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1. Introduction

Our 2023 Swiss Watch Industry Study identified India as the next major growth market. That potential has now been enhanced by a new trade agreement between Switzerland and India. With an expanding middle class that is looking for sophisticated products, India is emerging as a lucrative frontier for Swiss watchmakers.

This spotlight dives deeper into the region, providing a comprehensive overview of the Indian watch market and highlighting the growing interest in Swiss-made watches as consumers' spending power rises. Despite the regulatory complexities of the market, including its tax structure and foreign investment regulations, the overall ease of doing business in India is improving. This presents Swiss firms with a timely and promising opportunity to expand their presence and capitalise on the demand for timepieces in one of the world's most dynamic economies.

Key findings

Robust economic growth fuels demand for aspirational products

India’s economy is on a rapid growth trajectory, with a projected growth rate of over 6% in 2024 and 2025, significantly outpacing global averages. This economic boom is fostering an expanding middle class with increasing disposable income and a desire for aspirational products. Swiss-made watches, valued for their quality and status, are poised to benefit from this growing demand.

Watches as status symbols and cherished gifts

There is growing appreciation for Swiss watches in India, where they are not only status symbols but also highly valued gifts during festive seasons and for special occasions like weddings. Younger generations, in particular, have also developed a passion for timepieces further increasing the interest in the watch market. High levels of online shopping show a strong preference for multi-brand platforms or marketplace websites, enabling consumers across India to access a wide range of products.

Strategic market entry amid regulatory nuances

The new trade agreement between Switzerland and India will significantly enhance market access for Swiss watches by reducing custom duties over the next seven years. This presents an immediate and attractive investment opportunity. However, regulatory complexities and further import duties remain, necessitating a well-structured, long-term strategy for market entry and expansion. Seeking the right legal and tax advice as well as collaborating with local retailers and partners can help Swiss brands navigate these regulatory hurdles and leverage local market knowledge, ensuring a successful and sustainable presence in India’s rapidly growing watch market.
2. Watch and luxury markets growing in India

**A fast growing economy...**

India has shown remarkable resilience amid the global economic uncertainties of recent years. Already the fifth largest economy in the world, it is poised to climb higher still: India is currently the only major economy that the International Monetary Fund (IMF) expects to grow by more than 6% in 2024 and 2025.¹ This is double the predicted global average growth of 3.2%, and faster than China, which is forecast to grow by 4.6% in 2024 and 4.1% in 2025. If it continues at this rate, the World Economic Forum (WEF) predicts India will become the third largest economy by 2030.²

**...and growing interest in its luxury market**

As India grows, so, too, does its middle class and consumer spending. Deloitte economists estimate that currently one in four households belong to the upper middle-income (USD 4,000 to USD 8,500 per household) and high-income (USD 40,000 and higher) segment.³ It is expected that, by 2030, one in two households will be earning these amounts. This is supported by the UBS Global Wealth Report from 2023, which shows that, on average, wealth per adult in India rose by 8.7% per year since 2000 and reached USD 16,500 at the end of 2022.⁴

The rise in disposable income has also led to a shift in consumer behaviour towards ‘aspirational’ products and services. The Deloitte ConsumerSignals survey from May 2024 shows that about half of the surveyed Indian consumers stated they can afford to spend on “things that bring them joy”.⁵ This share increases to 63% for high-income respondents. Further, an overwhelming majority (91%) of Indian consumers made at least one splurge on a non-discretionary item to treat themselves over the past month. Roughly a quarter of the survey respondents purchased clothing or accessories (see Figure 1). The median splurge amount was roughly USD 25. The mean, however, was around USD 300 indicating the presence of several high-income consumers. According to the UBS Global Wealth Report 2023, India currently has 849,000 US dollar millionaires.⁶

This trend in consumer spending as well as the higher number of high net worth individuals is also having an impact on the Indian luxury goods market, which is currently worth around USD 7 billion and is predicted by Deloitte to grow significantly to around USD 30 billion by 2030.⁷ According to a survey conducted by Deloitte for its Future of Retail study, roughly 60% of consumers spend some amount on luxury goods – defined as luxury leather goods, eyewear, watches, jewellery, fashion and cosmetics – each year. Of these, nearly 30% spend more than INR 120,000, which is approximately USD 1,440.⁸ The study also shows that it is mainly the younger generations (Gen Z and millennials) that are driving the growth of the luxury market.

Additionally, while the luxury market is still mainly centred around major cities like Delhi, Mumbai, and Bangalore, the widespread use of the internet and social media has led to a rise in consumers’ aspirations and willingness to spend across tier 2 and 3 markets as well, especially through e-commerce.

