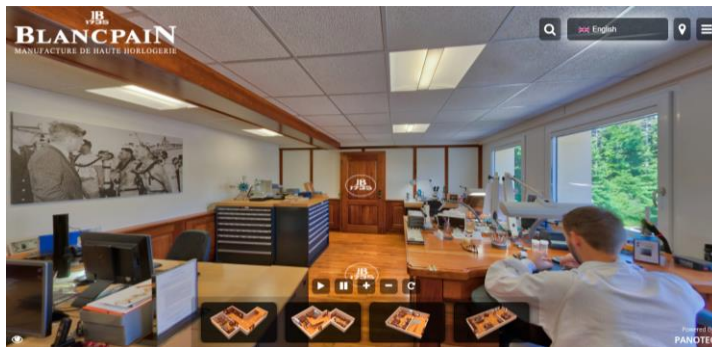
Only a few brands propose a Virtual Tour of either their boutique or their manufacturing. Blancpain's website features a state-of-the-art virtual tour of their two manufactures in Le Brassus and Le Sentier. During this virtual tour, the virtual guest can discover their different workshops with immersive music and integrated video featured in the tour.

Figure 32 – Blancpain Virtual Tour #1



Source: Blancpain

Figure 33 – Blancpain Virtual Tour #2



Source: Blancpain

Figure 34 – Blancpain Virtual Tour #3



Source: Blancpain

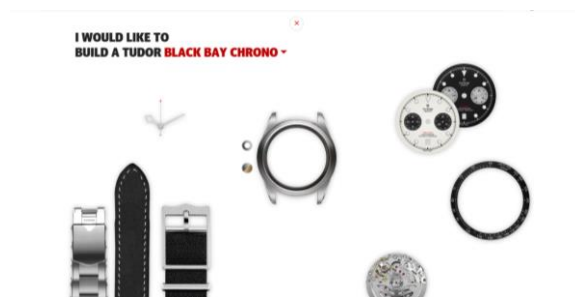
Panerai allow clients to book a virtual appointment and experience an in-boutique experience from home.

2.3.2.2 Watch personalisation:

Some brands' websites allow the visitor to easily change a watch pieces such as the bezel, the dial or the bracelet.

Rolex and Tudor have an interesting feature where it is easy to drag and drop pieces on a model.

Figure 35 – Tudor personalisation #1 // Figure 36 – Personalisation #2



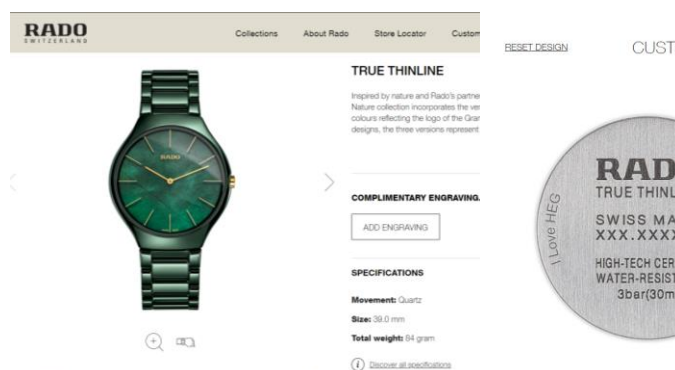
Source: Tudor



Source: Tudor

Cartier and Rado offer the possibility to customise the case back of their watches.

Figure 37 – Rado personalisation #1 // Figure 38 – Rado personalisation #2



Source: Rado



Source: Rado

2.3.2.3 Integrated video:

The majority of the brands have integrated videos on their website. This is a great way to showcase their products and as opposed to photos, can communicate a stronger emotion. High-end brands such as Blancpain, Patek Philippe or Rolex make great use of this feature with qualitative video on their homepage showcasing their timepieces.

Figure 39 – Blancpain website homepage

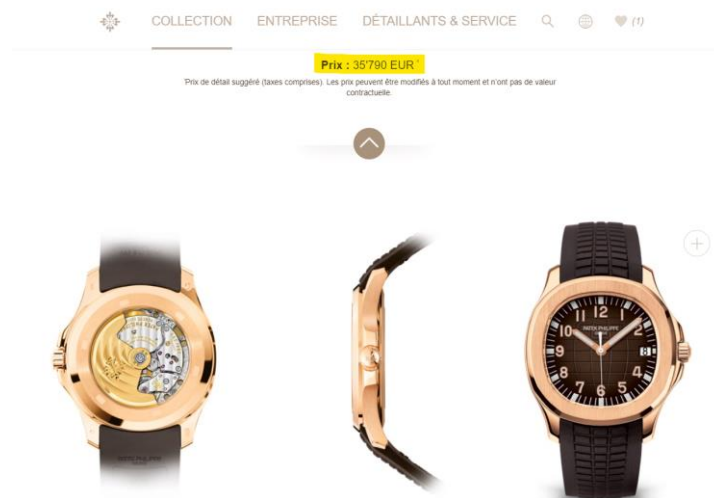


Source: Blancpain

2.3.2.4 Price:

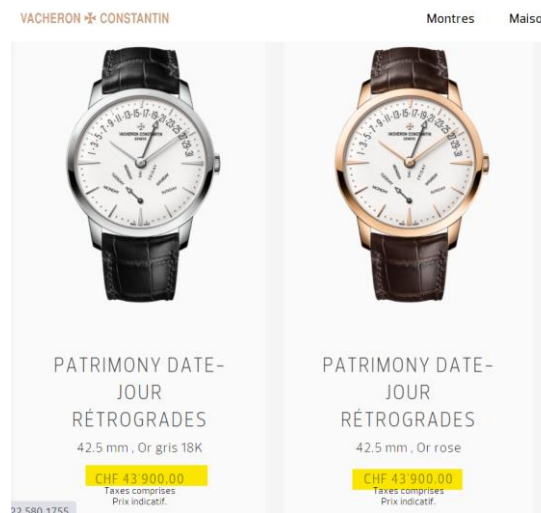
A couple of years ago, price was still taboo for luxury brands. It was difficult to know publicly the price of a prestigious Patek Philippe or a Vacheron Constantin. It is interesting to see that as of 2021, all brands on the list, except Richard Mille, considered as one of the most expensive watch manufacturers in the world, communicate on their prices. It is now possible to know a Patek Philippe timepiece's price in one click on their website.

Figure 40 – Patek Philippe price



Source: Patek Philippe

Figure 41 – Vacheron Constantin price

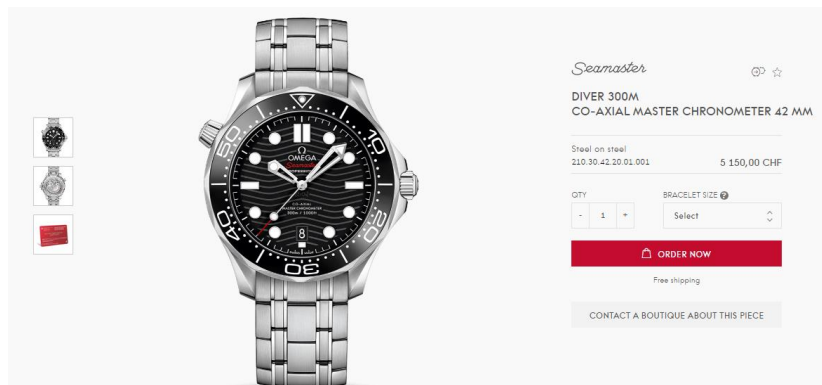


Source: Vacheron Constantin

2.3.2.5 Watch details: Photos, utilisation guide, characteristic, product sheet etc

Every information required before buying a watch is now available on all brands' websites. It is easy to find the origin of the model, its features, technical data or warranty.

Figure 42 – Omega watch information #1



Source: Omega

Figure 43 – Omega watch information #2

DESCRIPTION

Since 1993, the Seamaster Professional Diver 300M has enjoyed a legendary following. Today's modern collection has embraced that famous ocean heritage and updated it with OMEGA's best innovation and design.

This 42 mm model is crafted from stainless steel and includes a black ceramic bezel with a white enamel diving scale. The dial is also polished black ceramic and features laser-engraved waves and a date window at 6 o'clock.

The skeleton hands and raised indexes are rhodium-plated and are filled with white Super-LumiNova, while the helium escape valve has been given a conical design.

The watch is presented on a stainless steel bracelet and is driven by the OMEGA Master Chronometer Calibre 8800, which can be seen through the sapphire-crystal on the wave-edged caseback.

[PRODUCT SHEET](#)

5-YEAR WARRANTY

All OMEGA watches are delivered with a 5-year warranty that covers the repair of any material or manufacturing defects. Please refer to the operating instructions for specific information about the warranty conditions and restrictions.

FEATURES

Anti-magnetic Chronometer	Automatic watch
Helium escape valve	Date
Screw-in crown	Master Chronometer Certified
Unidirectional rotating bezel	Transparent case back

TECHNICAL DATA

Between lugs: 20 mm
Bracelet: steel
Case: Steel
Case diameter: 42 mm
Dial colour: Black
Crystal: Domed scratch-resistant sapphire crystal with anti-reflective treatment on both sides
Water resistance: 30 bar (300 metres / 1000 feet)

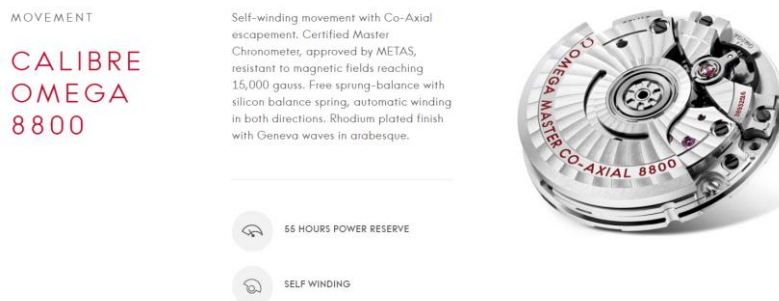
Source: Omega

Figure 44 – Omega watch information #3



Source: Omega

Figure 45 – Omega watch information #4

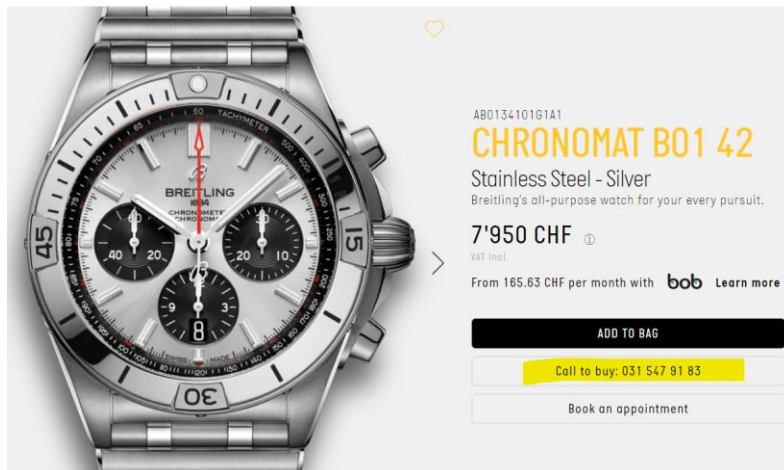


Source: Omega

2.3.2.6 Order by phone:

Interesting to note that some brands such as Breitling, Cartier or Bulgari allow customers to order a watch by phone.

Figure 46 – Breitling order by phone

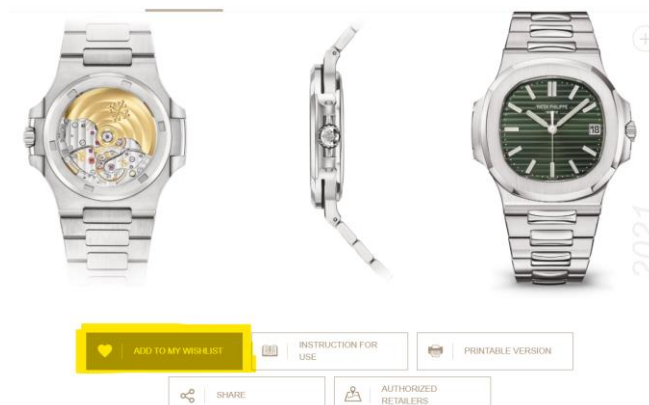


Source: Breitling

2.3.2.7 Wish list:

Some luxury watchmakers do not have an e-commerce platform on their corporate website yet. However, most of the brands, even the more reluctant to e-commerce (such as Rolex and Patek Philippe) feature a wish list on their websites. This allows visitors to save models they like so when they come back on their websites, they can find them easily.

Figure 47 – Patek Philippe wishlist

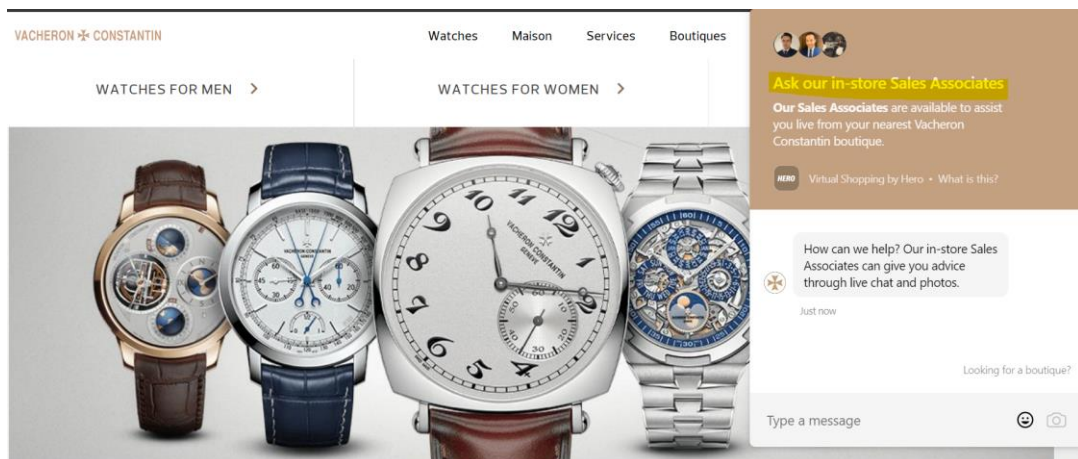


Source: Patek Philippe

2.3.2.8 Live Chat:

In order to make their websites more realistic and personal, some brands propose a live chat where it is easy to ask inquiries on model's characteristics, availability or others. Richemont seem to be the leader in this category, proposing a live chat for all their brands. It is linked to their “Virtual Shopping by Hero features”, where customers can book a virtual boutique appointment.

