

# *SWOT Analysis of Vacheron Constantin*

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**Abstract:** Vacheron Constantin is one of the brands of luxury watches. The brand has developed rapidly in recent years. This study will use SWOT analysis to analyze Vacheron Constantin, and then find out what problems Vacheron Constantin has in international marketing and provide corresponding recommendations. SWOT analysis is one of the most popular methods of analyzing companies. Our main message is from filing trips to offline stores. After research, we found that Vacheron Constantin has solid products, but they lack interior decoration and strategies to attract customers.

**Keywords:** SWOT analysis, International market, Retail market, Chinese market.

## 1. Introduction

Vacheron Constantin is a Swiss luxury watch and clock manufacturer founded in 1755. Vacheron Constantin is the oldest Swiss manufacturer and one of the oldest watch manufacturers in the world with an uninterrupted watchmaking history. Vacheron Constantin has a good reputation for flat shooting, but it lacks marketing strategies. They also have excellent products, but market research shows that they have a lot of room for improvement and a competitive advantage in in-house brick-and-mortar stores and in the Asian market. This study provides a reference for the marketing strategies of luxury watches.

## 2. SWOT Analysis of Vacheron Constantin

This chapter will first present a SWOT analysis of Vacheron Constantin. The strength of Vacheron Constantin is that the variety of products can ensure the losses from one product won't be fatal for the company because the profit from other products can counteract the loss. In this case, year by year the company will have strong financial support which allows a firm to make further investments and make the maximum profit. On the other hand, the development of IT is outstanding in Vacheron Constantin from their annual report. As we all know, people are more inclined to use mobile phones to search for information on the Internet to solve problems. This shows that the network presence of enterprises is crucial. For example, when we access some luxury brand website, we are never going to see any other uncorrelated advertisements. A great IT infrastructure can ensure working efficiency and knowledge of the latest market trend. Here is the weakness of Vacheron Constantin. This company has merged with Richemont. In this situation, the company must obey the rule of the whole group, which brings a lot of problems to Vacheron Constantin. For example, the company's lack of understanding of international market results in spending on developing new markets having increased. If these great amounts of money are used to invest in other projects, companies can increase their profits. The new market won't help the company overcome its essential problems. When people

walk inside VC, we can tell that it is so empty everywhere! Even though they have outstanding products, when customers go inside, they won't feel like buying anything. Even though they have strong, functional, and good-looking products, they should spend some time designing for offline stores, because it allows customers to buy the seeds of the product they buy in their hearts. A perfect store design and decoration will directly lead to the sales of the product and the position of the product in the customer's heart.

The most serious problem for Vacheron Constantin is that there is almost no inventory which leads to a variety of problems [1]. Customers will become more volatile, and there will be fewer repeat buyers [2,3,4,5]. The cycle of buying watches becomes longer, because some popular watches are often sold out as soon as they are released, and the production cycle of high-quality watches is very long, so a small amount of inventory will make many customers decide to consider other brands of watches. The company focuses on high quality and expansive watches, so repeat customers are important to them and the loss of them will eventually cause huge damage to property.

There are also many opportunities for the company. For instance, the exponential growth in the population enables the company to gain access to many potential users. On the other hand, Vacheron Constantin does a lot of research on the users who have already bought it. The company needs to know more about each customer's needs and preferences so that it can develop more new watches that people might buy. Another opportunity is that the firm is inventing new technology for watches. The flywheel of the old rudder could get rid of the tinny errors of the earth's gravity on the watch hand, but now the company's new technology has been developed to reduce costs and improve efficiency. Here is the last threat. As we all know, the process of watchmaking is very complex, so it takes a lot of time and energy to train an excellent watchmaker, and this kind of talent is in short supply. If anybody wants to become a Vacheron Constantin craftsman, they first need to have more than five years of watchmaking experience in other famous watchmaking companies, and secondly, they need to be the main designer and manufacturer of popular watches. However, when those target people have experience like this, they are not willing to become one of the common craftsmen in VC. Because of their techniques, they can become the main leader in designing and producing watches. On the other hand, they can earn more salary when they work for other companies. In this situation, only a craftsman who devoutly likes Vacheron Constantin will choose where to become a craftsman, and it can even be said to be the belief and obsession with this brand. The changing regulatory framework and the introduction of new stricter regulations impose a major threat to Vacheron Constantin. It makes compliance with legal standards more complex and challenging for the business organizations. Inability to comply with changing regulations raises the risk of expensive lawsuits. Lastly, the growing environmental sustainability trends act as a major threat when offered products/services that are not environment friendly. It draws negative publicity and criticism from environmentalists and affects the brand image in a competitive market.