“Since 2014 India has been identified as growth market for Maurice Lacroix and we entered early. We are thrilled about the growing interest of Indian consumers for Swiss watches.”

**Stéphane Waser,**
**Managing Director, Maurice Lacroix**
3. Consumers aspire to luxury

For Indian consumers, luxury is synonymous with “experience” – the most frequently shopped luxury categories are travel and experiences, followed by home lifestyle. However, fashion items, jewellery and watches are also very popular, as luxury is also seen as a form of self-expression and indulgence. In the Deloitte Swiss Watch Industry Study 2023, 78% of Indian consumers planning on buying a watch in the next 12 months stated they would buy one for their own use (see Figure 2). Watches are also a frequent choice as gifts for 40% of those surveyed – especially during the festive season. Finally, they are also seen as stable investment choices by around one fifth of those surveyed, a trend that is likely influenced by the fact that investments in equities took a dip in the wake of the global pandemic and recent geopolitical instability.

Figure 1: The percentage of Indian survey respondents who made their last splurge purchase in a particular category

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing and accessories</td>
<td>26%</td>
</tr>
<tr>
<td>Food and beverages</td>
<td>22%</td>
</tr>
<tr>
<td>Personal care</td>
<td>14%</td>
</tr>
<tr>
<td>Electronics and accessories</td>
<td>12%</td>
</tr>
<tr>
<td>Health and wellness</td>
<td>10%</td>
</tr>
<tr>
<td>Home and kitchen</td>
<td>6%</td>
</tr>
<tr>
<td>Household goods</td>
<td>6%</td>
</tr>
<tr>
<td>Pets</td>
<td>2%</td>
</tr>
<tr>
<td>Toys and hobbies</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Deloitte ConsumerSignals, May 2024
**Weddings stimulate sales**

The wedding season in India is famous for its extravagance and offers a big market for the watch industry. Perceived to be of high quality and seen as a status symbol, watches and branded jewellery are increasingly being considered as a suitable gift from families to the bride and groom. Although Indian watch-wearers are more nervous about wearing their luxury watches in crowded areas compared to the global average (42% vs. 21%), the fact that watches can be worn on multiple occasions, adds to their appeal as a wedding gift.

Swiss watches are well-positioned to tap into this demand, benefiting strongly from being well-known international brands. As the Deloitte Swiss Watch Industry Study 2023 shows, Indian consumers are very brand conscious, considering brand image to be the most important factor (64%) when deciding to buy a luxury watch. By comparison, the average global consumer believes the price to value ratio to be the most important (42%).

“We observe a shift in the consumer spending from jewellery to watchmaking. Watches are more frequently wearable and increasingly valued as investment.”

**Pratiek Kapoor,**
Head of Operations & Communication, Kapoor Watch Company

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**Figure 2: If you plan on buying a watch in the next 12 months, what would be the purpose? Multiple selections possible.**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>India</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>For my own use</td>
<td>67%</td>
<td>78%</td>
</tr>
<tr>
<td>For a gift</td>
<td>27%</td>
<td>40%</td>
</tr>
<tr>
<td>As a long-term investment</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>For resale</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>I do not plan on buying a watch in the next 12 months</td>
<td>17%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: Deloitte Swiss Watch Industry Study 2023

“After two years of consideration, we are thrilled to bring our eco-innovative watches to India, with a long-term commitment to the country’s sustainable future.”

**Nicolas Freudiger,**
Founder & CEO, ID Genève Watches
High level of online shopping

70% of Indian consumers purchase watches online, either through a multi-brand online platform or virtual marketplace, or directly from a brand’s website (see Figure 3). In the US, that percentage is 38%, 54% in Germany, 46% in China, 34% in Switzerland, and 24% in Japan. India’s high percentage of watch shopping online reflects high internet usage (second only to China), the growth of the younger population, and the convenience and availability of products. However, an important reason for the preference of online marketplace is also that the physical retail network for watches is not yet fully developed.

A pre-owned market with possibilities

India’s burgeoning primary watch industry is also likely to stimulate growth in the certified pre-owned market. Already, over 50% of surveyed consumers in India state that they are very likely or somewhat likely to purchase a pre-owned watch in the next 12 months compared to 38% globally. Almost half (49%) responded that they would be motivated to do so because purchasing pre-owned watches is cheaper than buying a new one. Other reasons include that it is more sustainable (41%) as well as being immediately available (40%).