Figure 48 – Vacheron Constantin Live Chat



Source: Vacheron Constantin

2.3.2.9 Click and Reserve:

“Click & Collect” and “Click & Reserve” is a feature very popular among e-commerce websites, especially since the pandemic. Swatch Group seem to lead the way by proposing on some of their brands’ websites a click & reserve feature. This feature allows customers to look for pieces online and book it in a certain boutique. This is a common omnichannel strategy, popular among Swiss watchmakers.

Figure 49 – Longines Click & Reserve

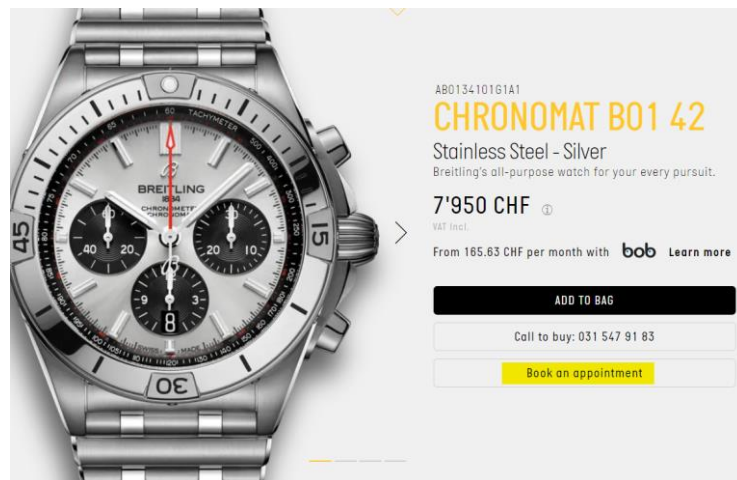


Source: Longines

2.3.2.10 Boutique appointment:

Boutique is still an important element of the brands' selling strategy. Therefore, many brands promote their corporate and partner's boutiques by offering website visitors the opportunity to book an appointment in a boutique.

Figure 50 – Breitling Boutique Appointment

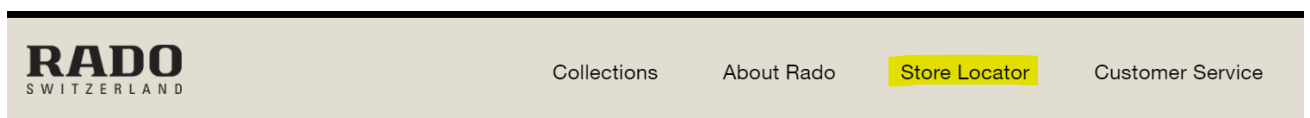


Source: Breitling

2.3.2.11 Find a boutique:

Alongside with the “Book a boutique appointment” feature, all brands have a store locator on their website.

Figure 51 – Rado Find a Boutique

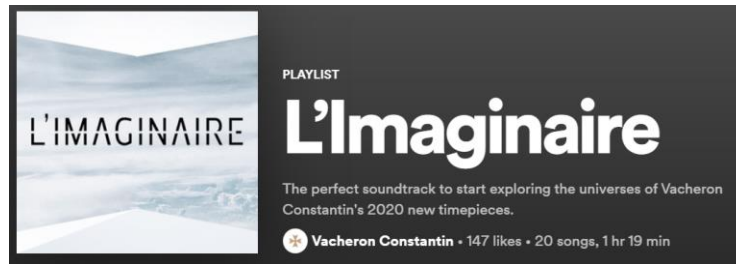


Source: Rado

Other interesting features:

Some brands have unique original features. Vacheron Constantin chose to develop fine playlists in order to explore their universe. This helps website visitors to better understand their universe. Music is a great way for brands to communicate their value online.

Figure 52 – Vacheron Constantin Playlist



Source: Spotify

Rolex and Patek Philippe are known for excellence and prestige. They communicate these values through their highly qualitative photos on their different digital channels. Their website features a “wallpaper section” where it is possible to download their most beautiful timepieces in different formats. This also helps their different partners to upload photos controlled by the brands.

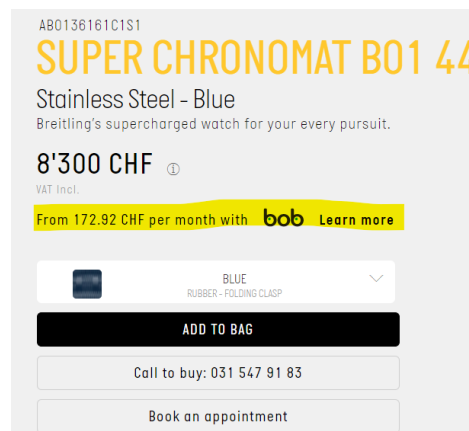
Figure 53 – Rolex Wallpapers



Source: Rolex

Breitling allow customers to pay in instalments.

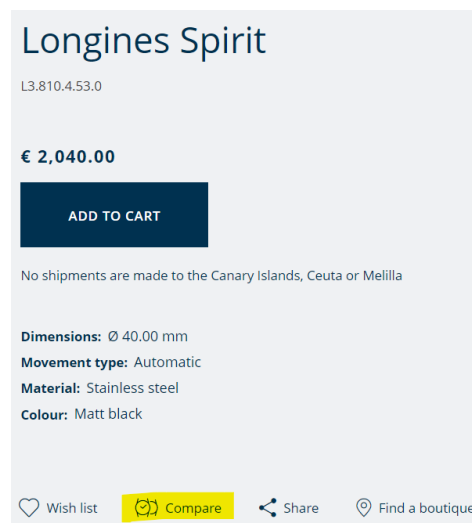
Figure 54 – Breitling Pay in Instalments



Source: Breitling

Omega and Longines, two major brands of the Swatch Group allow customers to compare several models on their websites.

Figure 55 – Longines Compare feature



Source: Longines

2.3.2.12 The analysis on a Japanese brand: Grand Seiko

Japan is a country at the cutting edge of technology and Grand Seiko, known for elegant and highly reliable watches is a major Japanese competitor of Swiss watch manufacturers. It is therefore interesting to add them to the list.

As shown in the table, their corporate website seems not to be a priority as they do not feature any AR technologies, nor 3D photos. The prices are not available, no boutique appointment is possible and there is no integrated video.

2.3.2.13 Conclusion

To conclude, Swiss luxury watch brands understood the importance of a qualitative corporate website. Above all, they have been able to fully integrate what a customer can find in a boutique on their own websites. Online corporate websites became a real comprehensive platform where it acts as a source of information (price, watch details, visual content), customer experience (AR, 3D, virtual tour, watch personalisation) and a point of sale (order by phone, click & reserve). M-commerce (mobile commerce) seems to be important for Swiss watchmakers as features like AR are only available on mobile.

2.4 The Trend of the Blockchain Technology

One of the biggest technological revolutions of these last years is Blockchain. A technology known for its cryptocurrencies such as Bitcoin or the NFTs. Blockchain showed much adaptability and different industries are looking for ways of implementing its abilities into their operations. Blockchain has commonly been used by financial services. (SHARMA, 2019). However, blockchain happens to be a great opportunity for the luxury Swiss watch brands. Blockchain help fighting against counterfeit, it allows great traceability with a secured digital record and history of transaction without losing the data and even new customer experience. (STEINER, 2021)

The pre-owned market is booming and one major challenge is the counterfeits. The nature of Blockchain technology could be one solution to counter this problem. This technology guarantees security and traceability. As stated by Loys de La Soudière, co-founder of GoodsID:

“Blockchain means that you can issue a unique digital certificate, which cannot be counterfeited or duplicated, and it is ultra-secure for every watch. It’s the ultimate solution in the fight against fakes.” (SWISS INFO, 2020)

Guillaume Boilot, COO of Vacheron Constantin states:

“It helps us combat counterfeiting, and it guarantees owners the authenticity of their watches throughout their lifespan.” (GQ, 2020)

The goal of the Swiss watchmakers is to offer a digital passport linked to their timepieces via a QR code, a RFID chip or via image recognition through photos. Two major non-lucrative organisations are leading the way by partnering with luxury watch brands: Arianee, French association and partners of Breitling, Vacheron Constantin, or Audemars Piguet, and the consortium Aura, gathering the brands from LVMH, Bulgari and Cartier from the group Richemont.

Since 2019, many major watch brands started incorporating blockchain technology into their operations:

2.4.1 Watch brands using blockchain-based technology

2.4.1.1 Breitling: Blockchain-based digital passport

In October 2020, Breitling became the first luxury watchmaker to offer a digital passport based on blockchain for all their new watches. This is secured by Arianee technology, to ensure the timepieces' authenticity and seamless accessibility. According to Antonio Carriero, Breitling's CTO:

"Expensive watches have always come with physical (and now electronic) certificates of authenticity and international warranty, but there needs to be a standardized way to transparently track the service history and any repairs to the watch". (COINDESK, 2020)

Georges Kern, CEO of Breitling adds that:

"Blockchain is something we are going to face everywhere in ten to 15 years – you'll be able to understand where the cotton in your shirt was collected, and what factory it was produced in, and not only will you know, but you'll want to know. This transparency will be there both in the source and in the life of the product. The next step will be to extend it to the whole supply chain." (WIRED, 2020)

Breitling claim that their blockchain-based digital passport will ensure a better traceability, transparency, and tradability.

2.4.1.2 Ulysse Nardin: Blockchain-based warranty certificate

Shortly before Breitling, in January 2020, Ulysse Nardin (Kering Group) became the first Swiss watch company to introduce a "free and tamper-proof extended warranty certificate using the Bitcoin blockchain" in order to record information on every timepiece sold in an official reseller network. The digital warranty certificate contains data and information related to the watch such as the model, serial number, warranty card number and warranty end date. Stephane Carlier, Chief Digital Officer at Ulysse Nardin stated:

"We decided to use the most secure and most recognized solution. Also, according to a satisfaction survey that we send to our customers with the certificate, 90% see the value of using the blockchain to protect their certificate and 100% are satisfied with receiving a protected digital certificate." (ULYSSE NARDIN, 2020)

Gilles Cadignan, co-founder of the start-up Woleet states that:

“In the paper version there were already elements making the falsification of the document difficult (watermarks, holograms or others), here we must see an equivalent in the digital world.” (LUXUS+, 2020)

Cadignan adds that “the device does not involve revolutionizing everything for the brand because it connects to the tools already in place.”

2.4.1.3 Vacheron Constantin: Blockchain-based certificate of authenticity

In 2019, Vacheron Constantin was among the first watchmakers to integrate Blockchain technology. Their “Les Collectionneurs” collection includes a digital certificate of authenticity. After the success of the introduction of the blockchain technology in their business, the one-third of the Holy Trinity, owned by the Richemont Group announced that all their timepieces will be delivered by the end of 2021 with a blockchain-based digital passport, secured by the Arianee technology, also used by Breitling. Vacheron Constantin introduced this solution in order to combat counterfeiting and guarantee owners the authenticity of their watches as well as offering an optimal-quality service. Pierre-Nicolas Hurstel, co-founder and CEO of Arianee stated:

“We are delighted to enable Vacheron Constantin with the capacity to issue and distribute digital identities based on the blockchain technology. We hope to contribute to make the ownership of a Vacheron Constantin timepiece even more exceptional, traceable and transparent, while opening the possibility for new services and seamless traceability.” (VACHERON CONSTANTIN, 2020)

2.4.1.4 Hublot: The tech-savvy brand

Hublot pushed the trend even further as they introduced in 2018 a limited edition Hublot Big Bang Meca-10 P2P², inspired by the world of bitcoin. The watch was available exclusively online and could only be purchased using Bitcoins. They are considered the first major luxury watch brands using cryptocurrencies. Ricardo Guadalupe, CEO of Hublot stated that:

“This is the kind of dynamism and innovation that our partners in Asia delight in. It is a visionary approach that fully corresponds to Hublot's vision. Through its partnership with OSL, this first P2P watch allows us to continue to explore future avenues.” (PR NEWSWIRE, 2018)

In March 2021, Ricardo Guadalupe confirmed that they are planning to introduce a platform where customers will be able to purchase timepieces using cryptocurrencies. “We’re working on an online project where you can buy your watch using cryptocurrency. It’s a project we will launch this year.” said Hublot’s CEO. This is a continuity of their investment in blockchain, as the new platform aims to allow cryptocurrency as a regular mode of payment.

This is in line with their 2020 registration on the AURA luxury blockchain network. They introduced an e-warranty compatible with all Hublot’s watches produced since 2020. Hublot’s blockchain-based warranty has the same purpose as the other watch brands using blockchain. It authenticates and stores data related to the entire lifecycle of a watch, including the production, sale and resale. And it aims to fight counterfeits and make the process of initiating a warranty simpler.

² See Appendix 7: Hublot Big Bang Meca-10 P2P

2.4.1.5 AURA Blockchain Consortium

The French Luxury group LVMH, the parent organisation of luxury watch brands such as Hublot, Zenith or TAG Heuer, announced in April 2021 that they have partnered with Prada and Cartier (Richemont) to develop Aura Blockchain Consortium, the world's first global luxury blockchain, secured by ConsenSys technology and Microsoft. As all the other brands cited above, the goal of this unique collaboration is to develop solutions related to the authenticity, transparency and traceability of their luxury products. The platform is open to the entire luxury sector. Aura allow brands to "develop their own experience according to their specificities and customer expectations" (LVMH). Toni Belloni, LVMH Managing Director stated that:

"The Aura Blockchain Consortium is a great opportunity for our sector to strengthen our connection with customers by offering them simple solutions to get to know our products better. By joining forces with other luxury brands on this project, we are leading the way on transparency and traceability. I hope other prestigious players will join our alliance." (LVMH, 2021)

This project is in competition with the consortium Arianee, used by Breitling as stated above.

