Swiss watchmakers pessimistic about industry outlook

28 September 2016

Swiss watchmakers are pessimistic about the outlook for the industry, with the number of downbeat executives doubling since 2015 to 82 percent this year, a study by Deloitte showed on Tuesday.

"Weaker foreign demand poses the key challenge at the moment – and the industry believes this will remain in the next twelve months," study authors said, adding 57 percent of the over 50 watch executives surveyed expected demand for Swiss watches in Hong Kong to keep declining.

Swiss watchmakers are grappling with a combination of collapsing demand in Hong Kong, their biggest market, tourists avoiding Europe for fear of militant attacks, and high costs exacerbated by a strong Swiss franc.

Swiss watch exports fell 10.9 percent in the first eight months of 2016, with Hong Kong down 27.6 percent.

However, the Deloitte study also identified some reasons for optimism. "The attractiveness of the 'Swiss Made' label, the undisputed leadership of Switzerland in the luxury watch market and its innovation capacity all remain strong fundamentals," study author Karine Szegedi said in a statement.

With Hong Kong's fortunes waning, the United States and India are seen as the watch markets with the most potential, Deloitte said.

Co-author Jules Boudrand said the growing category of smartwatches, and notably the Apple watch, was not seen posing a significant threat to the Swiss industry, with only 21 percent of the polled executives seeing those devices as a risk.

Swatch Group (UHR.S) and Richemont (CFR.S) shares were down 0.9 percent at 1113 GMT, underperforming a 0.5 percent higher European personal and household goods index .SXQP.

(Reporting by Silke Koltrowitz; Editing by Mark Potter)