The global, certified pre-owned market is currently mainly covered by global specialised platforms, such as Chrono24, Watchbox, Watchfinder & Co., retailers such as Bucherer and Watches of Switzerland, and auction houses such as Christies, Phillips and Sotheby’s, or independent local resellers. But watch brands are entering the space, either by certifying their timepieces as Rolex did in 2022 with a certified pre-owned seal, or by reselling, or allowing trade-ins. It is expected that India will follow a similar path to that of growing markets like China and that the pre-owned market will develop rapidly, in line with the growing number of watches in circulation. Participating in the pre-owned market is a strategic decision to be considered by the watch brands as a separate set-up and some additional investments will be required.

Figure 3: When you buy a new watch, where are you most likely to make your purchase?

<table>
<thead>
<tr>
<th></th>
<th>Global</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online - either a multi-brand platform or marketplace website</td>
<td>47%</td>
<td>24%</td>
</tr>
<tr>
<td>Physical store</td>
<td>52%</td>
<td>27%</td>
</tr>
<tr>
<td>Online - directly from a brand</td>
<td>22%</td>
<td>17%</td>
</tr>
<tr>
<td>Travel retail</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Via social media</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Deloitte Swiss Watch Industry Study 2023
“RAYMOND WEIL is one of the first, if not the first Swiss watch manufacturer, to have penetrated the Indian market. Our brand was born in 1976 and Raymond Weil himself sold the first watches in India in 1982.”

 Jeremie Bernheim, Chief Marketing Officer, Raymond Weil
4. Global watch brands enter the stage

Watch brands turn to India – and Bollywood

The growth of India’s luxury market has led to an influx of watch firms into the Indian market, with several brands launching models specifically tailored to Indian tastes. In October 2022, for example, a limited-edition timepiece with an Indian-inspired design was launched by Franck Muller, and in 2023 Jacob & Co. released an India edition for their Epic X model. Other brands, such as Omega and Rado, which have already managed to establish strong positions in India, have sought to enhance their brand appeal in India by appointing Bollywood actors as their brand ambassadors.

Ease of doing business is improving

Despite these promising developments, some hesitancy remains regarding the Indian business environment. Independent brands are seemingly still waiting for the right signal to make an entry. One reason for this has been the complexity of the Indian market, which has hurt the profitability of business ventures in the region. But India has been taking steps to improve, liberalising its regulation on foreign direct investment (FDI) and simplifying the FDI approval process. One change, implemented in 2020, has been to automatically approve investments with 100% foreign ownership in single-brand retail. By contrast, the multi-brand retailing sector remains subject to government approval and FDI is permissible only up to 51% of the value of the company, assuming certain regulatory conditions are met.

Challenges remain when launching an exclusive brand outlet (EBO). A mandatory 30% local sourcing requirement must be met. In addition, it is necessary to understand local business norms and compete in an increasingly competitive market. In the past few years large Indian conglomerates such as Aditya Birla, Reliance and Tata – which own extensive retail assets – have become dominant players. Global brands will need to have deep pockets, a long-term strategy and staying power to compete with these industry leaders. Historically, this has led many brands, among them Ralph Lauren and Valentino, to focus on collaborations with local companies instead of establishing EBOs. Doing so continues to be a successful way to enter the market, as the independent luxury Swiss watch company, H. Moser & Cie, has recently shown. It was able to partner with Ethos Watch Boutiques, an Indian retail conglomerate that has been steadily expanding its stores and footprint with multi-brand boutiques.
5. Trade deals gives Switzerland a competitive edge in India

“The time to invest in India is now!”

Dr. Ralf Heckner, Ambassador of Switzerland to India and Bhutan

The path was long and winding. However, after 16 years of negotiations Switzerland and its European Free Trade Association (EFTA) counterparts, Iceland, Liechtenstein and Norway, finally signed a trade and economic partnership agreement (TEPA) with India in March 2024. At a time when international trade has increasingly come under pressure, this milestone marks a significant step towards strengthening economic ties between Switzerland and India and promises to expand business opportunities for Switzerland’s export-oriented industries. It also sends a strong signal that India is serious about attracting more foreign investment.

While the treaty was already ratified by India in March 2024, it is still pending parliamentary review in the EFTA countries.

In Switzerland, there is a chance that, upon approval, it will come to a facultative referendum and, subsequently, a vote by the Swiss public – as was the case with the trade agreement with Indonesia in 2021. In that instance, environmental concerns relating to trade in palm oil almost prevented adoption of the treaty. It remains to be seen whether there will also be opposition to the Indian agreement, although currently the mood is one of cautious optimism.

