

## Media release

Zurich/Geneva, 13 October 2022

### Swiss watch industry: E-commerce business expected to double by 2030 and pre-owned market to grow to CHF 35 billion globally

With two in five consumers planning to buy a watch online, the watch industry is likely to see its e-commerce business double by the end of the decade. At the same time, pre-owned watches continue to be in high demand, with one in three consumers (31%) planning to buy one in the next 12 months. This number is even higher for under-40: Almost every other respondent in this category (48%) is considering purchasing a second-hand watch. The pre-owned market is likely to grow from CHF 20 billion to CHF 35 billion by 2030, which would represent more than half of the primary market. Luxury watches are also increasingly seen as an investment, especially in China and Hong Kong, where one in three people acquire a timepiece as an investment or to resell. With consumer behaviour changing and more digital savvy generations becoming the main buyers of luxury watches, the Swiss watch industry will have to look into how it can expand its online channels while also taking into account the rising preference for pre-owned watches and the growing trend of buying a watch as an investment.

Despite rising inflation and geopolitical upheaval, the majority (57%) of Swiss watch industry executives surveyed by the audit and consulting firm Deloitte for this year's [Deloitte Swiss Watch Industry Study](#) are expecting a good year ahead for the watch industry. However, this represents a considerable decrease in comparison to last year's survey, in which more than three quarters (77%) of executives expected a bright outlook. Furthermore, nearly 80% of watch industry executives say that geopolitical uncertainty caused by the war in Ukraine and by tensions between China and the US is having a substantial negative impact on their business's outlook.

In terms of growth, most industry executives believe that the US, which is already the most important market for the Swiss watch industry in terms of export volumes, will be the next big growth market, followed by India and China. Growth expectations vary greatly by region: Hong Kong, for example, is expected to continue to decline or stagnate, while only 57% believe the Chinese market will grow. This stands in stark contrast to North America, where more than three quarters (77%) are expecting growth.

#### The rise of e-commerce

When it comes to buying a watch, 40% of all consumers and 45% of respondents under 40 are more likely to buy a new watch online. Nevertheless, the majority of executives in the watch industry believe that traditional brick-and-mortar shops will continue to be the most important sales platform in the not-too-distant future.

'With two in five consumers preferring to buy their timepieces online, it is crucial that brands drastically expand their e-commerce channels and complement their already rich offline offerings to meet the expectations of their customers,' says Karine Szegedi, Head of Consumer and Fashion & Luxury at Deloitte Switzerland. 'According to our estimates, the share of watches purchased online is likely to double to 30% by 2030.'

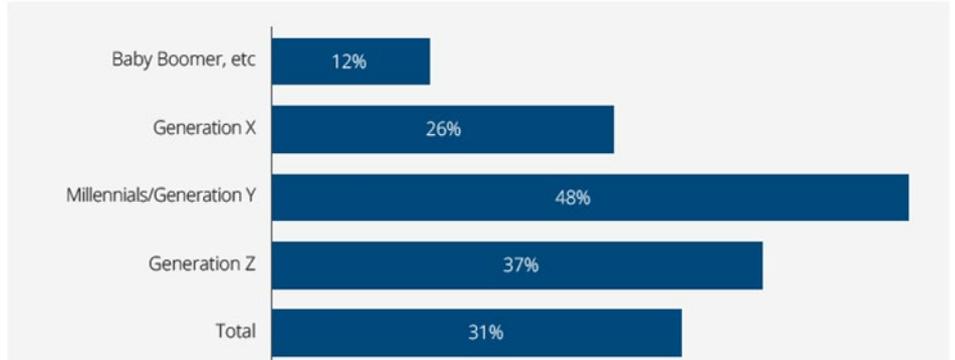
#### Watches as an investment

Overall, almost one in four consumers (23%) buy timepieces as an investment for resale, with Singapore (33%), Hong Kong (32%) and China (29%) leading the way. This might also explain why consumers in some Asian markets are more willing to spend more on new watches. In China, for example, more than a third (35%) say they would spend CHF 5,000 or more on a new timepiece, compared to 8% in Switzerland and just 2% in France. Consumers who buy a watch as an investment intend to resell it at a higher price (36%) or are looking to diversify their investment portfolio (33%). Consumers in China are particularly interested in diversifying their portfolio (55%) with watches.

'Luxury watches are seen as stable stores of value, especially in a volatile market with high inflationary pressures,' says Szegedi. 'The scarcity of luxury watches at present, caused by supply chain issues and the current economic environment, is attracting customers who want to invest in a watch in the hope that its resale value will increase.'

