

Watch market situation in singapore



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This report will investigate market situation and suggest a marketing strategy, which Seiko Watch Corporation will adapt to launch Seiko brand into watch market in Singapore. Although the weak of distribution channels of wristwatch products and strongly competition from rivals in luxury watch market, Seiko can benefit and reach successful due to offering a wide range of products and its brand value is the core competence. With luxury wristwatches range, Seiko is targeting to the specific segment and the right customers. Moreover, Singapore is known as a potential market along with high demand in watch market. Therefore, Seiko can take opportunities and advantages to increase purchasing power, improve brand awareness and make Singapore become a profitable market.

2. 0 Introduction

2. 1 Seiko Watch Corporation (SWC)

Seiko is a global Japanese wristwatch manufacturer, established in 1881 and is constantly revolutionizing in the watch making field worldwide. In 1913, Seiko has started by introducing Japan's first wristwatch and released the world's first quartz watch in 1969. (Seikowatch, 2010). In 2001, Seiko's watch division was found as an independent company, is called Seiko Watch Corporation. SWC is headquartered in Tokyo, Japan with its primary interest related to product planning and sales of watches for domestic and overseas market (Seikowatch, 2010).

2. 2 Singapore market

Today Singapore is a young and dynamic country and also attracted many large foreign enterprises. Singapore ranks as the world's richest countries. This country is a multi-lingual, multi-racial and multi-cultural nation with

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overall population about 5. 076 million in 2010 (Singapore Department of Statistics, 2010). Singapore economy relies heavily on trade and services (40% of national income), became a center for global trade, Asian dragons and economic centers in the region. Referring to mention this country is a tourist center and shopping of the world. Although Singapore is considered as a small market and lack of natural resources but it becomes a hub of foreign investment. Many foreign investors enter this market to do business because of its strategic location, well infrastructure, highly skilled workforce and favorable government policies (Refer Appendix 1). Singapore government invests strongly in developing education and training skills level for their people. Singapore workforce is being highly skilled and well educated; they are well paid in the global commercial and attracting to many foreign employers (Refer Appendix 2). Therefore, Seiko can benefit from Singapore market through applying efficiency strategic marketing plans to do its business.

3. 0 Corporate Objective

This report will concentrate on product wristwatch of Seiko, which has its own distinguish features with different technology. Seiko watches is an excellent combination of design, color, material and price for men and women.

In order to recommend suitable marketing strategy to benefit and penetrate into the fashion wristwatch market in Singapore is the purpose of this report. The specific goal of Seiko watches is to become a wristwatch leader in Singapore market. The primary objective is to reach first year 20% Singapore

market share with total sales about SGD10million and continuously 40% market share for next 3 years, which get SGD20million annually.

4. 0 Situational Analysis

4. 1 SWOT Analysis

SWOT analysis is careful evaluation of an organization's internal strengths and weaknesses as well as its environmental opportunities and threats (Griffin, 2008). Using SWOT analysis has many benefits for company itself to better understanding the main issues and general trends confronting in the wristwatch segment.

4. 1. 1 STRENGTHS

4. 1. 1. 1 Seiko is a successful global branding

Recently, one executive of Seiko stated “ We have very strong brand awareness, with around 70 per cent recognition of Seiko as a watchmaker” (EzineArticles, 2010). Seiko performs innovation and continuity in its business that is why company can get success and becomes a big player along with Swatch, Rolex, Timex, Casio, and Citizen in watch industry today. Today, Seiko is in the top three brands for premium watch category (WatchMarketReview, 2010)

4. 1. 1. 2 Seiko Financial Performance

In terms of financial performance, Seiko has constantly increased its sales and profit. The watch business reported a 17. 4 billion yen increase in sales to 47. 3 billion yen (a 58. 4% increase from the same period in the previous year) (Refer Appendix 3). Business operation of Seiko is recognized as profitable and continuity. Along with a strong finance capability, Seiko will

see more opportunities to improve distribution, advertising as well as R&D to benefit in Singapore market.

