

Swatch group

[Business](#), [Marketing](#)



Introduction

The Swatch group was formed in Switzerland in the year 1983 under the leadership of Nicolas G. Hayek. Originally the company was founded by a merger of two Swiss watch manufacturing divisions which are ASUAG and SSIH which was named SMH (Swiss Corporation for Microelectronics and Watchmaking Industries Ltd). The group was renamed as Swatch group in the year 1998. Nicolas G. Hayek (CEO), strongly constructed new opportunities and rooted a new culture. In the coming decade, SMG Group expected to get the most prestigious watchmaker in the world. (Diderich, J. 2010).

Strength

- * It has a distinct identity all over world;
- * Swatch Company has around 28, 000 employees across 50 nations with about more than 900 boutiques;
- * It has customer loyalty | Weakness;
- * Rise in competition from other brands;
- * Sponsoring and advertising is not productive;
- * Market becoming fragmented. | Opportunist.
- * Emerging market with a huge population like India and China can be the primary target;
- * Innovation and trends;
- * It had recorded sales in the year of 2011.

- * High cost of production;
- * Competition from other top brands;
- * Plastic and metal price increasing, making raw material costly.

Challenges

When it comes to challenges, the few most common challenges in terms of a market is firstly and most importantly competitors. Three main competitors for swatch groups are: Seiko Holdings Corporation.

Apart from competition there are other challenges in an external environment like technological advancements, changing government policies, different target markets, change in tastes and preferences. Apart from these external problems as watch manufacturing unit there is something called as delivery, to deal with after sale. When it comes to delivering, the first significant challenge is transportation. Apart from creating availability and targeting new customers, tapping new markets is also a prime plan to develop.

When it comes service swatch is watch manufacturing and selling unit. A service is a follow up. Swatch group is mainly in terms of good quality product which primarily aims at a high end consumer. More than the product or the brand name service is something which they pay for. It is a significant challenge to keep the customer happy and satisfied. Other changes in terms of the external environment are challenges and changes the company faces in the marketing and distribution of its products and services. Also, one of the major challenges to swatch group is the increasing pace in need which

will involve around 800- 1000 qualified people to meet this demand, which are not easily accessible.

As the development goes on, the technology revolution is here for watches. Today, watches with iPhones, touch screen, telephone, radio and mp3 music player are coming in trend. Swatch has taken a step in this trend and has launched their swatch net. Invader brand, but competition from existing mobile brands like Apple, Sony Ericson, and Samsung will be enormous. (Kueppers and Latour 2000) Another challenge that Swatch Company is facing is about production. Swatch group Ltd is not able to meet the demand of people due to shortage in availability of the skilful workers. They wanted to add around 2000 of skilled employees, but they struggle to get them which subsequently did not meet the demand.

Opportunities: One of the biggest watch makers in the world is Swatch group. It has announced its net income to be increased by 26 per cent and operating profit's rise by 22.9 per cent from 2011 to 2012. Also, they commit to have positive performance in year 2013.

Swatch Group LTD has invested and expanded in diamond mining in Toronto, Canada. This is one of the big opportunities for swatch company to increase their income. There are opportunities for a range of diamonds in the market. Also, capital inflow is high; it will reduce the debt which swatch group of the company has taken on to fund Ekati acquisition. The red bull Xtreme snowboarding is an excellent opportunity for swatch company to expand its presence in the European market. Sponsoring an event with global fans will certainly boost up the appearance and hit the sales of the company. Swatch group Ltd acquired the Biel/Bienne. The Swatch Group Ltd. In Biel/Bienne

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acquires all the shares of the HW Holdings Inc. They carry the brand and all the activities related to jewellery and watches, including around 535 employees worldwide and the production company in Geneva.

Recommendation:

It was expected to achieve record sales and growth in the watch industry in year 2013, but will be at a slower pace compare to a year ago, due to increase in competition and dubious sales with tough figures and economic uncertainty.

Potential market like china will grow, and Asian tourist in Europe may help to increase the sales when they on a trip to Europe, said jean Daniel Pasche. This can help the company to achieve record of 19. 6 billion Swiss francs in year 2012.

In order to prepare for a better future, company should focus on untapped markets and technological advancements. These are the two main factors by which swatch groups have threats from competitors. One better marketing tool can be used is to advertise on higher basis.

In 2012, the Swatch Group generated gross sales of CHF 8 143 million and, as a result, exceeded the previous year's gross sales by a billion or +14. 0%. From this particular information, it is observed that there is a rise in the sales considerable amount. Also as per the recent announcement by Harry Winston Diamond Corporation Announces Agreement to sell its Luxury Brand Segment to The Swatch Group Ltd. Biel/Bienne / New York (USA), January 14, 2013 - The Swatch Group Ltd. In Biel/Bienne acquires 100% of the shares of the US company HW Holdings Inc., Owner of Harry Winston Inc., 718 Fifth

Avenue, New York 0019. The Swatch group Ltd. Holds significant market share in the watch and jewellery, which contain around 500 to 600 employees around the world. It has a production company which has been located in Geneva.

Swatch's optimistic view stokes hopes Chinese market will improve. So in order to take over a bigger market and have a bigger market share company can use various research techniques. Also, due to the recent acquisition of Harry Winston Diamond Corporation there is a lot brand recognition which has taken place. This can be another tool which can improve its position on a larger scale. Also swatch group is not always in the limelight because of its quality and branded product rather because of it has employee satisfaction, organisation culture and a shareholders return also plays an extremely vital role. As swatch company has also started providing training for watch manufacturing and started providing it has learning with alignment of universities. The introduction of the new “swatch” brand in year 1980's, by the then ETA SA CEO Ernst Thomke with the help of his young engineering team, was renowned as bold new styling watch. This mixture of manufacturing and marketing expertise restored Swiss watch maker as one of the leading world wrist watch manufacturer in the market.

Analysis: McKinsey Mind tool 2s: Shared Values The fundamental core values of swatch group LTD is emotion, joy of life, innovation and positive provocation. Swatch has led these values truly fruitfully by innovating stylish watches and jewellery and investing heavily in Research and development. Swatch has kept on improving its quality and innovating latest trends and style. Also, swatch share positive provocation in market. They tend to make

satisfaction by making their watches according to wants and needs of people. Strategy

Swatch has been market leader since its introduction in the market. Swatch follow comprehensive market strategy to deal with customer wants. It has diversified its products range to meet people wants. Also to improve its product appearances it has personalised its watches to meet the different colour design wants of people. Finally, swatch price and marketing methods have made them earn their income. They inform the market about their product by sponsoring events all around the world. The prices are also of different series to meet people's desire.

Conclusion Swatch is the perfect example for innovation, and it has marketing success all around the world. Their core value matches its product in the market. The style and innovation of product and its quality that has boosted their successes in the market, but as the trend changes customer wants change. Competitor is always a threat and to keep with business innovation, and research and development are essential. Due to the development in countries like China and India, and also globalization, there are vital opportunities for swatch to hold. Hence, if swatch takes some above recommendation and strategy it may help to maintain its brand position in the market.