### Pre-owned market continues to grow

With almost one third of customers (31%) planning to purchase a pre-owned watch in the next year and companies establishing their own pre-owned sales channels, the pre-owned segment is gaining traction. Pre-owned watches are becoming increasingly popular, especially among millennials and Generation Z, with 48% of respondents in these categories saying they would be interested in such a timepiece. For the majority of those surveyed, the possibility of purchasing a luxury watch at a lower price (44%), followed by acquiring a discontinued model (29%), is the primary motivation for purchasing a pre-owned watch. Furthermore, 21 per cent indicated they would consider purchasing a second-hand watch for environmental reasons.



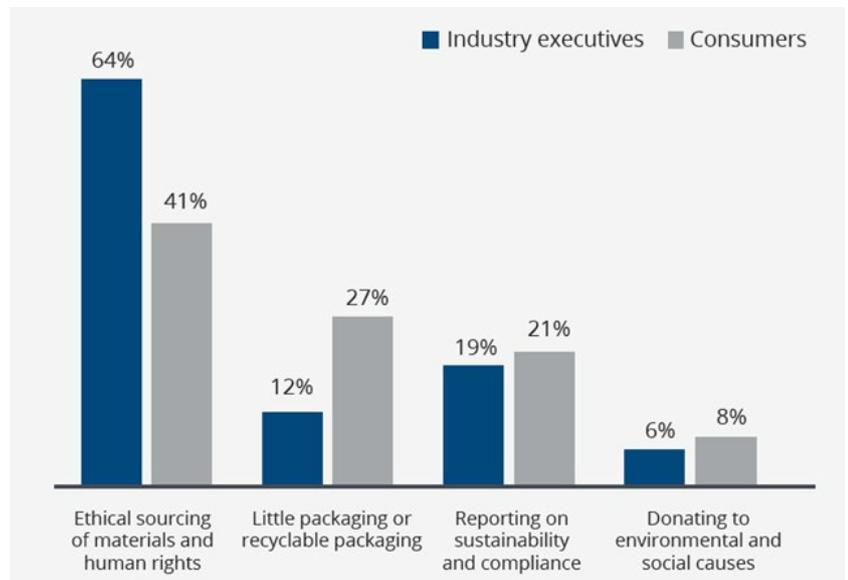
**Chart 1:** How likely is it that you will buy a pre-owned watch in the next 12 months – percentage of very/somewhat likely.

The executives surveyed view the secondary market even more positively than last year. More than 70 per cent see the pre-owned market as having a positive influence on brand perception and brand value, and they welcome the knock-on effect it has on the awareness and visibility of the watch industry as a whole. ‘The growth potential for the pre-owned market is enormous,’ says Szeged. ‘Looking at current trends and the fact that brands continue to invest in this area, we expect the current market size of around CHF 20 billion to keep on growing significantly in the coming years. It is likely to reach almost CHF 35 billion by the end of the decade, which would represent more than half of the primary market.’

### Brand image or sustainability?

Over the past five years, owning a wristwatch has become more important for one in four consumers surveyed. The percentage is even higher among millennials (35%) and Gen Z (33%). With younger people showing more interest in watches, it could be assumed that sustainability is becoming a more important factor. However, only 32 per cent of consumers surveyed believe that sustainability is more important than brand image. The same number of consumers say that if they liked the watch, they would not care, whereas one in five (21%) say that brand image is more important to them than sustainability.

Nevertheless, there is a clear consensus in the watch industry that it needs to play its part in creating a more sustainable future, and brands have taken many steps in this direction. Most industry executives (64%) consider ethical sourcing of materials and human rights to be the most important aspects of sustainability, followed by reporting and compliance (21%) and packaging (12%). ‘Although the Swiss watch industry is a traditional one, it is nevertheless one of the most innovative.’, explains Karine Szegedi. ‘This innovative spirit has been key to finding new materials that are more circular and sustainable and have a smaller environmental footprint.’



**Chart 2:** What do you consider the most important aspect of sustainability for a watch/the watch industry

### About the Study

This is the ninth edition of the [Deloitte Swiss Watch Industry Study](#). It is based on an online survey of 70 senior executives in the industry, conducted between mid-August and mid-September 2022, and interviews with industry experts. Deloitte also carried out an online survey during the same period of 5,579 consumers in the top export markets for Swiss watches and the home market: China, France, Germany, Hong Kong, Italy, Japan, Singapore,

Switzerland, the United Arab Emirates, the United Kingdom and the United States. Independent in its approach and drawing on our research capabilities, the Deloitte Swiss Watch Industry Study is a holistic industry assessment comprising diverse points of view.

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