The Chief Marketing Officer of Vacheron Constantin claims that the company is focus on creating extraordinary watches, so every watch they are producing will have a story. From a variety of research, we know that clients are willing to buy the watch if they have an outstanding story full of emotion and depth. What is important for their marketing are innovations. Years ago, the smartphone market was a big win. As we all know, companies such as iPhone, Samsung, and Huawei have replaced Nokia and other mobile phones that did not have much innovation. However, iPhone, Samsung, and Huawei all have a wealth of features that people have never seen before. In this case, watch marketing will be the same. Innovations give com posters the desire to buy new products. On another aspect, Vacheron Constantin takes much count of the Chinese market. In China, there are 1.4 billion people which is a huge market. Here is a question, how does this brand take a great place on the Chinese watch market? Some experts might suggest that the brand entered China during 19th century which led the success. As we all know, a brand needs time to settle. Chief Marketing Officer Laurent Perves told us that Vacheron Constantin never pursues the number of customers, but customers love the brand and continue to buy, so that every single product needs to be perfect. For example, they realized

that Chinese people were very interested in their animal signs, so they created the 12 zodiac signs and they had great sales in China.

Here are some disadvantages of this company. It can be observed from Figure 1 that Rolex occupies the main place and Vacheron Constantin only has 2.2%. As a result, Rolex is a popular style that has a low entry price. This advantage in the sales of the product completely beat Vacheron

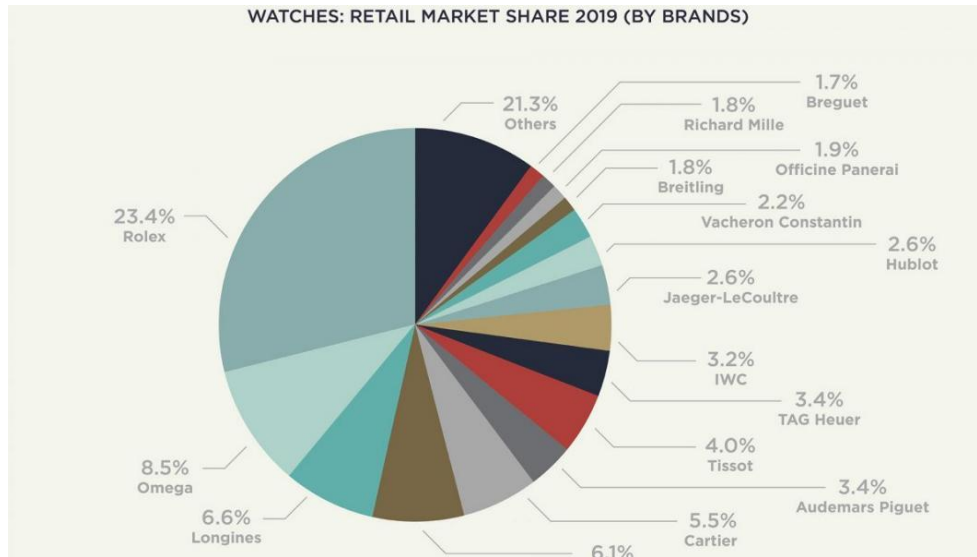


Figure 1: Watches: Retail market share 2019( by brands).

Constantin. Of course, Vacheron Constantin's main strategy is to focus on the quality of products, technology, and exquisite workmanship. Vacheron Constantin pays attention to repeat customers. Because the starting price of products is very high, customers will basically buy more products when they recognize the design concept and the story behind the brand.

### 3. Conclusion

All in all, Vacheron Constantin's marketing approach is in line with economic laws. Every brand has its own beliefs and concepts. People can only give them advice, but in the meantime respect their own beliefs. Every founder has their own code to keep the company running. From the author's research, we find out that represents Vacheron Constantin is a brand that perseverance and make the most perfect art at any cost. This is their synonym. When people mention Louis Vuitton, they think of the luxury brand of the French aristocracy. Vacheron Constantin shaped its brand image here.

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