2.4.1.6 The criticisms

Despite the important investments from major luxury watch brands on building blockchain solutions, it is still too early to confirm its long-term efficiency.

In August 2020, Ariel Adams, founder of aBlogtoWatch wrote about the implementation of blockchain technology within the watch industry. He outlined a couple of major “hurdles”.

The first one is that watch companies already have a well-established tracking for their timepieces and have an excellent history of efficient manufacturing practices. He wrote:

“Watches and parts don’t frequently get lost, and inefficiencies in areas such as customer service are less about poor tracking and more about insufficient human labor and infrastructure.” (EUROPA STAR, 2020)

The second obstacle Ariel Adams outlines is regarding fake watches. He questions the importance for watch brands to identify fake watches. He follows by stating that:

“While fake watches are in the market, there isn’t too much evidence to suggest that people actually intending to purchase a real watch actually end up getting a fake watch accidentally. In truth, most fake watch purchases are not displacing the authentic version of the same watch.” (EUROPA STAR, 2020)

Therefore, he suggests that there is not much benefit for the Swiss brands to develop a slightly more effective solutions to determine the difference between the real timepieces and the fake ones.

Then there is the question of incorporating electronics inside mechanical watches. He states:

“Consider the matter of sheer cultural compatibility between modern electronic devices and traditional mechanical wrist watches. Are traditional watchmakers going to feel that their products are “pure enough” with some small electronics hidden inside of the watch somewhere?” (EUROPA STAR, 2020)

Ariel Adams outlines the brands' financial incentive of using blockchain technology. He outlines that blockchain does not offer immediate utility for their needs or revenues. And indeed, as stated above, most of the brands offer these blockchain-based solutions for free. For the founder of aBlogtoWatch, the beneficiaries of these solutions are the customers. He wrote:

"Who benefits the most by immediately being able to determine if a wristwatch is fake? The consumer. Who has the most to gain if their watch is going to be effectively tracked while away being serviced or repaired? The consumer...All of this information has the most utility to the people who buy and wear watches, not the people who make them." (EUROPA STAR, 2020)

Arial Adams adds:

"In all likelihood, blockchain technology adoption by brands will follow as a result of consumer trends and behavior. If the blockchain technology industry is serious about getting the watch industry to use its tech, then logic would suggest that approaching watch consumers first, then watchmakers second, might be the most effective strategy." (EUROPA STAR, 2020)

Finally, Ariel Adams concludes by questioning whether blockchain-based solutions are real added value or "marketing gimmick". He states:

"Most of these brands seem to be doing so with the stated value proposition that the technology will help if a customer's watch is stolen, and that it can help preserve value upon resale (so that the next owner respects that the watch is authentic). It is yet to be seen if consumers will find the technology interesting and valuable or whether, despite having a lot of potential utility, blockchain technology integration with luxury watches feels more like a marketing gimmick." (EUROPA STAR, 2020)

Vincent Perriard, co-founder of Origyn, also questions the current digital watch authentication solutions. He states that:

"There have been a large number of blockchain initiatives in recent years, some of which have been adopted by watch brands. The problem is that they're selling us a fax in the internet age." (EUROPA STAR, 2020)

Perriard adds:

“These solutions do not allow for the complete security of original data, because they are still based on certain physical elements. The only really effective method is biometrics, thanks to the advanced photographic sensors on today’s smartphones.” (EUROPA STAR, 2020)

Alexandre Steiner, journalist for Le Temps, wrote in May 2021 about the limits of the blockchain technology. The first limit is regarding the fight against counterfeit. Alexandre Wehrlin, director at EBS Geneva compares blockchain technology as an alarm installed in a house:

“This doesn’t stop a thief from getting in, but it drastically reduces the risk of a burglary. By certifying that on a given date the product was authentic, it adds value by simplifying administrative processes, reassuring the buyer and raising the overall level of trust, especially for second-hand sales.” (Translated from French, Le Temps, 2021).

Michel Arnoux, responsible for the fight against counterfeiting at the Swiss Watch Federation (FHS), criticizes the communication done around blockchain projects:

“It would be wrong to present blockchain as an absolute cure for counterfeiting. According to a recent OECD report, more than 55% of counterfeit watches sold between 2017 and 2019 were sold to people who were aware they were buying fakes.” (Translated from French, Le Temps, 2021).

Therefore, the digital certificates have no effect. Alexis Roussel, co-founder of the cryptocurrency exchange platform, Bity states that:

“...It’s much more complicated when we talk about physical objects, because the proposed technologies can never be 100% reliable.” (Translated from French, Le Temps, 2021)

Alexandre Steiner wrote:

“A certified watch leaving the factory could, for example, undergo a change of movement before being resold. It is therefore still necessary to call on an expert from the brand to open the timepiece and certify in the blockchain - by adding a layer of information in the digital certificate - whether it has been altered or not. Otherwise, the buyer will have no certainty.” (Translated from French, Le Temps, 2021)

Another limit Steiner outlines is regarding the transparency promised by the brands. He defines “Transparency is a delicate subject”. (Translated from French, Le Temps, 2021).

As stated above, blockchain allows a better transparency regarding the supply chain of the products. However, watch brands still have control over what they want to disclose. Steiner comments:

“For example, some [the brands] will want to communicate that they are using recycled gold because it is part of their strategy, others not, so as not to compromise their prestigious image” (Translated from French, Le Temps, 2021).

Alexandre Steiner continues:

“Presented as a technology that serves the consumer, blockchain serves the commercial interests of brands by giving them better control of the market and their customers. By bringing the buyer into their digital ecosystem, they can offer different services: watch buybacks, acquisition of new models with a discount, participation in exclusive events, etc. It also gives them the possibility to follow the products' long term journey to adapt their sales strategies and bypass parallel distribution networks.” (Translated from French, Le Temps, 2021).

Alexandre Wehrlin adds:

“It changes everything in terms of marketing and business. Even if customer data is anonymized, brands will know where and how transactions are made, even in the case of resale between private individuals. They will also be able to easily get in touch with the new owners.” (Translated from French, Le Temps, 2021)

Alexis Roussel concludes by saying:

“This allows them [the watch brands] to test and present themselves as innovative. But in reality, the projects underway are often simply replicating existing business models. If it turns out that they constrain customers more than they offer them freedom, the exercise will be a failure.” (Translated from French, Le Temps, 2021)

2.4.2 The watch industry and the phenomenon of the NFTs

Non-fungible tokens, also called NFTs are irreproducible, unique tokens that exist on a blockchain. It can represent artworks, music and many more. NFTs became very popular for sales in auctions for items both digital and physical. (IBARGUEN, 2021). According to NonFungible.com, more than 2 billion of U.S. Dollars were spent on NFTs during the first quarter of 2021.

As of May 2021, only two major NFTs auctions have occurred within the luxury watch world.

2.4.2.1 Jean-Claude Biver tackling the NFTs auction

Jean-Claude Biver, former president of the LVMH watchmaking division, and former CEO of Hublot, entered the NFT arena with the first auction of a luxury watch on the NFTs marketplace Opensea. A digital copy of Biver's Bigger Bang All Black Tourbillon Chronograph³, a historic timepiece during Hublot's reinvention, was auctioned on March 31st 2021.

As stated in an article from WorldTempus:

"This watch will be the first luxury watch to have a digital life with certified ownership and authenticity. This digital twin will be the "authentic" double of the physical watch in the digital space." (WORLDTEMPUS, 2021)

Mr. Biver commented in a Zoom presentation "What we are doing today is a world first that will have wings, we are at the start of something great." (The New York Times, 2021)

Important to note that the auction was extended because the bid was below the reserve price.

³ See Appendix 8: Hublot Bigger Bang All Black Tourbillon Chronograph

2.4.2.2 Jacob & Co

The same month, Jacob and Company announced a partnership with the NFT platform ArtGrails to issue a digital watch⁴. Benjamin Arabov, CEO of Jacob & Co stated: “Our watch NFT is a purely digital, tokenized asset that only exists in the digital space.” (NY Times, 2021).

Arabov said: “It got so many bidders that the platform couldn’t handle it and crashed. It went up to \$3.1 million and then the whole thing came crashing down.”. The sale was then restarted couple of days after or a 24-hour period of time to reduce the risk of hackers. The final price was around \$100,000. (NY Times, 2021)

Avery Andon, founder of ArtGrails stated in an interview:

“A lot of my collector clients are intrigued by NFTs, because they are new and different. NFTs derive their value from their scarcity. This Jacob & Company NFT is the only one in the world, and serious watch and NFT collectors see inherent value in that.”. (NY Times, 2021)

Mr. Arabov announced that Jacob & Co planned to present more watches that will be “far more creative than any real-life watch but that will live exclusively in NFT world.”. (NY Times, 2021).

Jacob & Co’s CEO concluded by stating:

“This sale was to get people to pay attention to NFTs. It is not a matter of ‘if’ NFTs will have a place in watches, but ‘when,’ and that ‘when’ is now.” (NY Times, 2021).

⁴ See Appendix 9: NFT Jacob & Co SF24 Tourbillon

2.4.3 Conclusion

To conclude, it is still too early to know if blockchain will truly be an added value for luxury watch brands. As stated by Andres Ibarguen, founder of Montres Publiques:

“In our current world it is quite easy to observe that so many things are being driven by ‘hype’ over quality and speculation over calculation.” (MONTRE PUBLIQUES, 2021)

It seems that blockchain-based solutions offered by some luxury Swiss manufacturers is used more as a marketing ploy, rather than providing real value for the customer. As seen in the criticisms, the watch industry has been using other reliable solutions for a long time.

3. Methodology

The primary aim of the research is to identify how the luxury Swiss watch companies can maintain a traditional image while fully leveraging digital marketing and new technologies. The traditional spirit of Swiss watch brands is essential as it is one of their main competitive advantages. Watch brands are considered late comers when it comes to the use of digital solutions. It is then important to confirm this hypothesis. It is also important to understand how they are using digital solutions, related to internal matters or external matters. And then analyse how they can balance this use while keeping their traditional side.

To do so, it was necessary to execute both, secondary research, and primary research.

3.1 Secondary research

To start with, secondary data allow to have a current outlook of the situation. It allows to define what has already been analysed. The watch industry, particularly in Switzerland, is an important topic.

Concerning secondary data, it is divided into two parts: the quantitative data and the qualitative data.

Quantitative data are mainly collected by reports from audit companies such as Deloitte, banks such as Morgan Stanley, or consulting firms such as McKinsey. Reports from such renowned companies are usually considered accurate when it comes to quantitative data. These data allow having a better-simplified outlook of the current situation. This helps to support assumptions as well. Additionally, the analysis of the different major luxury Swiss watch brands' websites and different online activities helped to understand in which current state they are in.

Qualitative data are mainly collected from previous papers written by luxury specialists like Uché Okonkwo or historians like Pierre-Yves Donzé. Additionally, watch magazines such as Europa Star were included in the process. These include many interviews from the most influential people from the watch industry and help defining the different opinions regarding the current trends and activities of the watch world. Reports from Morgan Stanley or Deloitte also bring a qualitative approach.

3.2 Primary research

Primary research is divided into two categories.

For the sake of the primary research, it is important to analyse both points of view of the marketing, namely the brands' side, and customers' side. This helps to have a comprehensive view of the current situation. Therefore, information on brands' matters is collected via interviews and customers' matters via survey.

3.2.1 Interviews

Interviews are dedicated to professionals from the watch industry, in particular specialists that work directly in the digital world. It is crucial to include them in the research as they are the core element of the research. Data collected from the interviews are the most important as they are the most concerned by the problematic of this thesis. Interviewing specialists and defining their digital strategies allow the research to show in which state of the evolution the industry is really situated.

In order to get in touch with professionals from the industry, the research benefits from Sophie Furley's network, supervisor of this thesis. Interviews were held by phone call, recorded, transcript, and then analysed. Interviews usually lasted between 15 to 25 minutes.

Interviews can be divided into three categories:

- Major traditional Swiss watch brands
- Independent niche Swiss watch brands
- Retailers

The aim of interviewing brands of different sizes was to identify how differently they react to digitalisation and their different strategies. Then it could be easier to draw the differences between the two.

Additionally, the research benefit from interviews from watch retailers. Retailing is considered the most impacted by the digital revolution, especially since the current crisis. It was then crucial to analyse their strategy and response to this challenge.

The primary purpose of these interviews was to know:

- If companies use digital solutions
- How they use it
- The challenges and opportunities encountered by using these solutions.
- How do they conserve their traditional image

3.2.2 Survey

Concerning the customer side of the research, the most efficient way to get data was to get responses via survey from watch enthusiasts. The majority of the watch enthusiasts are between 25 years old to 50, 60, or 70 years old. Generation Y was then the most appropriate age range as they are between 25 to 40 years old and are all “digital-sensitive” meaning they all use digital devices. Data were mainly collected via the platform LinkedIn.

The survey aimed to define how the customers perceive the watch industry in the digital arena, how do they respond to the Swiss luxury watch brands’ digital communication and their online purchasing habits. Therefore, the questionnaire is focused on customers purchasing habits and marketing matter as opposed to interviews that are more focused on internal strategies and their use of digital solutions.

4. Results

4.1 Survey

4.1.1 Introduction

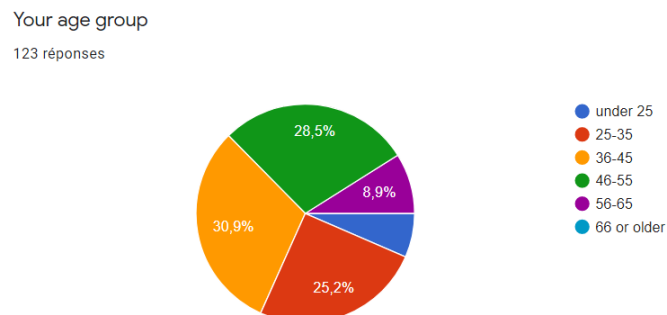
The survey, dedicated to watch enthusiasts include 21 questions. 123 answers were collected mainly through social media such as LinkedIn.