4. 1. 1. 3 Seiko has wide product offerings

Seiko is taking full technological advantage of quartz, kinetic and mechanical wristwatch by updating new products frequently. That is reason to explain why Seiko has 3000 watch styles (Robert and Stephen, 2000). In addition, Seiko developed its reputation from innovation of design and features, which could not found on its competitors through offering the precision optics wristwatch (WatchesForMenStore, 2010)

4. 1. 1. 4 Seiko has global infrastructure

Global infrastructure of Seiko covers a wide network, which includes affiliates and distributors in big market such as USA, UK, Asia-Pacific, and Africa (Refer Appendix 4). With a global infrastructure, Seiko can take full geographical and marketing advantage in order to build a global brand and excellent services in watch business.

4. 1. 2 WEAKNESSES

4. 1. 2. 1 Weak distribution channels in Singapore market

Seiko, as an upper-medium-priced brand, is sold through jewelry stores and catalog showrooms and is less likely to be found in discount or drug stores (Sak Onkvisit and John J. Shaw, 2004). However, in Singapore market, just Thongsia Company, an official distributor of Seiko is responsible for its operation (Seikowatch, 2010). The distribution of Seiko is weak at Channel Width/number of middleman and needs to improve to benefit in a potential market as Singapore.

4. 1. 2. 1 Seiko has poor Promotion

Seiko is lacking marketing and advertising activities in Singapore while it is potential market and has grown in recent years. As a result, this may lead Seiko to lose opportunities to gain market share in wristwatch business in Singapore market.

4. 1. 3 OPPORTUNITIES

4. 1. 3. 1 Growth of Watch Market

According to the Fashionproducts (2010), the global market currently valued at US \$ 26. 5 billion dollars and has grown continuously. The largest manufacturers of watches like Japanese (Casio, Citizen, Seiko) and Swatch will see more chances to increase sales and profit while the global fashion jewelry industry has been growing about 5. 2% at an average compounded annual growth rate since 2000 (Refer Appendix 5). Moreover, Singapore's total trade in clocks and watches reached S\$3. 4 billion and grew 39% from 2005 to 2008 (PuristSPro, 2010).

4. 1. 3. 2 Increasing demand for luxury watches of Singaporean

Singapore is becoming hub trade center in Asia for various brands for wide range covering high, middle and low-end products in watch market. In addition, the high-end and luxury watch products are very active in this market (Docstoc, 2010). According to People's Daily Online (2010), more Singaporeans are interested in and becoming connoisseurs about luxury watches. The high demand in luxury market lead Singapore becomes a watch retail growth and potential in Asia.

4. 1. 4 THREATS

4. 1. 4. 1 Strong rivalry among competitors

The luxury watch industry is very profitable market. However, there are many numerous barriers for new entrants to enter the market successfully. Earning profit and expanding business scale in this market is just for the actual players, who have a global network of distribution channels and a strong brand. Selling in order to bring highest profit and best benefits is still a serious issue for most companies. In luxury watch industry, Seiko is known as in top 20 watch brands all over the world about sales (Refer Appendix 6).

4. 1. 4. 2

4. 2 PESTEL Analysis

4. 2. 1 Political and Legal factors

According to latest research by the Economist Intelligence Unit, a research body under the prestigious magazine The Economist, Singapore ranked position 30 in the chart of Global Peace Index – GPI (Refer Appendix 7).

Singapore corporate income tax rate has been going down in recent years and flat at 17% in 2010 (Refer Appendix 8). As a result, Singapore becomes an attractive investment destination in Asia. That is a big advantage for Seiko when profitable capability of company may be higher and costs of business operation could be reduced.

4. 2. 2 Economic factors

According to Tradingeconomics (2010), Singapore's Gross Domestic Product (GDP) in the third quarter of 2010 is at 18. 7% (Refer Appendix 9). The per capita GDP is high higher than most of developed countries in Asia. The

economy of Singapore depends heavily on trade and services. Moreover, Singapore holds a premier position of import and export volume of watches as well as transit trade and sales in luxury watches through transacting with largest watch manufacturers in the world (Docstoc, 2010).

At present, the interest rate in Singapore was last reported at 0.02 percent (Refer Appendix 10). This rate is quite low and has been decreasing in recently years. As a benefit, Seiko can consult and compare in order to borrow capital to resolve financial issues in its business operation.

The inflation rate in Singapore is at 3.80 percent in November of 2010 (Refer Appendix 10). The chart shows that the inflation is increasing. It means that the purchasing power will be decreased and the market will be more fluctuated. Focusing to research and plan to maintain sales volume is necessary for Seiko. On the other hand, the unemployment rate in Singapore is at 2.10 percent in the third quarter of 2010 (Refer Appendix 11). It is a positive point in this market and the purchasing power in watch market could be higher.

