From Engagement to Brand Experience:
Opportunities for Luxury Watch Brands in the New Digital Landscape
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Executive summary:

Leidar has completed an independent analysis of 37 luxury Swiss watch company’s digital strategies. The analysis considered the full breadth of each brand’s online presence – their website, all social media channels, mobile applications, and other associated online activities. In total, the analysis considered 55 different aspects of the online presence of each company. We looked at five different categories of luxury: entry, basic, luxury, high-end, and ultra-luxury.

The research and analysis points to an opportunity for brands to expand their online presence to focus more on their company story beyond the products. Brands, especially those on the lower end of the luxury scale, tend to primarily focus on products and sales, rather than showcasing their brand identity, heritage, or values. Showcasing a well-rounded brand identity online is a crucial part of building a community of potential new customers.

Millennials are the new customers that brands need to appeal to. As they gain more purchasing power and financial security, millennials are becoming more and more influential in the luxury market. Brands looking to appeal to them need to use their online presence to showcase topics that millennials care about, such as authenticity and craftsmanship. Millennials also engage in new purchasing practices: they are willing to pay for not only the product, but the experience they have with the brand.

Our research suggests that the luxury watch industry is consistently expanding and growing into this digital space. There is still significant room for growth and for companies to differentiate themselves, whether through establishing a Facebook Messenger chatbot, an e-commerce website, a mobile app, using shoppable content, or revamping a brand’s social media personality and identity.
Based on the results of our research, we established the following recommendations for brands to move forward into the digital space:

- Create a consistent brand voice across all online presence
- Adapt the online presence to one that is not product dominated
- Showcase CSR activities
- Establish online/digital 'experiences' that consumers can have with the brand
- Promote brand heritage and history
- Use new digital tools creatively for sales, CRM and engagement
- Establish growth goals and measuring frameworks

These actionable points are built around the need for brands to promote their brand identity, values and heritage, rather than just their products. It allows them to interact in a good-faith way with followers and potential customers. This process moves a traditional industry into a modern digital space and gives brands a pathway to be successful and stand out in that space.
How does the digital landscape of the Swiss luxury watch industry look?

Luxury is not yet fully digital
In recent years, we’ve been lucky to experience exciting digital transformation with our clients in the luxury watch industry. The digital age is forcing companies across all sectors to adapt and keep up in order to maintain their sales, reputations, and brand identity. However, digitalisation does not mean the watch industry itself is modernising. In fact, it remains steeped in history and tradition. Leidar analysed the online presence of 37 Swiss watch brands to build a holistic impression of the digital state of this luxury industry.

The analysis was done by segmenting brands into five different categories, to be able to find common trends and compare equals. The categories (listed below) and their attributes are sourced from www.watch-rankings.com. The study compared aspects from across companies’ online presence as a whole. This includes all social media channels, websites, paid search results, paid keywords, e-commerce availability, mobile applications, and more. The total results also took into account certain points about their online presence: how brands communicate about their values, how they showcase CSR activities, and their executive visibility, to name a few.

An overview of the brands that Leidar analysed

- 92% In French-speaking part of the country
- 32% Headquartered in Geneva
- 19% Privately owned
There are trends that run through all levels of the luxury watch industry’s online presence. Notably, Instagram is consistently the strongest performing platform, and every brand analysed had a presence. While brands across all categories have high quality creative content, it tends to be mainly focused on products and/or sales, and less of a reflection of the brand identity as a whole. This can lead to missed opportunities for brands to create deeper connections with their communities.

**Communicating beyond the products**

Brands are taking advantage of high-quality products and well produced visuals to showcase their watches, rather than highlight their identity as a whole. In an industry that relies on heritage and tradition as a cornerstone, this is a notable exclusion. It is a definite opportunity for brands to grow and diversify their online content. Consumers today are more conscientious, and people make purchases as much for the brand as for the product itself. It is just as important for a brand to showcase who they are, their brand history, why they produce watches, and what makes their watches different, as it is for them to showcase products.

Another crucial omission is the lack of corporate social responsibility (CSR) and sustainability efforts being showcased by brands. Consumers nowadays are analysing brands and making purchases based on their understanding of the brand’s social and environmental impact. Brands who are active with CSR should be taking advantage of the opportunity to highlight their behaviour. This is a great chance to show what matters to them and create connections with existing and new audiences. Increasingly, CSR activities, and the public’s knowledge of them, can help sway a potential buyer towards one brand or another.