The survey is divided into 5 categories. The first one being the information on the respondents, the second being related to online watch sales, the third on online information available related to the watches, the fourth category related to social media and the fifth on the brands' appeal in an online environment.

4.1.2 Profile of the respondents

The majority of the respondents are between 25 years old to 55 years old.

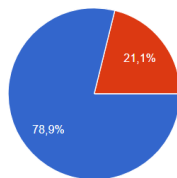
Figure 56 – Age group



Most of the sample are men. It is interesting to note that a survey from 2020 conducted by Rishikesh ARYA, graduated students from HEG who collected data on watch enthusiasts, had the exact same percentage of males and females.

Figure 57 – Gender 2021 // Figure 58 – Gender 2020

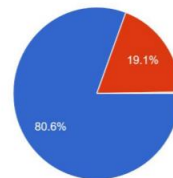
Gender
123 réponses



Survey from 2021

What is your gender ?
377 responses

Male
Female
Prefer not to answer



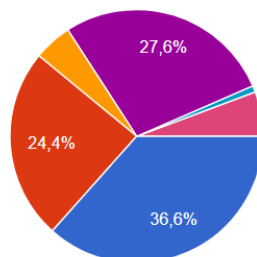
Male
Female
Prefer not to answer

Survey from 2020

The majority of respondents are from Switzerland (36.6%). 27.6% are from North America, 24.4% from Europe, 5.7% are from Oceania, 4.9% from Asia and 0.8% from South America.

Figure 59 – Location

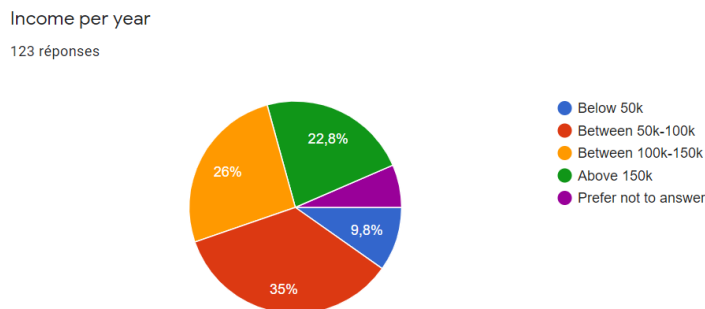
Where do you live?
123 réponses



Switzerland
Europe
Asia
Africa
North America
South America
Oceania

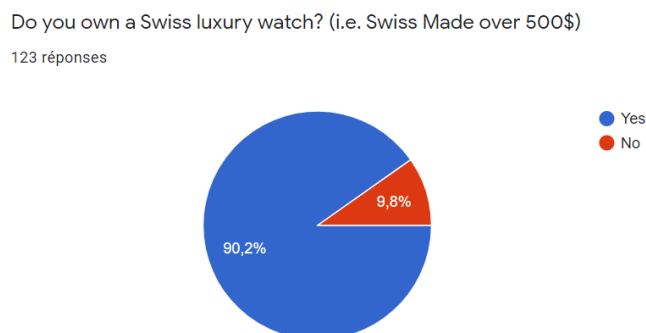
The majority of the respondents earn between 50,000 and 150,000 per year.

Figure 60 – Income per year



As this survey is focused on watch enthusiasts, most respondents already own a Swiss watch over 500\$.

Figure 61 – Do you own a Swiss luxury watch?



Aline Sylla-Walbaum, director of Christie's international luxury division, stated in an interview for Europa Star that:

“What is very striking about the watch industry is that there is no real difference in the profile of physical and online buyers. In both cases, more than 80% of customers are male and the average age is almost the same: 47-48 years. The majority age group is 34-45 in both cases. It should also be noted that 55-64 year olds account for a larger share of purchases than 25-34 year olds online as well. Even the over 75s are proving to be very active in digital sales. In other categories, for example jewellery, the difference is much greater, with younger online users. Watch lovers seem to be well connected, regardless of their age.” (translated from French, EUROPASTAR, 2021).

In this research, 88.9% of 56-65 years old would consider buying a watch as opposed to 82.6% for the 25-35 years old.

4.1.3 Watches and online sales

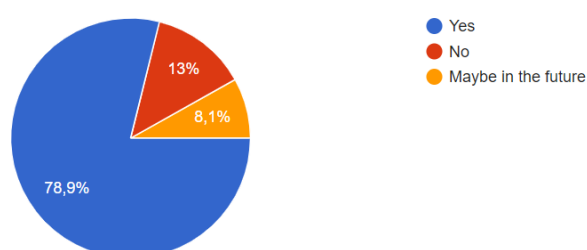
This category relates to the sales of watches online, and the respondents' habit of online luxury purchases.

Interesting to see that despite the reputation of watch brands being reluctant to e-commerce, on the side of customers, 78.9% of respondents would consider buying a watch online. North Americans are more interested to buy online as 85% answered "Yes" to the question below as opposed to Swiss where 60% answered "Yes".

Figure 62 – Would you consider buying a watch online?

Would you consider buying a watch online?

123 réponses

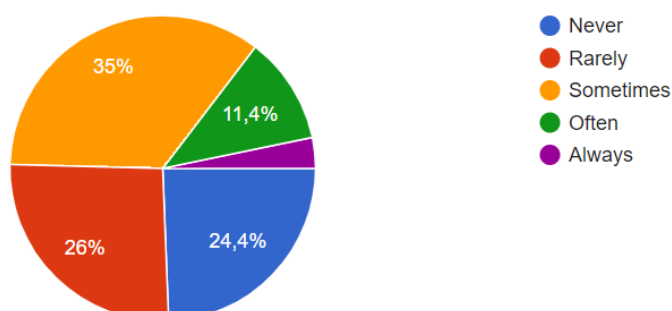


50.4% of respondents do not or rarely buy luxury products online. Despite this, 74% consider buying a luxury watch online. This supports Ms Sylla-Walbaum statements where luxury watches online purchases differ from other luxury products.

Figure 63 – Excluding watches, do you buy luxury purchases online?

Excluding watches, do you buy luxury purchases online?

123 réponses

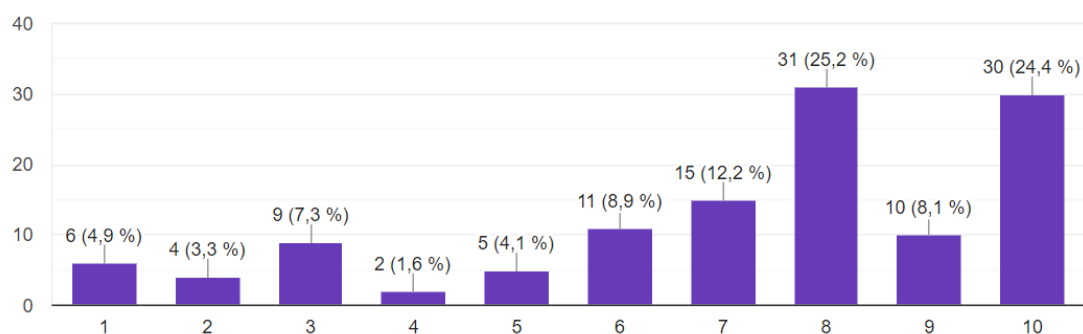


Currently, there is a high probability that the respondents buy a watch online.

Figure 64 – On a scale of 10, what is the probability that you buy a watch online?

On a scale of 10, what is the probability that you buy a watch online?

123 réponses



Ability to shop 24/7 and the ease to compare and research for products online are the two principal reasons to buy online according to this research.

Physical boutiques put a great emphasis on the level of information they can provide and consider this as a key added value. Interesting to see that “easier to compare and research for product than in physical store” and “better product information” are popular reasons to shop online according to this research.

Figure 65 – Reasons to shop watches online

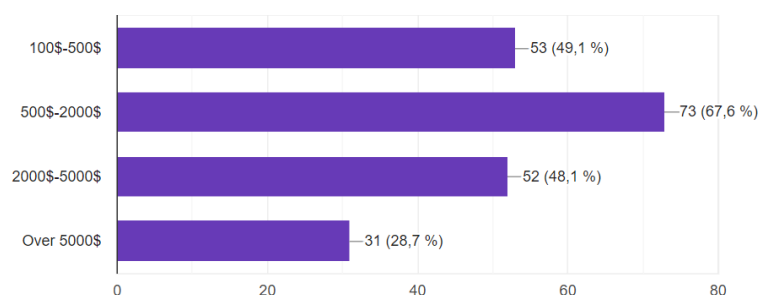


People would be keener to buy a watch online at a price segment of \$500-2,000\$. It seems that high-end timepieces over \$5,000 are still something respondents would not buy online.

Figure 66 – If yes, which price point (USD) would you consider?

If yes, which price point (USD) would you consider? (multiple answers possible)

108 réponses

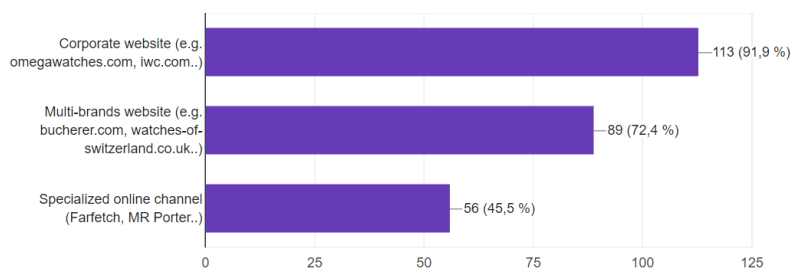


Corporate websites seem to be the most relevant platform for a purchase as it represents 91,9%. Multi-brands websites such as bucherer.com or watches-of-switzerland.co.uk are second with 72.4%. Specialized online channels such as MR Porter represent 45.5%.

Figure 67 – Which e-commerce website would you consider to buy a watch?

Which e-commerce websites would you consider to buy a watch? (multiple answers possible)

123 réponses

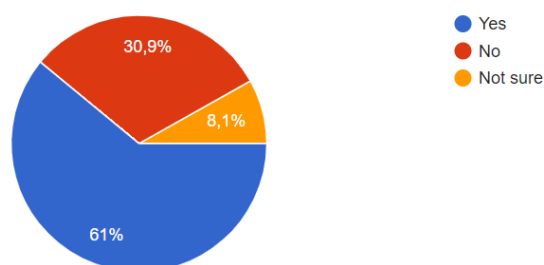


Interesting to see that the majority of the respondents, 61% would buy a watch without trying it. Which is an impressive number knowing that watch brands rely a lot on the physical customer experience and emotional products.

Figure 68 – Would you buy a watch online without trying it?

Would you buy a watch online without trying it?

123 réponses

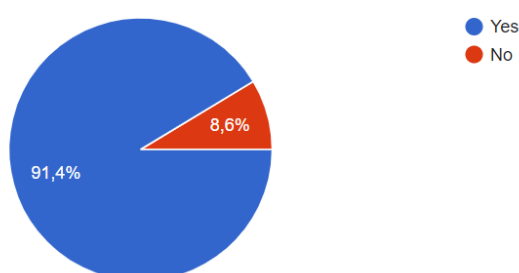


91.4% of respondents that already bought a watch online were satisfied with the online services. As stated in the Literature Review, watch brands pay attention to their online services with features like augmented reality or virtual appointments. Additionally, most of Swiss luxury watch brands offer free shipping & returns with secure payments.

Figure 69 – If you have already bought a watch online, were you satisfied with the online services provided?

If you have already bought a watch online, were you satisfied with the online services provided?

81 réponses

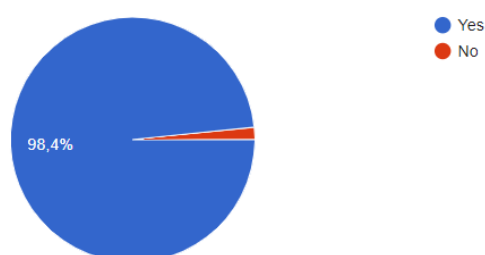


4.1.4 Online information

Interesting to see that a huge majority, 98,4% go online to find information before considering buying a watch. This strengthens the importance of the brands' online environment such as their social media, their websites and partners' online channels.

Figure 70 – Do you search for online information before considering buying a watch?

Do you search for online information before considering buying a watch?
123 réponses

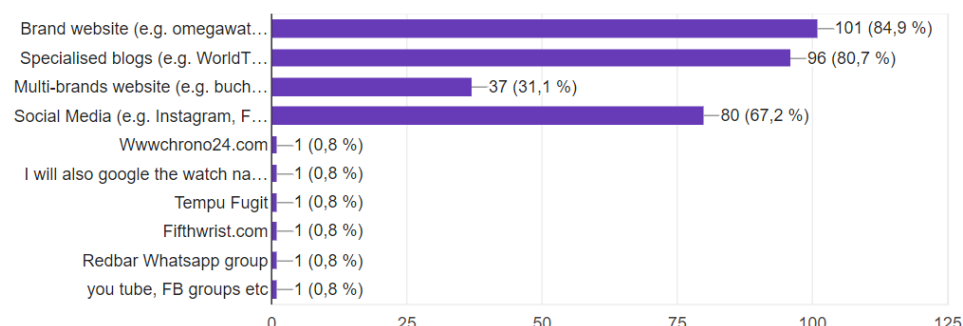


84,9% of respondents seek online information on the brand website. This supports the important investment from brands on their corporate website. As analysed in the literature review, brands' websites include many features to communicate their values and increase the customer online experience. Specialised blogs went from watch lovers blog to an important source of information for watch enthusiasts. Some major watch reviews platform such as Hodinkee even developed their e-commerce website. 80,7% of respondents seek information on their platform. Social media, an important channel for watch brands, bloggers and retailers represent 67,2%.

Figure 71 – If yes, where?

