

Business Case Study on Swatch

Introduction

From the early 1600s where watch making was considered to be one of the most wondrous art forms to present times where a watch is a utility accessory, a fashion statement or a status symbol, the watch industry has certainly come a long way over time. One of the players, Swatch, has created an image and a brand which is respected and appreciated as it plays in several different markets at the same time and is credited with bringing the watch industry back to Switzerland after it had almost been snatched away by Japan (Blaszczyk, 2004). The case analysis of Swatch has some interesting positions for the company and is useful for understanding the watch industry as it is in present times.

Case Analysis

Porter's five forces framework shows us that there are different strategies adopted by the players in the global watch industry. It seems that the first barrier is the market entry mechanism is the cost which is incurred to make a name become accepted and appreciated in the watch world (FHS, 2007). For example, an established design house can certainly launch their own watch brand under the name of the designer (TATA, 2004). Clearly, Giorgio Armani and Versace would have no problems in getting their watches accepted as fashion accessories but to break into the market as a completely new company would be a significant undertaking in terms of marketing costs and in creating brand recognition (St. John, 2002).

In fact, this is the only barrier which prevents the entry of new companies and allows the current players to dominate the market with the power of supply and innovation in the field. Clearly, as increasing sales show the trends, there is no real substitute for a watch and even though individuals may choose not to wear a watch and use a phone to tell time there will be those who consider a watch to be essential (Ramirez, 2006). Marketing certainly helps in selling watches especially when a watch needs to be given a particular image even if replicas can be made the quality and the manufacturing of the original cannot be realized in the cheap copies which are in the market (FHS, 2007).

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