As brands continue to expand into these areas of the digital environment, their presence will grow stronger and more solidified, and they will continue to be able to pursue new consumers.
Defining the new customer

The impact of millennial consumers
As the luxury watch industry undergoes this digital transformation, and the world undergoes demographic changes, a growing customer base is emerging: millennials. Currently, they make up a third of the world’s population. By 2025, they could potentially form up to 45 per cent of luxury goods buyers.¹ Interest from this demographic can, therefore, make or break an industry, and the digital transformation that the luxury watch industry is currently undergoing is crucial to interaction with this new style of consumer.

One concept that is becoming more and more prevalent and relevant for online users is ‘shoppable content.’ This is interactive content that users see and when clicked takes them directly to a product e-commerce page. This content gives users a seamless online experience, and can be used in any campaign with a visual element. It can be inserted into articles, videos, image carousels, directly onto websites, and more. Providing this fluidity is an innovative way to appeal to the millennial generation, who care about the online experience.

Millennials have a fundamentally different concept of what luxury means to them, which presents a key problem: millennials don’t know what mechanical watches are. Pricing of luxury watches is unclear for them because they have little to no background knowledge about what they are buying. This can be addressed head-on with education, particularly around what makes a mechanical watch a worthwhile purchase.²

This should extend to the company itself, showcasing the same authenticity in the way the company is run, the quality and skill involved in designing and making the watches, and the integrity of the supply chain. Appealing to their desire for authenticity and craftsmanship will bring millennials into the fold and allow brands to create meaningful relationships with them as customers.

Communications platforms and marketing analysis

As a general rule, the vast majority of luxury watch brands are present across all or almost all of the five largest social media platforms: Facebook, Instagram, LinkedIn, Twitter, and YouTube. Across all categories, there were some noticeable trends on each platform. While not all platforms provide the same value to a brand’s online presence, they can be effectively used to create a holistic online identity.

Total followership

- Facebook: 43'139'533
- Instagram: 37'526'008
- Twitter: 6'310'333
- LinkedIn: 916'090
- YouTube: 663'586

The current total followership of the 37 brands Leidar analysed on social media, with Facebook and Instagram dominating.
Facebook: entry point for community building
Facebook remains the largest platform across all levels of luxury. This is despite potentially low Return on Engagement (ROE), as people are beginning to use it less.

Some companies are starting to develop the use of Facebook chatbots, which are automated programs that respond to messages on Facebook Messenger. This is a growing trend, but only 11% of analysed brands use one.

Instagram: high Return On Engagement, and impressive follower growth
Instagram is consistently the platform of choice for luxury brands. It routinely has the highest ROE, provides a strong platform to showcase luxury products through images, and gives brands a good outlet to reach potential consumers. In total, brands have fewer Instagram followers than on Facebook, but that is changing. In our analysis, entry luxury, luxury, and ultra-luxury brands all have more fans on average on Instagram than Facebook.

For brands that have a product driven platform and presence, the image heavy nature of Instagram works perfectly.

LinkedIn: low followership, serious engagement
LinkedIn, despite having consistently low follower numbers, reliably provides high ROE for brands that use it. This points to the fact that users are likely to engage with content seriously. It is
Differentiate
- Copy cat communication is boring
- It's not enough to simply give a product a facelift and call it "Millennial targeted"

Prioritize what is being communicated, not only how

Quality is not the problem

Experiences allow for storytelling without compromising luxury
- Inclusive, scalable and allow for innovations relevant to target audience
- Not selling an idea or product, going on a journey with the audience through experience

Key takeaways
- a more professional platform, ideal for CSR communications, professional partnerships, employer branding and thought leadership. Strong collaboration with HR and executives is worth it.

Twitter: potential for expansion
Twitter does not provide a strong ROE for luxury watch brands and is consistently a lower priority than other channels, particularly when social channels are owned by a Digital Marketing unit. Some brands do not have an account and chose to focus on other channels. However, a PR team could harness this channel better to interact with luxury and watch journalists, bloggers and writers.

YouTube: Unharnessed opportunity for the majority
As with Twitter, YouTube does not seem to be a high priority for most luxury watch brands, with some brands having no presence whatsoever. Some videos that get posted to channels do not get very high engagement, and often channels are not very active. Despite this, the platform has a high potential upside. There is untapped potential in using well known YouTubers to reach generation Z viewers, who will be entering the market for luxury goods in the foreseeable future.