If yes, where? (multiple answers possible)

119 réponses



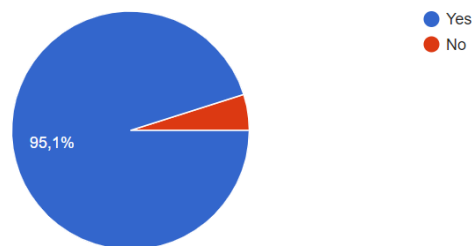
4.1.5 Social Media

This category relates to social media, widely used by watch brands. As shown below 95.1% of the respondents use social media. This supports the assumption that it is crucial for brands to invest in these communication channels.

Figure 72 – Are you following watch brands on social network?

Are you following watch brands on social network (e.g. Instagram, Facebook, LinkedIn...)

123 réponses

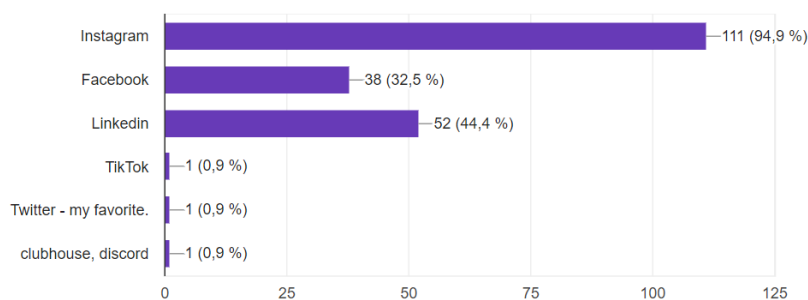


Interesting to see that Instagram is the most used social media with 94.9% of respondents following at least one watch brand on this channel. Instagram is a great platform for brands to showcase their timepieces with qualitative visual work such as photos and videos. LinkedIn comes in second place with 44.4%.

Figure 73 – If yes, on which platforms?

If yes, on which platforms? (multiple answers possible)

117 réponses



4.1.6 Brand's appeal in an online environment

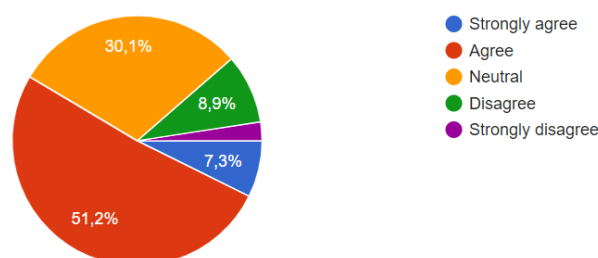
The last category relates to the brands' values and their appeal online.

Interesting to note that 51.2% have a positive thought on the luxury watch brands' representation of their values online. 30.1% are still neutral. Even if social media and other digital communication channels exist for more than a decade, watch brands started fully leveraging these couple of years ago.

Figure 74 – Do you feel that luxury watch brands are well representing their values online?

Do you feel that luxury watch brands are well representing their values online?

123 réponses



Below are the top 20 most visited watch brand websites. Unsurprisingly, Rolex is in first place with 85 respondents that visited their websites in the past 12 months.

Figure 75 – Most visited websites in the past 12 months



Concerning the last question, "What is the luxury watch brand that has the most appeal for you online? Why?" Rolex and Omega are the two most recurrent brands. After analysis of the reasons why is a brand appealing online, it is possible to draw 4 trends.

4.1.7 1st trend: Quality of the watch

The first one is the quality of the watch. Answers included words such as “good quality”, “good design” “elegant watches” or “exquisite watches”.

4.1.8 2nd trend: History of a brand and its storytelling

The second trend is history. Many respondents seem to put a lot of emphasis on the origins of a brand and the way the brand share their heritage. The word “storytelling” is very popular among the answers.

4.1.9 3rd trend: Qualitative website

The third trend is the quality of the websites, including the e-shop and the website usage. Many respondents stated that the e-shop of a corporate website is important as some brands are not available in their areas. Others find it crucial to have a friendly website navigation with “ease of access”, “great user interface” or “ease to navigate”.

Interesting to note that additionally, many respondents emphasise the information available on a brand’s products. People are looking for “explanation on the watches and movements”, “informative sections” or “educational articles on the watches”. The quality of a website is defined by “features like AR”, “customizer features”, “the design of the website” or “the high interactivity”.

4.1.10 4th trend: Qualitative visuals

According to the respondents of the survey, the most important aspect of an appealing brand online is the quality of the visuals such as photos or videos. Respondents find a brand attractive when they have “beautiful watch photography”, “high-resolution images”, “fabulous photography” or “beautiful aesthetic”.

4.2 Interviews

Six interviews have been conducted. One entrepreneur managing two re-born independent brands, two co-founders of an independent Swiss watch manufacturer, two managers of independent multi-brands watch retailers, one based in Geneva and another in Amsterdam, as well as one manager from a long-established Swiss luxury manufacturer and one member of the extended board of directors of a major watch group.

The analysis of the interviews is divided into five different categories:

1. E-commerce,
2. Benefits of Digitalisation
3. Challenges of Digitalisation
4. Digital Tools used
5. The Watch Industry & its Digital Compatibility

For confidentiality reasons, the watch brands as well as the retailers are replaced by a letter:

- Re-Born French-Swiss Independent watch brand: Brand A
- Re-Born French Independent watch brand: Brand B
- Independent Swiss watch brand: Brand C
- Long-established Luxury Swiss watch brand: Brand D
- Geneva-based retailer: Retailer A
- Amsterdam-based retailer: Retailer B

4.2.1 E-Commerce

For the owner and manager of Brand A and Brand B, the advantage of being fully online is to sell at an attractive price as they could have an aggressive price strategy by squeezing the retail margin. Brand A has a price segment of €5,000 to €6,000 and Brand B has a price point of around €400. The entrepreneur stated that it was more difficult to sell Brand A online as customers emphasise seeing the watch physically before buying it.

The two founders of Brand C, having traditional retailer partnerships stated that selling online is “politically difficult to manage” because it is important to balance between the traditional retail world and e-commerce. The manager at Brand D also stated that it is important to be very careful because for some brands, they have worked with retailers for decades.

The Geneva-based retailer stated that:

“The concern that retailers have about the future is that we see the direction that brands are taking. Through the internet or their single-brand stores, the long-term plan is to sell more and more through their own channels. Brands want to manage more and more the sale, especially the customer experience. We're going to have to get used to that. Now, in the long term, what we need to know is how many percentages of customers will be seduced by the fact of buying directly on the internet or in one-brand stores and how many will be more interested in buying from us to have a more neutral opinion.” (Translated from French)

The manager at Brand D, quoted Watches of Switzerland that stated: “Whatever the customer wants, we should provide.”. The manager continues by commenting:

“What I have found is that there are customers that want to buy in a traditional boutique, there are customers that want to buy over the phone, there are customers that want to be on an e-commerce store. So I think a brand must have everything. And a brand and a retailer store have to be able to let the customer buy however they want to buy.”

However, the manager commented on the security of e-commerce technologies and added that “You have to be very careful that we use a secure technology that can handle the sales.”. Indeed, the online transaction of pieces that are worth hundreds of thousands of dollars must be carefully secured.

Customer experience is a challenging aspect of e-commerce. The manager at Brand D commented:

“It's [the customer experience] probably the added value of boutique sale or retailer sale. But if a customer wants to buy directly or want to buy online, they want to forego that. They want to forego that brand experience. So what I think you need to do is to “WoW” them with customer service when they are buying on e-commerce”.

4.2.2 Benefits of Digitalisation

For the three independent brands, the main benefit of digitalisation is digital marketing. The cost of advertising is much cheaper than traditional advertising. Additionally, digital marketing has an efficient and global reach. For the three brands, their launch was purely online. They all had the same strategy, which is sharing their products with influential blogs such as ABlogToWatch, Hodinkee or Fratello Watch. Additionally, they all started investing in their Instagram page. Finally, digital marketing helped them collecting insights to better develop their products and target the right customers.

Digital was key for their launch, however, one co-founder of Brand C added that:

“Effectively what really helped us was our background experience we had in previous job. Because we built throughout the years a network of people that later supported us to launch the brand. So yes, digital was important, but also the human dimension and having these relationships was also key in getting the sort of confidence and support from journalists, retailers and even collectors. So this is the combination of the two.”

For the multi-brands retailers, digital helped them building a better visibility and accessibility. For Retailer B, it boosted their sales and allow them to grow from a classic retailer to a hybrid retailer.

For Brand D, social media such as TikTok is a new way of providing content and an opportunity to tell a different side of their story. The manager commented:

“Even though Brand D is a traditional brand and has been around for a couple of hundred years. It still has to be modern and relevant. So, finding these new technologies have actually giving us new way to communicate our values and to communicate the fact that we can still be modern.”

For the Major Swiss Watch Group, the benefits of digitalisation are agility and accessibility. The extended board member stated:

“Opportunity is the fact that you can have a sort of plug and play information technology. That you could not have 10 years ago. You can easily switch from one solution to another. Due to the systems available today, you can pretty easily plug out the old and plug in the new. Hybrid cloud for example. You can communicate with others and you are not stuck with one cloud. You can go to SAP, then Swisscom and then Salesforce. It enables us to be more agile.”

4.2.3 Challenges of Digitalisation

For the three independent brands, the two main challenges are the budget and the expertise. Even if new technologies and new solutions are accessible, it is still complex and requires a lot of expertise in order to correctly use.

For the Geneva-Based retailer, he stated that it is very challenging for a small structure to go online as it requires an important logistic as well as an important budget and expertise.

For the Amsterdam-Based retailer, the most important challenge is the loss of human touch as it is difficult to maintain this in a digital environment.

For Brand D, an important challenge is to catch people's eyes while avoiding devaluing the brand. He stated, "Content on social media is forgettable.". Additionally, it is important to find the right information to provide, the right way to communicate and the right amount of information. The manager stated, "if you are communicating on Instagram for example or WeChat, the different ways of communicating and the attention span of audience is very different."

For the major group, an important challenge is security. The extended board member stated:

"You have to make sure where your data go and where they are. In a global footprint, when you have companies everywhere in the world, incorporating and making sure you have security everywhere is a huge challenge."

4.2.4 Digital tools used

For both, the watch independents and the retailers, the most used digital tool is social media. As already stated, it helps them to build visibility, collect insights and even sell watches. It is still very hard for independents to fully leverage complex solutions as it requires expertise and an important dedicated budget.

For the Amsterdam-based retailer, it is important to be connected as much as possible. Therefore, they leverage applications such as WhatsApp, WeChat or ClubHouse.

The extended board member outlines the fact that today there is a "banalisation of IT and new technology". Nowadays, everything is related to IT.

4.2.5 Watch Industry & Digital Compatibility

This section relates to the thoughts of the interviewees regarding the reputation of the watch companies in the digital arena.

For the founders of the independent Swiss watch brand, they think that watch brands would be "perfectly suitable". One co-founder states:

"We see other industries as old as the watch industry that use social media very effectively like fashion industry or car industry. But it all comes down to the people and the network moving from the traditional way of doing things to something new is not easy. Nobody wanted to be the first one especially in regard to online sales."

For the manager of the Geneva-Based retailer, it is completely possible to leverage digital technologies for watch brands. He states that brands must put forward "their own qualities, their heritage, their history and their savoir-faire". (Translated from French).

The manager of the Amsterdam-Based retailer emphasises the fact that it is crucial to educate through the use of digitalisation. He states:

“They [the brands] can communicate their traditional image through tools like photos or videos. We are selling an illusion; it is pure emotion. We’re not selling necessity. You can communicate Swiss quality through art, video, photos, virtual reality.”

For the manager of the long-established luxury Swiss watch brand, it became more and more critical to embrace these new technologies. He states that the quality of the content is very important.

“The thing that I really focus on is the importance of the content. I think there are a lot of areas or subjects where there’s very little content. There is not much story telling. Content on social media is forgettable. The way we used to broadcast the content, or even the way we are being forced almost to communicate now is the excellence in the content production. I focus on the quality of the communication. It’s not necessarily the form or the way the content is delivered as much as it is the quality. I need to make sure it’s there.”

He added that the way a story is told is very important.

Despite the reputation of watch companies being late comers in the digital world, the extended board member states:

“I have a mixed sentiment in this answer. If somebody would come and see our company, he would be surprised of the digitalisation of our group. There is a level of IT that is amazing. Last year we had more than X of employees that have to work from home, and our IT system was there and ready to go. So overall our digital structure has been somehow well thought. You will see environment with no paper. Production is all digitalised. The level of digitalisation is quite impressive.”

The extended board member concluded by stating:

“In the watch industry we manage our company like our house. If you do a step, you know it will work and get a benefit out of it. You are not adopting completely new and crazy out of the blue ideas that came out the day before yesterday.”

5. Discussion

Important findings can be drawn after analysis of the literature review, the survey and the interviews. This section is divided into three main subjects, being Digital Marketing, E-Commerce and Blockchain Technology.

5.1 Findings related to digital marketing: Keep focusing on quality

The efficiency and importance of digital marketing for luxury Swiss watch brands no longer need to be proven. It has been seen that digital marketing is of great use for watch brands. However, luxury companies need to be careful when leveraging these solutions as their watches still need to be perceived as high-value products.

According to this research, customers seek a qualitative environment with good visuals, high-definition videos and storytelling. This confirms the fact that brands must become real content creators. By creating their own in-house content, brands can avoid losing their brand equity. They can easily leverage digital platforms to tell their story and show their products.

95.1% of the respondents use social media, with 94.9% using Instagram. This social media seems to be a priority for the brands and retailers interviewed. Indeed, the platform is quite mature and optimised with different features such as slideshow, story, Reels, live and IGTV.

TikTok started to be considered by luxury brands in recent months. As stated by one of the interviewees, TikTok has an “educational aspect”. The strength of this social media is the high-rate user engagement. Nowadays, internet users are conscious of the massive load of advertisements they are facing every day. Therefore, if luxury brands can propose qualitative content and at the same time educate, their advertising will be more efficient and optimised.