4. 2. 3 Social and Cultural factors

4. 2. 3. 1 Singaporean is more interested in luxury watches

Based on research of Prosperity Financial Services (2010), recently, the demand for luxury watches and high-end items is increasing in Singapore market. The evidence is number of watch collectors or enthusiasts in Singapore have seen an increase until now. The overall growth in spending for luxury watches was at 44 per cent in 2007. Singaporean becomes be more knowledgeable about watch collectors. They like to buy many new

innovative watches that come out in the market place along with highly established international brand names. Moreover, Singapore is also in top 5 countries with most buyer feedback in watch industry (Refer Appendix 14).

4. 2. 3. 2 The tourists spend more to buy luxury watches in Singapore

Practically, Singapore now becomes a wonderful place to choose for many tourists every year. In Singapore watch market, it's not just 4. 5 million locals people, who buy up these watch. According to a report of Brandchannel (2010), there is one in every five tourists shopping dollars for watches. There were 20, 000 luxury watches, which tourists bought up in past year, spending up to S\$ 200 million (US\$ 117M). The favored watches price is between S\$40 and 100. Specially, many best non-Singaporean customers paid cash for such purchases.

4. 2. 3. 2 Living Conditions in Singapore

Singapore is the most popular country for migrants. Along with the positively about economy growth rate, the living and working conditions have been growing up at that time. High living conditions and stable income lead people in Singapore pay more attention into fashion and luxury items. According to MICA (2010), Singapore was ranked as the best place to work, live and play (Refer Appendix 12). In term of Watch industry, Singapore would be a profitable and potential market for Seiko.

4. 2. 4 Technological factors

4. 2. 4. 1 Growth of Internet

Singapore has a strong growth of internet. There are 3, 658, 400 Internet users as of June, 2010, about 77. 8% of the population (Miniwatts Marketing Group, 2010). In addition, Singapore has second highest Internet penetration in Asia-Pacific (Refer Appendix 13). The expanding of internet opens for most watch manufacturers the new way, new environment for doing business. The internet also can bring to Seiko and others a huge number of customer all over the world.

4. 3 Competitive Advantage and Core Competencies

In order to maintain strengths and catch up business trends, Seiko utilized its resources to create following capabilities and competitive advantage (Ferrell and Hartline, 2008).

4. 3. 1 Successful global branding

In some marketplace, successful branding becomes an important source of competitive advantage through differentiating between various offerings in market, maintaining quality of products, reaching strong image, and sustaining consumer commitment. If the company could achieve and sustained, its brand would have competitive advantage (Abrol P. N and Bhalla, V. K, 2005). Seiko is a successful global brand in the watch industry over the world and its brand can offer opportunities for matching characteristics of the specific markets and can also be profitable (Marieke K. de Mooij, 2010)

4. 3. 2 Wide product offerings

Example, Rolex and Seiko are both in the watch business. But Rolex sells a limited product line of high-priced quality watches. Seiko sells a wide variety of relatively inexpensive but innovative specialty watches with features like compasses and altimeters (Gary, D and Jean, P., 2008). Offering variety number of products is suitable business strategy of Seiko to deliver its brand into particular markets and target segment.

4. 3. 3 Respected Company

Through associating with quality, design, and innovation products as being committed during the years, Seiko has differentiated itself to produce high quality watches and became one in the largest watch manufacturers over the world. The expertise in quality manufacturing, precision engineering and design miniaturization has contributed to building Seiko brand one of the most respected, most powerful reputation in the world.

5. 0 Recommendations

The model from Ansoff's Matrix shown below suggests strategies for market development in business operation of Seiko in order to maintain strengths, increase brand awareness, distribution channels and market share for company in luxury watches market in Singapore.