Average Platform Data
It is clear from the data that Facebook and Instagram are frontrunners in terms of followership, and it is a tight race for top platform. But ROE makes it clear: there is significantly more value in posting on Instagram for luxury watch brands. The ROE dwarfs that of Facebook. LinkedIn has the highest average ROE, but the figure is deceiving as it is skewed significantly by the Ultra-luxury category, which has a very small number of followers.

### Average Platform Data: Social Media Average Followers and Return on Engagement (ROE)

<table>
<thead>
<tr>
<th>Category</th>
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<th>LinkedIn</th>
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<tbody>
<tr>
<td></td>
<td>Average number of followers</td>
<td>Average ROE %</td>
<td>Average number of followers</td>
<td>Average ROE %</td>
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<td>Basic</td>
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<td>Luxury</td>
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<td>29'533</td>
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<td>High-end</td>
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<td>107'418</td>
<td>1.72</td>
<td>22'214</td>
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<td>Ultra</td>
<td>87'902</td>
<td>3.57</td>
<td>12'651</td>
<td>9.14</td>
<td>4'088</td>
</tr>
<tr>
<td>Grand Average</td>
<td>1'280'968</td>
<td>1.80</td>
<td>198'719</td>
<td>3.72</td>
<td>24'431</td>
</tr>
</tbody>
</table>

3 Return On Engagement (ROE): the percentage of users who see and engage with a post on social media.
Glimpse at the digital strategies

There are also some non-channel-specific, cross-category trends that emerged. Almost all of the brands analysed have brand ambassadors that take part in social media campaigns, and some brands are beginning to form groups of ambassadors. These ambassadors are leading personalities within an industry that the brand relates to. For example, sport-focused watch brands have athletes as ambassadors. Hardly any watch brands used any traditional social media influencers for campaigns.

Luxury and high-end brands whose headquarters play an important role in their brand identity often focus more on local CSR activities. Companies with a sportier identity often prefer to associate with ocean conservancy efforts. Executive visibility is a priority for all categories, with only a few brands not featuring the founder and/or the CEO on their website.

There are also several language trends that are apparent across brand channels and category:

- Most brands use strong, emotive language when communicating about their base (location), especially those in Geneva: “Geneva made/Genève” visible on watches
- Some brands are using hashtags as taglines/campaign titles and it is not clear whether the hashtags are meant as a social media campaign or more directed towards an offline campaign
• Capitalising on inventions (“First”, “Oldest”, “Only”, number of patents submitted) and innovation. Tradition and heritage are often referred to

Entry Luxury: Sales driven, with minimal positioning
These brands are visionaries with a lack of positioning. Their online presence focuses on more on vision and mission. They use niche celebrities as their ambassadors of choice, while their CSR engagement lags behind. They use clean, sales-driven visuals, which pave the way for sponsored events and interactive campaigns.

Key figures:
• 67% of companies in this category have an online shop function
• 33% of companies have a sponsored link on Google, meaning that their website is boosted in search results
• 83% of companies use paid keywords, which means they pay for specific terms related to their company to be prioritised
• 33% of companies have a mobile app

Category trends:
• Sales driven with brand-coherent images, mostly retail-oriented
• Sponsorships and interactive campaigns with niche figures as ambassadors
• No communication on sustainability
• Overall stronger at sales and product communication than brand communication

Luxury: Solid quality content, little variety
The majority of these brands are missing their values and mission from their online presence. They have acclaimed, world-renowned ambassadors, but don’t effectively communicate the causes that they support. They have lots of high-quality content, but very little variety in their style.

Key figures:
• 60% of these companies feature their brand ambassadors on their website
• 40% of brands have an online shop function
• 60% of companies have a sponsored link on Google

Category trends:
• Strength in product and sales communications: high quality content, lifestyle-oriented
• Brand identity is not a focus
• Increasing number of digital communications: e-commerce, paid keywords
• Newer technologies (chatbot, apps) are unchartered territory
High-End Luxury: Focused on tradition
The high-end luxury brands engage in a balancing act: maintaining tradition, while innovating. Unlike other categories, their CSR activities outshine unclear brand ambassador communication. They have a heavy focus on tradition and heritage on their websites, but these themes are missing from social media.