5.2 Future of digital marketing: Shall luxury watch brands become their own influencer?

Digital marketing has only been around for a couple of decades. In approximately 30 years, digital marketing became an important priority of the brands' strategy, and nowadays, watch brands marketers think digital strategy first. Social media keep evolving and went from a simple platform to gather with people to an important part of our lives. It even became an important channel for political purposes and became an e-commerce platform. New platforms such as TikTok has a huge potential as it has revolutionized the format of videos content on the internet. There are then opportunities for luxury watch brands to showcase their products by leveraging this new way of communicating. Brands will continue to evolve as content creators and in other industries, as stated in the literature review, the branding went even further as some brands became their own ambassadors and influencer. So, one challenge could be to continue evolving in the social media sphere, by adopting their codes and by becoming their own ambassador.

Another potential opportunity for Swiss watchmakers is video games. The gaming market exceeded the music and the cinema industries, with a revenue of approximately \$150 billion in 2018. According to Newzoo, there were 2.69 billion video game players worldwide in 2020. In 2019, Louis Vuitton collaborated with one of the most played PC games, League of Legends. They released both an "in-game" collection and an "in real life" collection that were both inspired by the Louis Vuitton world and the League of Legends world. The co-habitation of the luxury world and the gaming world is still something new and there is a multitude of potential opportunities for the luxury brands.

5.3 Findings related to e-commerce: Watch customers are willing to buy online – Brands must transfer what they do best in-store: Unbeatable customer experience & customer service

The watch industry understood that e-commerce should not be considered as an enemy but more as a complement to traditional retailing. Brands have been able to partner with their retailers to sell their timepieces on specialised e-shop as well.

As shown in the Table 1 – Luxury Swiss watch brands selling online, three-quarters of the top 20 biggest brands sell their timepieces online. Their corporate e-store, as well as the authorised retailers' e-shop, seem to be the priority for luxury watch brands as 55% of the brands have developed the former and 75% the latter. The Western luxury marketplace is widely dominated by two major actors, being Farfetch and MR PORTER (YNAP). This channel is still at the beginning of the growth stage as most of the watch brands are not there yet. Richemont invested heavily in developing these two platforms as they acquired YOOX Net-a-Porter in 2018 and invested \$1.1 billion in Farfetch, in partnership with the Chinese giant Alibaba, one of the biggest e-commerce platforms. (REUTERS, 2020).

Even if we are living in a constantly connected world, it seems that online customers look for “in real life” characteristics such as personalisation and interactivity. Therefore, it seems to be a priority for some luxury Swiss watch brands to leverage technologies such as augmented reality, 360° videos or virtual tours to personalise and interact with their online customers.

The data collected show that a good majority (78.9%) of watch enthusiasts would consider buying online. It has also been shown that online customers look for added value similar to the ones in-store such as a high degree of information or easiness to compare products.

5.4 Future of traditional stores: Luxury boutiques dedicated to the brand universe

As for the future of traditional stores, it is still impossible to tell. However, some businesspersons from the watch industry think that the traditional boutiques will act as a showcase to communicate about the brand and offer an experience rather than a sale. Olivier Müller, founder of LuxeConsult stated:

“There will be far fewer shops, and they will be dedicated to brand universes. They will be the embassies of luxury houses rather than actual points of sale. The boutiques will be the physical connection for a phygital experience. This is going to happen very quickly, and irreversibly!” (LUXURY TRIBUNE, 2020)

Büscher added: “Luxury boutiques will probably be part of the brand's marketing budget, and many of the multi-brand retailers may well disappear.”.

5.5 Future of e-commerce: Phygital and the “Amazon for Luxury Products”

As for the future of e-commerce, one current opportunity for luxury brands is the “Phygital” experience. Phygital, which is a mix between “Physical” and “Digital”, aims to fully leverage the experience of the physical world and the digital world. It helps to benefit from the latest technologies to deliver a comprehensive customer experience. It seems to be a good model for the watch industry as the brands and retailers rely heavily on the “emotional connection from seeing and handling luxury watches” (SZEGEDI, 2020). Another opportunity will be the evolution of the luxury products e-commerce platform. It has been seen that brands developed their own channel, and their retail partners as well. However, in the Western World, the “Amazon for luxury products” is still in early development with very few players. For luxury watch customers, the internet evolved from a source of information to a way to purchase the product.

To conclude, luxury is above all, about an impeccable high qualitative service. Therefore, luxury watch brands need to bear in mind that, by selling online, they must deliver the same level of quality that customers have in a traditional store. Currently, in 2021, the online platforms that sell commodities such as Amazon are more efficient and have a more qualitative service than some luxury brands e-shop. E-commerce became a top priority for luxury watch brands, especially since the pandemic, however, they need to develop a strong logistic strategy. A major part of their added value comes from a fantastic experience and a high level of service. After the research conducted, it seems that Swiss luxury watch brands' e-commerce is still in development. The brands and the retailers still have to secure a qualitative experience in order to match up the traditional retailing quality.

5.6 Findings related to new technologies: Is it Real Innovation or Trick Marketing?

Concerning the digital solutions such as CRM tools, features like AR, AI live chat or blockchain, these innovations need to be tackled by brands to bring something new and innovative. It seems that for some Swiss luxury watch companies, these digital features are used as a marketing trick rather than real innovation with the aim to bring added value for the customers. Brands must not forget that what people are looking for is storytelling, and above all, for an emotional product. Olivier Müller, founder of LuxeConsult, commented: “Many brands want to jump on the technology rather than focus on the storytelling.” As stated by Maximilian Büsser, founder of MB&F “Technology should showcase the brand and its products, not the other way around.”.

Despite the high advancement and constant evolution of the digital world, it is still hard to communicate the emotional aspect of the watchmaking universe. The “Swiss made” must remain a priority even while leveraging the new technologies. Watchmakers must not launch themselves directly into a completely new digital revolution without thinking about integrating what they do best, selling an emotional, with rich heritage product in a qualitative environment made with an important human dimension. As stated in the results section, the most sought element for watch enthusiasts is quality. Quality in the storytelling, quality in the visuals, quality in the experience, quality in the service, quality in the watch and quality in the information provided. One of the great successes of Swiss luxury watch brands is to associate the word “Swiss” with excellence. And brands must not jeopardise this priceless competitive advantage in the digital world. Even if technologies are now very accessible and that it has been democratised and vulgarised, it is still difficult for the brands to transfer their brand equity.

5.7 Future of new technologies: “Manage your company like your house”

As for the future of new technologies, according to the survey, there are still about 50% of the respondents to convince about the fact that brands correctly represent their value online. Do brands absolutely need to have AR features on their websites? Do brands need to offer a blockchain-based warranty system? Do brands need a mobile application featuring virtual try-on? It remains to be proven. Swiss watch brands probably leverage these new phenomena because they are scared to miss the new trend as they did with the Quartz watches or smartwatches. As stated by one of the interviewees of this research: “We manage our company like our house.”. This is a good metaphor to showcase an ideal mindset for Swiss luxury watch brands. This means, when brands take a step towards innovation in relation to the internet and new technologies, they must be sure that it brings a real added value to the customers, and therefore enhance their qualitative image so that it does not damage their brand reputation.

6. Conclusion

A couple of years ago, Swiss watchmakers still wondered if their brands had a place on the internet. Less than 10 years ago, specialists defined internet as a tool of mass communication rather than selective communication, which, therefore, were against the luxury characteristics. Nowadays, the luxury world understood that they have opportunities to seize on the internet sphere and that it is possible to make a good use of new technologies. Internet is now a big part of our lives. For luxury customers, it became an important source of information and even a distribution channel. It is, therefore, crucial for luxury companies to adopt some sort of a “digital mindset” in order to stay “digitally relevant”.

With the evolution towards a more and more connected world, luxury seems to become less exclusive. For example, Patek Philippe, considered as one of the most prestigious and most exclusive brands in the watchmaking, have a website showcasing all their current models, with their prices. A few years ago, knowing the prices of such a brand in a few clicks was almost unthinkable.

Brands need to evolve in a less exclusive world while maintaining their excellence, elegance and tradition. This leads to one of the major challenges of the luxury Swiss watchmakers: How can they maintain their brand equity while leveraging new technologies?

While staying relevant towards the online customers, Swiss watchmakers still need to communicate their values that made the unsurpassed reputation of Swiss watches. It seems that luxury watch brands are starting to find solutions to keep their brand equity and communicate their heritage online.

When it comes to digital marketing, two important aspects have been identified to correctly communicate their brand equity. Firstly, Swiss watchmakers must become real content creators in order to provide high qualitative visuals to communicate with emotion their tradition, elegance and quality. Secondly, brands must have a high level of control of their online environment to preserve their image.

Luxury Swiss companies have been able to embrace social media correctly by providing qualitative and diversified content. However, an online brand's image is difficult to control compared to a traditional environment, therefore, Swiss manufacturers still need to be very cautious while leveraging these digital marketing tools.

Concerning e-commerce, the last few months of lockdown or partial lockdown have been a high opener for luxury watch brands, who had to adapt to the sanitary conditions. Watch brands came up with technology that was already very popular in other areas of luxury. The Swiss companies have been able to transfer crucial characteristics of traditional retailing online. They have been able to define strategies and solutions to reproduce these essential aspects thanks to new technological features such as augmented reality, 3D photos, live chat, virtual appointment, immersive virtual tour, music representing their universe or highly qualitative integrated visuals. Despite the popular belief that Swiss luxury watch brands are reluctant to e-commerce, they are able to offer a good service with a good online experience. Even brands that do not sell online, such as Rolex, have been able to develop a great website with relevant features to showcase their products.

However, there are still challenges watch manufacturers must face while selling online. They must develop an online sales service that is as good as the one from traditional distribution channels as well as preserving their long-established relationships with their traditional retailers.

Two elements seem to be of primary importance for online customers of luxury watch brands. Firstly, Swiss watches are still very linked to quality. Therefore, online customers seek quality in terms of whatever is linked to a watch brand online. They seek qualitative visuals, a qualitative source of information or a qualitative website. Secondly, history is an element that watch enthusiasts are still looking for online. Customers seek a strong and clear storytelling.

Concerning blockchain-based new technologies, it is still something very new for the watch industry, therefore, too early to know if it can be a real benefit for watch brands or not. However, it is a good example to illustrate another major challenge of the Swiss luxury watch industry.

Watch manufacturers must define which digital solutions could have a potential real added value to showcase their heritage and not devalue their brand.

To conclude, luxury Swiss watch brands must continue embracing internet to communicate their passionate stories, to keep emphasising this legacy and to preserve a strong relationship with their stakeholders.

In 2021, every brand has a place in the digital world. The challenge is to identify where they should invest and where they should be present. Is using AR relevant for the Swiss watchmakers? Is blockchain a real added value? Is selling on a luxury online platform beneficial? Is investing in TikTok relevant? Is a virtual tour really providing a true brand atmosphere? This is up to the brands to decide.

In the end, luxury Swiss watch manufacturers must stick to what they do best: Amazing Products with a Fascinating Story Telling.

« Si j'ai appris une chose en dix-sept ans d'horlogerie, c'est qu'il faut faire des évolutions et pas des révolutions. » (Sylvain DOLLA, Le Temps, 2020)

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Appendices

Appendix 1: FRENCH – Interview with the Owner of two Re-Born Swiss and French Watch Brands (Brand A and Brand B)

1) En tant que fabricant de montres indépendant, dans quelle mesure le monde numérique t'a été bénéfique lorsque tu as relancé *Marque A* ?

Oui, bien entendu le numérique a été une opportunité pour les petites marques comme *Marque A*, dans la mesure où le coup de média est beaucoup moins cher que sur les médias traditionnels comme la presse ou les affichages, billboard.

Effectivement la digitalisation de l'économie permet à des petites marques de se faufiler à travers des trous de souris pour essayer d'exister, ce qui n'était pas le cas avant.

2) Que penses-tu avoir pu réaliser grâce aux solutions numériques, que tu n'aurais pas pu faire si tu avais relancé *Marque A* il y a 10 ans ?

Communication beaucoup moins chère

3) Plus précisément, quel type de stratégies numériques as-tu mis en place ?

Instagram qui est un outil majeur, ainsi que des reviews de montres dans des médias digitaux tels que Hodinkee ou Worn and Wound.

4) Tu gères deux marques de montres à des prix différents, *Marque A* situé dans le haut de gamme avec des prix autour de 5k-6k€ et *Marque B* avec un prix autour de 400€. Appliques-tu les mêmes solutions/stratégies numériques aux deux marques ?

Non, la *Marque B* est plus facile pour offrir une montre. *Marque A* est plus chère ce n'est pas la même réalité. Je suis moins flexible avec *Marque A*

5) Est-ce que la numérisation présente-t-elle des défis pour ton entreprise ?

Non, au contraire, cela m'a permis de construire une belle image de marque

6) *Marque A* n'est pas disponible en ligne, cependant, est-ce que tu passes par des canaux digitaux tel que Instagram pour faire de la vente personnelle en ligne ?

Non, mais *Marque A* va être disponible en ligne en 2021. Oui sur Instagram certaines personnes font des achats via transfère bancaire car en règle générale ce sont des gens qui ont vu la montre au poignet de quelqu'un.

7) Comment se fait-il que *Marque B* soit disponible en ligne comparé à *Marque A* ?

Au départ c'était du pur digital, avec un prix de vente très agressif, donc il fallait faire une stratégie prix et pour être le plus agressif possible il fallait squeezer la marge du retail et donc aller sur du 100% e-retail.

Marque A, tu ne dépenses pas 4500€ sans voir la montre

8) Aujourd'hui il y a beaucoup d'outils numériques qui permettent aux marques d'avoir une meilleure connaissance de leurs clients (par exemple, Google Analytics). Comment utilises-tu ces nouveaux outils numériques pour mieux cibler tes clients ?

Oui, la personne en charge du site web *Marque B* nous envoie les informations clients comme l'emplacement géographique, sexe, etc...

9) Adaptes-tu tes services ou ton produit basé sur les informations collectées via ces outils digitaux ?

Non je n'adapte pas le produit, en revanche dans notre cas notre clientèle est en très grande majorité des hommes. Nous voulions à un moment donné éventuellement se concentrer sur un produit plus unisexe et ce genre d'informations collectées via les outils digitaux nous ont permis de confirmer qu'il faut qu'on se concentre sur des montres masculines.