Source: Hollenesen (2003)

5. 1 Segmentation Targeting and Positioning (STP)

Marketing Segmentation and Targeting are two steps in the process, which Seiko must use in order to identify “ who” is company's customer in the luxury watch market in Singapore. Market Segmentation helps Seiko to

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define groups of buyers with different demographic and lifestyle characteristics. Targeting is done after segmentation to compare defined segments and then choose the most attractive one to design strategies for right customer. Positioning concerns to customer's perception and competitors of Seiko in watch industry and then creating a detailed marketing plan for company's business operation (William D. and Andrew Z., 2010)

5. 1. 1 Segmentation Targeting

The Demographic factors are the most popular bases for age, gender, income, occupation, education, religion. The Psychographic factors also need to consider such as customer's needs and wants, and buying attitudes (William D. and Andrew Z., 2010)

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The market segmentation for Seiko in luxury watch market is adults, over 18 years of age. The target customers of Seiko are businesspersons, tourists, watch collectors, who have stable/high income and high demand in this market.

5. 1. 2 Positioning

Market positioning can be made up of the specific value requirements or the core competencies of the target group (Scott, Mc., 2009). Highlight a feature or an attribute of product is one key of positioning (Burrow, 2006)

In watch industry, Seiko positions itself as pricing bands of watch products and the positioning of Seiko brand is “ The World leader in watch

technology” during the years (Refer Appendix 15). Seiko’s price range and characteristics of the target segment is linked to the positioning of its brand.

5. 2 Marketing Objectives and Goals

Using the SMART acronym is most popular method for many organizations today. The SMART acronym is usually standing for:

The Luxury watch business is at the maturity stage of product life cycle and Seiko still has potential growth in Singapore market. There are the SMART objectives for the first and the next three years of marketing plan for Seiko wristwatch.

First year objective

For initial year in Singapore, Seiko is aiming to reach 20% Singapore market share with total sales about SGD10million.

The next 3 years objective:

To achieve 40% market share for next 3 years, which get SGD20million of sales revenue annually.

5. 3 Marketing Strategies and Programmes

5. 3. 1 Product

At present, Seiko is well known for its Seiko brand. Seiko wristwatches is designed and made following its strategy of ‘ Innovation & Refinement’, which immediately has powerful impact to Seiko target customers (Seikowatch, 2010). Seiko wristwatch products are variety and differentiation in order to meet the expectations as well as high demand of both men and women customer in Singapore.

In term of Packaging, the wristwatch products of Seiko should include the print of characteristic features and attributes to emphasize the benefits to its target customers.

5. 3. 2 Pricing

The price of Seiko wristwatches should be developed by evaluating of the customers' expectations and competitors' prices on its products.

Researching consumers' opinions about pricing is important as well as prices of Seiko's products. The following process will be the good advice for Seiko to setting price in Singapore market:

In Singapore market, a competitive pricing in not advised for Seiko in this case. Seiko has a successful global branding and it is focusing on differentiation strategy, which has strongly effect on customer's perception and purchasing power. Seiko has high brand awareness in worldwide watch industry along with a global network infrastructure, these creates a super value for Seiko brand. This brings to Seiko a competitive advantage and motivates Seiko to charge a premium price for its luxury watch market in Singapore. For example, The Spring Drive is the first luxury item of Seiko and it is expected to retail around \$3, 200 to \$3, 500 in international market.

5. 3. 3 Place

Singapore is a potential market plus with high demand in watch industry. Seiko should create a wide distribution network so that products can be present in all places, regardless of the affected to the transportation system (Refer Appendix 16).

5. 3. 4 Promotion

Integrated Marketing Communications (IMC) is known as the most popular model to conduct promotion process in business (Kolter and Armstrong, 2007). With recommendations, Seiko should focus on advertising, public relation, and sales promotion.

Advertising can increase awareness of what Seiko business offers. Seiko should start its advertising campaign with knowing their target customers. Seiko is advanced to print media advertising on fashion magazines in Singapore such as Shape Singapore Edition, AsiaSpa. The outdoor advertising at bus-stop, or transit advertising on buses and taxies are also suitable for Seiko business.

In term of public relation, global social media network like Facebook, Twitter seem to be free marketing tools along with a huge benefit for Seiko business. For Sales promotion, Seiko can use some subtle forms of price discounting, such as offering free financing, buy-one-get-one-free (BOGOF) or 20 per cent extra free, which will make customer to pay more attention for Seiko watches.

6. 0 Conclusion

In order to identify a marketing strategy effectively, which can improve brand/product awareness and help Seiko to benefit in Singapore market is very necessary. Efficiency marketing strategy will connect Seiko to right target segmentation and right customers as well as build up Seiko image in the worldwide watch industry map.

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Appendix

Appendix 1:

Source: Courtesy of Singapore Economic Development Board