Key figures:
- 12% of high-end luxury companies have an online shop function
- 18% have a Facebook chatbot on Facebook Messenger
- 67% have a mobile app
- 67% do not have a brand ambassador section on their website

Category trends:
- Creative on digital channels with more and more brands adopting digital marketing tools
- Unclear brand ambassador communication
- A few key brands showcase sustainability and CSR practices
- More communication about tradition on website than on social media
- Individual values still a weakness

Ultra-Luxury: Unsurprisingly playing the “unique and exclusive” card
These brands like to emphasise their uniqueness and independence. They have consistent communication for the brand identity but are not present on all platforms.

Key Figures:
- No ultra-luxury brands have an online store
- 50% of analysed brands use paid keywords, but none have a sponsored link on Google searches
- No ultra-luxury brands have a mobile app

Category trends:
- Independent, unique
- High quality content
- Digital presence but not taking full advantage; it is more of a necessity/chore than a proactive communication strategy
- Strengths lie in positioning and communication
Overall, we see several trends in the online presence of luxury watch brands. Newer, lower-end brands focus more on products and e-commerce. Older, higher-end brands focus on showcasing some CSR and storytelling of the heritage of their brand. Very often, there is a gap between what is showcased on brands’ websites and their social media, creating a distorted brand image. Websites are able to have pages about brand values, mission and heritage, among other topics. Meanwhile, their social media presence is mostly built around products, creating a different brand perception for those who do not visit the website.

**Notable areas of expansion for brands across categories:**
- Facebook Messenger Chatbots: only 11% of studied brands have one
- Mobile apps: 49% of analysed brands have one
- E-commerce: only 32% of analysed brands have a platform

These are areas for brands to differentiate themselves from the rest of the industry, allowing them to create a unique combination of a being traditional company in a modern space.
Search for the Unique Selling Point

With the increase of luxury and high-end luxury brands joining the digital movement and gaining increasing numbers of followers on social media, a more concrete online identity and voice needs to be the starting point. Being consistent across all social media platforms, brand websites and other online presence is critical.

Brands should continue to engage with the new demographic of millennial customers, who:

- Want authenticity and craftsmanship in products
- Want brands to engage in ethical business practices
- Are willing to pay for an experience rather than just a product
- Are concerned not only about the quality of the product but also the meaning behind the brand

By catering to this new wave of consumers, brands will be able to anticipate demand and trends while staying exclusive in the eyes of their clients. A seamless transition from the initial research to the final purchase will give a brand a high-quality feel and a worthy reputation for a luxury product. Brands should begin to use their online platforms to showcase their identity, and highlight what makes their brand unique, rather than just having a product focus.
What is the next step in this digital transformation? How do luxury watch brands move forward, continue to attract new customers, and stay relevant in the digital age? Based on our research, Leidar has come up with strategic, tactical, and operational recommendations to help luxury watch brands create an impactful online presence:

**Strategic:**
- Create an online presence that is not simply dominated by the product
- Prioritise what is being communicated, not only how
- Cater to consumers researching products and brands online
- Showcase CSR activities to consumers
- Create more brand accessibility for consumers
- Cater to millennials and the new generation of luxury watch consumers

**Tactical:**
- Promote the brand identity and heritage in social media campaigns
- Create a consistent brand voice and identity that can be applied across all platforms (social media and website)
- Use brand storytelling in campaigns
- Adopt more digital tools (chatbots, e-commerce, mobile apps) to take full advantage of the online space and engage potential consumers
- Create the ability for consumers to have ‘experiences’ with the brand through sponsoring events, in store events, or online interactive campaigns
- Create clear campaigns that align with the brand identity; don’t engage in copycat campaigns that simply follow industry trends

**Operational:**
- Establish goals for each step on the digital modernisation process, such as follower growth, higher ROE, different campaign types
- Establish a brand-wide tone of voice and social media policy that allows for a variety of campaigns and content
- Create a timeline for different campaigns throughout the year that allows the brand to showcase its entire identity (products, CSR, heritage, ambassadors, storytelling, etc.)
Appendix I: 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
### Appendix II: Raw Data

<table>
<thead>
<tr>
<th>Name</th>
<th>Social Media Followers</th>
</tr>
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<tbody>
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<td>Calvin Klein</td>
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<td>Carl F. Bucherer</td>
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*Snapshot data as of September 2018.*