10) Si tu avais une boule de cristal, à quoi penses-tu que l'industrie des montres ressemblera dans cinq ou dix ans ?

Mes 2 tendances lourdes :

Avec l'évolution de ta génération (Gen Z), les montres en plastique ou à quartz ont du soucis à se faire. On va revenir sur des produits avec une durée de vie très longue sans pile, sans polluant.

Je pense que les smartwatch se posera les questions de l'empreinte écologique conséquentes de ces montres avec une durée de vie faible.

Je pense aussi qu'il y aura une baisse de l'ultra haut de gamme (100k-200K) car ça va devenir presque immoral d'afficher ça à son poignet.

Appendix 2: Interview with two Founders of a Digital-Born Watch Brand (Brand C)

1) As a relatively new and niche watch brand, how beneficial was the digital world to you when you launched?

Respondent A

It was a pure online launch for us. We shared our products to some journalists, mostly bloggers like ABlogToWatch, Hodinkee, Fratello Watch and it was built around a website because we did not have any retailer so the only way to deliver the product in the beginning was via online.

The launch concept was built around this. We used the publicity we go through the blog to collect email addresses. We set up a newsletter then they could be informed when the product would be launched. Then we announced through this newsletter when the products were available.

From the beginning we knew we would be only online. The margin was calculated so that we can also go on retail. Because being online we got this exposure we got connected with retailers and distributors and from then on we started to build our Instagram account, we started working with influencer early on. All this was digital.

Now we put the majority of our marketing budget in online advertising. Mostly Facebook and Instagram and then Google. It's our most important marketing tools.

Respondent B

One thing to complete the picture Maxime, digital was key to launch the brand. Effectively what really helped us was our background experience we had in previous job. Because we built throughout the years a network of people that later supported us to launch the brand.

So yes, digital was important, but also the human dimension and having these relationships was also key in getting the sort of confidence and support from journalists, retailers and even collectors, people followed us before to get attraction for the brand.

2) Does digitalisation present any challenges for your business?

Respondent A

The biggest challenge if you're a small brand is always the budget. Then on top of that we come from a product design background. With collaborators we could cover almost everything but the digital world was new for us so we had to learn a lot of things. We had to find new partners. So that was one of the challenge. You have to find the right balance between budget and expectation. But the good thing is that there is a vast choice of people. The offer is endless, you can go worldwide. The ad agency is in Canada, the movies shoot is in Germany so you can work globally and efficiently.

I would say one of the biggest challenges is knowing the right people and the budget.

3) Do you think that as an independent digital-born brand, you are more suitable for digital activities compared to traditional brands?

Respondent A

No, I would not say that. The traditional brands would be perfectly suitable, but we see other industries as old as the watch industry that use social media very effectively like fashion industry, car industry that are much more advanced compared to watch brands. But some are making good job. But it all comes down to the people and the network moving from the traditional way of doing things to something new is not easy. It involves Swiss. Nobody wanted to be the first one especially in regard to online sales. But now we see that some brands including Omega, Breitling or IWC that develop a very solid online sales strategy.

4) Digital tools enable brands to have a better knowledge of its customers (e.g., Google analytics). How are you using these new digital tools to better target your customers?

Respondent A

I would say for a small brand like ours, to use these tools efficiently we need help. This thing like Google Analytics are very complex. Just opening it and hoping finding the right answers for non-specialist is almost impossible. What we can do is challenge our agency and tell our point of view, tell what we think and what we believe is fine, what retailers tell us. We can challenge those things like emails we receive. But we ourselves would be overwhelmed by those tools.

5) Are you adapting services or products based on input collected via digital tools?

Respondent A

No. We do the product that we like. We are not able to do a full analysis. We produce 2000 watches a year.

Respondent B

On top of that, this is part of our brand, we are designers and we have a strong vision. What works for us is that yes digital strategies are important to target the right people that we feel are like-minded and that we feel understand what we are trying to project as a brand. At the end of the day, we have a strong vision and we focus more on how we can continuously surprise our clients with new exiting things rather than trying building a brand on what clients think they want. That's how we have been able to maintain the appetite have with brand is constantly serving new exiting products. And that comes from inside influence not outside.

Respondent A

What we do sometimes is how a product on the website perform. They are certain things people like better, this could be something for a medium size brand could consider as an interesting point of view.

What we also try to do sometimes is which market could be interesting for us. What we do then is see if we have somebody we know and that we can trust there. So we start from real life and then virtual. Not the way around.

6) Do you do personal selling via digital channels?

Respondent B

We would like. We show some restrain. We have to balance between the retail world (physical world) and the digital world. In order to find that balance sometimes we have to make some concessions.

Despite the fact that Instagram could be an interesting tools, today to support retailers we decided to hold for now any kind of sales on Instagram

Respondent A

Sales tools on Instagram and Facebook are really made for a maximum of transparency on prices. You can only communicate in one currency. Breitling use Swiss Francs, Swatch Group goes by Dollar.

This is complicated because it is a tax-free price and one currency. You cannot put the retailers that advertise the price with taxes in a disadvantage. It is a complex tools.

It is easy to set up but politically difficult to manage. For now we don't use it. But it is interesting. It forces brands to be more transparent with their prices.

7) If you had a crystal ball, what do you think the watch industry/retail will look like in five or 10 years?

Respondent A

We would see evolution in online sales and strategies but I think it's a very slow moving and stable industry. They have to adapt in certain areas but I think our segment the smaller and independent brands will grow stronger.

Respondent B

We see one trend that I find interesting that sort of being able to buy a watch with monthly payment is interesting. That could be an interesting think to look out for.

Blockchain is an interesting phenomenon as well that is difficult to put your mind around completely but it could also change the game quite dramatically in the future. Like how we sell watches online. Of course something we can feel now but we still don't have a grasp on is the whole privacy situation. Now Apple have change their term and conditions and this also impact us on how we can communicate.

These sort of unpredictable changes can also have impacts that can have long term impacts that put us in new direction.

For me the retail part, working with people you can trust is still going to be relevant. It's not going to be 100% digital.

Respondent A

The ones that will have to change the most are the retailers. They used to command the industry but now they are the one that will face the most challenges. That's a relatively good thing for us because they will be more room for us. But I mean the top brands of this industry will remain the same.

Appendix 3: FRENCH – Interview with the Manager of an independent Geneva-based Watch Retailer (Retailer A)

1) Quel type de solutions numériques liées au client avez-vous intégré ces 5 à 10 dernières années ?

Nous sommes sur internet, en revanche nous ne sommes pas concurrentiels – car, à l'époque, il y a 10-15ans on voulait développer une plateforme numérique sauf que les marques interdisaient de faire de la vente en ligne car ils considéraient ça comme dénigrant pour le produit et il ne fallait pas sortir du canal de distribution traditionnel.

Aujourd'hui l'intérêt de le faire c'est pour la visibilité. La plupart des personnes qui cherchent une montre peuvent la trouver facilement en magasin. L'intérêt d'internet est de trouver un produit unique ou pour une question de trajet. Le troisième et le plus important c'était le prix. A l'époque le prix était plus intéressant sur internet, en particulier dans le textile. En coupant le middle man le prix est effectivement moins cher, car il y a moins de charges donc c'est directement répercuté sur le prix et c'était refusé par les marques.

Ma problématique aujourd'hui c'est qu'énormément de sites étrangers mais aussi suisses proposent toutes les marques de luxe à des prix cassés mais nous on n'a pas le droit de le faire. Alors on fait exactement ce que fais les marques tout en sachant que les marques n'investissent pas dans notre visibilité. Aujourd'hui on nous demande de reproduire ce que les marques font en ligne en mieux. Alors on a de la visibilité mais on n'a pas la structure financière et technique pour concurrencer les marques (en parlant des corporate e-store).

Il y a aussi le facteur de remboursement, d'échange, de renvoi. Il y a une logistique à avoir qui est complexe et en tant qu'indépendant ce n'est pas possible.

Donc on a une présence sur internet parce qu'il faut une certaine visibilité indispensable.

2) Au-delà du e-commerce, avez-vous mis en place de nouvelles stratégies en ligne (par exemple, le click & collect, les essais virtuels, conseiller en ligne) l'année dernière ?

A travers notre site on essaie de personnaliser et de guider nos clients vers une certaine offre. On a les réseaux sociaux (Instagram, Facebook). On n'est pas suffisamment actif car il faut développer une stratégie qu'on n'a pas.

On n'est pas performant car on manque de moyen et de temps. Par exemple on a fait des films avec Hamilton pour promouvoir la livraison à domicile. Ça je voulais en faire de manière plus récurrente mais finalement en tant que petit acteur avec des employés en RHT où ils sont principalement à la vente, ce qui est digital c'est moi qui le fais avec les moyens du bord. Ce n'est pas aussi performant qu'un spécialiste dédié à ça.

3) Pensez-vous que les marques horlogères haut de gamme peuvent tirer parti de la numérisation tout en conservant leur image traditionnelle ?

Oui il suffit de mettre en avant ses propres qualités, son héritage, son histoire, son savoir-faire. Donc oui c'est complètement complémentaire.

4) Diriez-vous qu'il est plus difficile de vendre en personne ou en ligne ?

La tendance de la vente en ligne est en train d'augmenter comme Tag Heuer qui est très actif par exemple. Après ça dépend du prix moyen de votre produit et quel cible la marque cherche à toucher.

C'est l'inquiétude des détaillants sur le futur c'est que on voit la direction que prenne les marques. Au travers d'internet ou leur boutique mono-marque, le projet à long terme c'est de vendre de plus en plus avec leurs propres canaux. Les marques veulent gérer de plus en plus la vente en particulier l'expérience client. On va devoir se faire à ça. Maintenant sur le long terme ce qu'il faudra savoir c'est combien de % de clients seront séduits sur le fait d'acheter directement sur internet ou les boutiques mono-marques et combien seront plus intéressés à acheter chez nous pour avoir un avis plus neutre et puis ce contact physique avec la pièce qui est aujourd'hui pour la plupart des clients restent très important.

5) Quels services digitaux supplémentaires proposez-vous par rapport aux magasins mono-marque ?

Surtout dans le service, dans le suivi, l'expertise. Tout ça de nouveau c'est très théorique surtout depuis une année car tout notre effort et énergie c'est gérer l'urgence. Aujourd'hui on ne pense pas à évoluer notre stratégie. L'urgence c'est comment on s'en sort et faire en sorte de payer les employés et le loyer.

Ce décalage de génération, on comprend l'urgence d'être en ligne mais on n'a pas les moyens d'y être de manière efficace.

6) Le marché des montres d'occasion (pre-owned market) se développe rapidement avec même des acquisitions d'acteurs majeurs comme Richemont (Watchfinder). En tant que retailer, comment abordez-vous cette opportunité de marché d'occasion ?

On en a toujours fait, dans le sens rendre service à nos clients qui ne veulent plus porter une montre. Donc une reprise. On achetait la montre la retapait et la revendait.

C'était plutôt un service et ce n'était pas grand-chose en termes de chiffre.

Depuis 5 ans la montre d'occasion est quelque chose qu'on nous demande souvent. La difficulté qu'on a c'est trouver le produit à un prix intéressant. Maintenant tout le monde peut trouver les informations sur internet. Le problème c'est que les prix affichés en ligne sur le marché de la seconde main est ce que le revendeur souhaite et non pas le prix réel. Les clients se basent donc sur les prix en ligne qui ne représentent pas la réalité alors il y a le défi d'expliquer la différence de prix entre ce qui il y a en ligne et la réalité

Ce qu'on voit beaucoup ce sont les clients souhaitant investir. Du Rolex, Patek Philippe, Audemars Piguet. Dans les pièces à un prix élevé c'est extrêmement difficile de les trouver à un prix intéressant aujourd'hui.

7) Utilisez-vous des outils CRM pour garder relation avec les clients fidèles ?

Non pour être honnête. C'est quelque chose qu'on n'a jamais développé parce qu'on travaille à 70% avec la clientèle étrangère. Et la clientèle étrangère en plus de ça asiatique elle revenait maximum une fois alors on n'a jamais vraiment développé ce genre de lien.

Aujourd'hui ça a changé et c'est quelque chose qu'on devrait mettre en place par téléphone ou emailing.

De temps en temps il y a des événements pour garder des liens mais le lien plus régulier nous manque.

8) Si vous aviez une boule de cristal, à quoi pensez-vous que le retailing de montres ressemblera dans cinq ou 10 ans ?

Il faut vraiment la boule de cristal. Je pense que le nombre de concessionnaires va vraiment baisser, à cause des problématiques énumérées avant. A cause de la vente des marques direct comme dit avant. Les gros acteurs comme Bucherer vont survivre, tous les acteurs qui ont des marques extrêmement solides et qui continue de fonctionner de manière traditionnelle comme Patek ou Rolex je ne me fais pas de soucis pour eux.

Les magasins comme le miens proposant du moyenne gamme au haut de gamme le nombre va radicalement diminuer car il sera plus possible de payer les charges liées au brick & mortar. Grosse incertitude à ce moment-là. Peut-être qu'on deviendra une vitrine comme les magasins de chaussures et que les gens achèteront en ligne.

Peut-être qu'on aura une juste balance entre les deux qu'on aura moins de point de vente mais ceux qui vont rester seront plus qualitatives. Peut-être qu'on aura plus d'accompagnement des stratégies digitales de la part des marques. C'est clair que les choses changent depuis quelques années et on continue d'aller dans un changement sain car il y a des technologies à utiliser mais il faut pouvoir les mettre en place et bien gérer.

Dans la plus-value à apporter je l'ai vu durant le confinement. J'ai fait un lounge dans le sous-sol de mon magasin avec une sélection privée de montres. On a vu qu'en période de confinement tout d'un coup quand ils ont mis un pied dans le magasin, découvrir des produits et avoir un accueil humain ils ont eu énormément de plaisir. On a acquis une nouvelle clientèle genevoise et créé un lien.