Enhanced market access for Swiss watches

A key feature of the trade agreement is the improved market access it grants for nearly 95% of industrial goods exported from Switzerland to India. In some cases, the agreement even goes so far as to abolish custom duties completely after a defined tariff dismantling period of up to 10 years. Based on recent trade figures, the State Secretariat of Economic Affairs (SECO) estimates that this will save Swiss companies up to CHF 166 million (approximately USD 185 million) in customs duties annually.14 In turn, Switzerland and the other EFTA states have committed to investments of USD 100 billion in India in the next 15 years, with the aim of generating one million jobs in India over this time frame. The investment commitment is binding and subject to review within five years. If it is found that this obligation has not been fulfilled, India – after consultations and a grace period – has the option to undertake temporary remedial measures.

The export sectors that stand to gain the most in Switzerland are the mechanical and electrical engineering and metal industries (MEM) as these make up more than half (55%) of all exports to India, followed by pharmaceutical and chemical products, which make up roughly another third (29%) of Swiss exports to India (see Figure 4).15 However, the agreement also offers substantial benefit to the watch industry, whose exports to India amounted to CHF 218.8 million in 2023, 12% of all Swiss non-gold exports to India. It is also the sector that has experienced the highest annual growth rate in the past 20 years (+11%). For watches, India has agreed to reduce custom duties that currently stand at around 22-23% to zero within seven years. The first step is expected to become effective in the next three years, at which point duties will be around 5-10%, thereby allowing India to be in line with the rest of the world in terms of custom duties.

In terms of other taxes, India will continue to apply the Goods and Service Tax (GST), which is 18% for watches.16 Nonetheless, the gradual elimination of custom duties on Swiss watches is still expected to yield several benefits as they make up slightly more than a quarter of the overall duties applied on imported watches by India.17 Not only will the tariff reduction improve retail margins and enable watchmakers in India to invest in their businesses, the reduced duties will also make India a more attractive market for Swiss watch brands. This, in turn, will encourage independent brands that have not yet ventured into the Indian market to develop infrastructure and set up stores, while leading established brands to reinforce their marketing efforts and pursue strategies similar to those observed in other markets such as China. Finally, the reduction in duties will increase the availability of lower-to-mid-range Swiss watches, increasing the choice of watches for Indian consumers.

“The TEPA is more than a classic free-trade agreement; it is a comprehensive and forward-looking partnership that will durably impact the Swiss-Indian relations.”

Jean-Baptiste Délèze, Head of Economic Affairs, Embassy of Switzerland to India and Bhutan

Figure 4: Swiss exports to India in 2023

Source: FOBCS 2024

Note: These percentages reflect the share of exports without gold and other precious metals to better represent the importance of other sectors. Including gold, exports to India in 2023 amounted to CHF 15 bn. The share of gold exports was 88%.
Enhanced protection of the ‘Swiss-made’ label

Another important element of the trade agreement for Switzerland and Swiss watchmakers is the chapter on intellectual property, which contains comprehensive provisions on the protection and enforcement of all intellectual property rights. Specifically, it provides significant improvements to the protection of the ‘Swissness’ criteria as well greater protection for geographical indications.¹⁸

The terms ‘Switzerland’ or ‘Swiss’ are associated with high quality and luxury all around the globe. This reputation is particularly strong for Swiss watches. According to a study by the University of St. Gallen, Indian consumers are willing to pay up to 100% more for a Swiss watch compared to watches that do not come from Switzerland.¹⁹ In order to safeguard the credibility of the Swiss-made label and logo, Switzerland revised and updated the “Swissness” legislation in 2017, determining strict rules for labels of geographical origin. Among other things, it prohibits the use of the terms ‘Swiss’ or ‘Switzerland’ even when used alongside words like ‘kind’, ‘type’, or ‘style’ unless the product fulfils the ‘Swissness’ criteria. These state that at least 60% of the costs of manufacturing a complete watch must be generated in Switzerland to earn the ‘Swiss-made’ stamp. In addition, at least half of the value of the watch movement must consist of components made in Switzerland and at least 60% of its manufacturing costs must be generated in Switzerland.²⁰

These new provisions of the trade agreement do not affect trademarks that have already been registered in good faith. However, the improved protection of ‘Swissness’ criteria overall is an important step that may considerably improve the position of Swiss brands in India. This enhanced protection could serve as a powerful tool for Swiss watch companies to leverage their brand value and expand their market presence in India.

“Thanks to the Swiss-India Free Trade Agreement, the opportunity for watch brands to invest in India is now or they risk missing out on a lucrative market due to favourable trade conditions, rising GDP, and increased consumer interest in the watch industry.”

Pascal O. Ravessaoud, Vice President, Fondation Haute Horlogerie (FHH)
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