On sent qu'il y a toujours ce besoin de mettre un pied dans le magasin, parler ouvertement. Le service après vente fait aussi une grosse partie du passage de notre magasin. C'est une de nos forces à long terme.

La part de digital va augmenter et le contact physique diminuer ça c'est sûr. Mais une part importante sera les physiques et rien ne remplacent une pièce en réelle. Malgré les efforts des marques avec la réalité virtuelle avec un rendu extraordinaire, malgré ça, ça ne remplacera pas la pièce réelle. Ça ne veut pas dire qu'ils achèteront en boutique mais ils viendront voir les montres.

Appendix 4: Interview with the Manager of an independent Amsterdam-Based Watch Retailer (Retailer B)

1) By incorporating digital solutions, what kind of opportunities are you seeing?

Firstly, we were focused on the marketing side of digitalisation which generated attention and traffic that lead to store and then obviously online sales. => it boosted our sales

The loss of the human touch. Difficult to maintain this. One very important thing in selling watches is to give personal service. But now you have Facetime, Teams, Whatsapp etc which help to solve this challenge.

2) Do you think the high-end watch brands can leverage digitalisation while conserving their traditional image?

By education. We can communicate our traditional image through tools like photos or videos. We are selling an illusion; It is pure emotion. We're not selling necessity. You can communicate Swiss quality through art, video, photos, virtual reality.

3) Have you put any new online strategies in place (e.g. *click & collect*, *virtual try-ons*) this last year?

Be as much as connect possible. Emails. Whatsapp 7 days a week open. Smaller retailers have been able to adapt more easily and quicker to digitalisation. Our business is small but agile and personal. For big ones like Bucherer it is difficult and slower.

4) Which additional e-services do you offer compared to the brands' corporate e-commerce websites?

Payments in Bitcoin, live chat, WeChat, ClubHouse app, we create own content with studios etc.

5) Would you say that it is harder to sell in person or online?

Offline obviously. Communication is 80% non-verbal.

6) As a retailer, what digital strategies are you using to drive people into your store?

SEA, paid advertising, organic content, blog, website

7) How do you manage CRM tools to retain the high-end customers?

Trying to be connected and personal. Try to be personal with the people.

8) If you had a crystal ball, what do you think watch retail will look like in five or 10 years?

Multi brand retailer will not disappear but a lot will die. Low end business will be 100% online, the end will be 50/50 online and physical. More digital, big multi-brand will get bigger and a lot will consolidate. The importance is to educate the younger generation in 20 years.

Appendix 5: Interview with a Senior Manager of a Long-Established Swiss Luxury Watch Manufacturer (Brand D)

1) With all the experience you have gained by working in those traditional industries what are your thoughts on the evolution of new technologies in these traditional environments. – More precisely do you think these 2 worlds meaning the traditional and brand DNA of luxury brands/industries and the new digital world can co-habit in the long term?

Yes, I think it becomes more and more critical for anybody that is producing or viewing content to embrace these news technologies. The thing that I really focus on is the importance of the content. I think there are a lot of areas or subjects where there's very little content. There is not much story telling. Content on social media is forgettable. The way we used to broadcast the content, or even the way we are being forced almost to communicate now is the excellence in the content production. I think it's really important and it has been lost on some social platform. I focus on the quality of the communication. It's not necessarily the form or the way the content is delivered as much as it is the quality. I need to make sure it's there.

2) As a Chief Content Officer/Head of Communications, how do you maintain the brand equity of such brands?

Those are two highly different brand. It's in the way that you tell a story It's difficult to balance the amount of information that you provide. Because you have to have enough information to make it qualitative. But if you have too much information you might lose your audience. It's a delicate balance. And that's gonna always be a challenge. Because if you are communicating on Instagram for example or WeChat, the different ways of communicating and the attention span of audience is very different. You have to have enough engaging content so that if they want more they will go looking for more. I think that is the challenge.

3) As a senior manager for a luxury watch brand, how new technologies are helping you? – What are the opportunities?

They have their own opportunities and own drawbacks. What we're seeing right now is TikTok. It is a new way of providing content. But there is a challenge to that because you have to do something that is engaging and catch people's eyes. But then you don't want to devalue the brand by doing. A lot of what people do is humour content. Humour content does not necessarily work depending on what you're trying to communicate. It's a delicate balance to use these new platforms.

4) Do you think at the moment the luxury watch brands can leverage platform such as TikTok?

I think so, I just recently attended a seminar about TikTok. I think there is a starting and educational aspect that wasn't there at the beginning. I listened to couple of jewellery makers and couple of stonecutters and they're getting right to customer engagement or user engagement because they are interested in what they do. So there is an educational aspect where *our company* can slide in to educate people about timepieces and *our company* timepieces.

5) Aren't you scared of losing brand's equity by going on platform like TikTok?

No not at all, I think it's an opportunity for us to tell a different side of the story. Even though *our company* is a traditional brand and has been around for a couple of hundred years. It's still have to be modern and relevant. So finding these new technologies have actually giving us new way to communicate our values and to communicate the fact that we can still be modern.

6) Do you think that very high-end watch brands like the *two luxury watch brands* you worked for should sell online?

They did an interview of the Watches of Switzerland, one of the biggest retailers in the UK and the US. One of the thing he said is "Whatever the customer wants, we should provide." So if we have customer that want to buy online we should sell online. If determine that our customer don't want to buy online maybe e-commerce is not important. But what I have found is that there are customers that want to buy in a traditional boutique, there are customers that want to buy over the phone, there are customers that want to be on a e-commerce store. So I think a brand must have everything. And a brand and a retailer store have to be able to let the customer buy however they want to buy.

7) Do you think that at the moment e-commerce technologies are safe enough for very high-end brands?

Our watch brands go from 20k to going up more than a million. We have a widespread. You have to be very careful that we use a secure technology that can handle the sales. But we do quite a lot of direct sales to customers. Somebody might call the boss and ask for one piece and there is no retailer and buy directly from us. So we are already utilising secure payment ways. E-commerce is I think certainly possible. As more and more the world is going into e-commerce, we will have that secure way of doing these transactions.

8) How about the customer experience that you have during physical selling?

It's probably the added value of boutique sale or retailer sale. But if a customer wants to buy directly or want to buy online, they want to forego that. They want to forego that brand experience. So what I think you need to do is to wow them with customer service when they are buying on e-commerce. So the e-commerce platform have to be suitable to your brand but then the level of customer service and attention to detail and personal service have to be up to the quality of a boutique.

9) How about the long-term built network of retailers?

We have to be very careful about that because the brands have partners that have worked with a brand in some cases for decades so we can't just toss them away because we see the amazing benefit of e-commerce. So, I think that what brand would be smart to do – they know where a customer have seen a timepiece from. What area of the world, maybe there is a percentage of the sale that should go to the retailer even if they were not involved in the sale. It's certainly would not be their normal margin but it could be a percentage that go to them so that they know that the brand is still taking care because their location.

For example, a customer from Hong-Kong, wants to buy on a e-commerce and a percentage of the sale would go to our retailer in Hong-Kong.

10) If you had a crystal ball, what do you think the watch industry will look like in five or 10 years?

I think there will be a consolidation of brands. I think the covid is really consolidating, we lost some brands. But I think the future looks bright for independent brands especially. Because people are looking for something true luxury that nobody has. So if somebody buy a Rolex they would buy a watch that millions of other people have. Whereas if they're buying *one of product* or an independent brand, they have to be strong enough in their knowledge of watches to understand why that's valuable. And they want to stand out. In today's luxury it's not about mass luxury, I think we're going to move more towards.. – luxury is being about exclusivity. There still be mass brands like Tissot or Hamilton or other brands like that and that's important for the watch industry. But if people go up the ladder, they want to look at other timepieces I think they will start to look for things unique and it's up to the brands to communicate and educate people about watches so that they can go up that ladder.

They are a lot of people wearing apple watches and smartwatches now and I think as people get older and they learn about watches they want to be wearing a nice watch. It's up to the watch industry to continue to educate people about watches. To keep telling people why it's great to wear a luxury watch.

Appendix 6: Interview with a Member of the Extended Group Management Board of a Major Swiss Watches Manufacturer

1) You have a long experience in the IT world and the luxury world from *Italian luxury brand* to *Major Swiss Watch Manufacturer* as a CIO, what has been the evolution of the technology these last 10 years?

CTO is the person that take care of technology and enable the implementation of new technology strategy.

CIO is the person that on the basis of the business strategy set by the business manager and the CIO and then CTO plan to execute.

Major Swiss Watch Manufacturer organisation is very flat, so I am doing many things at the same time. I will say that the most important thing to take into account is to have a clear business strategy and know where you want to go. Then you can develop digitalisation strategy. Now what I am saying is that 10 years ago was waterfall based. Meaning that there is a strategy, 3 years time, business plan etc. Today this is happening continuously 24 hours a day so you cannot sit down and wait. Today, almost on a daily basis technology comes up and the company has to immediately adapt to the change. They have to be agile. You do not sit down anymore and wait. Today everything has to be immediately done. Basically everything is instantly.

10 years ago technology solutions were managed by specialists like me. Today a young entrepreneur. Alone with his IT skills he has been able to set up his company with his IT system (accounting in the cloud, invoicing system, e-commerce is connected to cloud, logisitcs etc). Today you can set up digital solutions easily compared to 10 years ago where you had to invest a lot of time and money from specialist.

The quality of IT is everywhere. Today everything is related to IT. Your phone, washing machine, your house. There is a banalisation of IT. The big evolution is the banalisation of IT and new technology. Flexibility and easiness of feasibility.

Protecting the data of the company is one of the biggest change of these last 10 years.

Fast + everything connected, banalisation of technology.

2) Do you think that technology can fit with the traditional spirit of the watch industry?

Yes, I always think about magician or musician the format on the stage, you don't see the complexity on the back. You don't even think of the complexity on the back. See a piece of art.

The musicians live, you just see the stage the lights etc. In a watch you always see the magnificent, nice, beautifully made handmade fantastic design. You don't know what is the process. And how it is done. If you go backstage, you will be surprised by the amount of technology. There is a high degree of informatisation, everything is digitalised from procurement, production, but you don't always see this. You only see magical piece of art, beautifully made. But a part of our job is to keep well-hidden all these technologies in the back.

3) At the group level, what type of digital solutions have you incorporated these last 5-10 years?

10 years ago, it was all about SAP. They were everywhere. Today, SAP would be in the middle and now there are a number of systems that go and interfere with SAP. CRM, e-commerce, planning, branding, distribution, production systems. As I said, now technology has vulgarisation. That's why SAP are not anymore the only one to manage everything. You can go to Migros and buy your best HR/planning system for you company.

Networking play an important role in Switzerland with Swisscom. We are now connected everywhere. Datacentre as well play an important role with IBM for example. Now of course we jump on the e-commerce for example. We have an important footprint with Magento, collaborated with Salesforce. With Microsoft software as well with Skype and Teams as we especially now as we cannot travel. We invested in video studio for live meetings.

For telephony we are based on Apple devices.

4) By incorporating these digital solutions, what kind of opportunities are you seeing? 6) Does digitalisation present any challenges for your company?

Opportunity is the fact that you can have a sort of plug and play information technology. That you could not have 10 years ago. You can easily switch from one solution to another.

Due to the systems available today in digitalisation you can pretty easily plugged out the old and plug in the new.

Hybrid cloud for example. You can communicate with others and is not stuck with one cloud. You can go to SAP, then Swisscom and then Salesforce.

It enables us to be more agile.

For challenges the huge challenge is to manage the expectation of customer. It is very challenging to keep the demand and the creativity and the management of the colleagues under control. Now everything is possible.

Another challenge is the security. Many systems mean you have to make sure where your data go and where they are. In a global footprint when you have companies everywhere in the world, incorporating and making sure you have security everywhere is a huge challenge.

Another challenge is the way we procure system today. Procurement became very important. They are everywhere. The way you agree with your supplier can be very challenging.

7) In your opinion, why is the watch industry considered a late comer in the digital world?

I have a mixed sentiment in this answer. If somebody would come and see our company he would be surprised of the digitalisation of our group. There is a level of IT that is amazing. Last year we had more than 10,000 employees that have to work from home, and our IT system was there and ready to go. So Overall our digital structure has been somehow well thought. You will see environment with no paper. Production is all digitalised. The level of digitalisation *in our group*, is quite impressive. We were one of the first company to adopt e-commerce system.

In comparison to other industries. Of course we are not at the level where you expect Coca Cola to be. There is a terminology that is leading or bleeding. When you are leading you can take huge risks. You can go to completely new technology. In the watch industry we manage our company like our house. If you do a step you know it will work and get a benefit out of it. You are not adopting completely new and crazy out of the blue ideas that came out the day before yesterday.

I would consider our group relatively high digitalized but of course we are not a company that is going to deliver a watch with drone. Other companies are more prone to go on that direction.

8) If you had a crystal ball, what do you think the watch industry will look like in five or 10 years?

Personally, we can't have all the modernisation and digitalisation of every process in our life. There will always be an emotional part of a human being. You will always find a guy that want to buy an Omega even if he has his digital watch on the wrist.

Your generation search for exclusivity that detached completely from digital world. It doesn't mean that they don't have digital device. Everybody has digital device. This capability to do things with your own hands is in the human being and is there to remain and will play a huge role in the watch industry.

For sure I will see a higher degree of digital and connected. The *x model* is a great example to show that is completely Swiss made. This means we have the skills to do it in Switzerland. We will create more connected. The quartz will be connected by default in the future. We could have a nice Swiss quartz watch with somehow connected functionality. We will develop in that direction. For sure a large part will be an old good mechanical watch with fantastic pieces it will remain.

There will be an evolution because they will be a demand. There is a potential to create a line with hidden additional features that will be part of our life. It will be something normal for a quartz to have hidden connected features.

Appendix 7: Hublot Big Bang Meca-10 P2P



Source: Hublot, A Blog To Watch

Appendix 8: Biver's Hublot Bigger Bang All Black Tourbillon Chronograph



Source: OpenSea

Appendix 9: NFT Jacob & Co SF24 Tourbillon



Source: Watchonista