

# The swatch group l.t.d.

Avant-garde yet truly unique...

**Barna Consulting Group**


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Embracing wearable technology, while  
maintaining our essence.

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the frame, creating a modern, layered effect. A thin, light gray line also extends from the bottom right towards the center of the page.

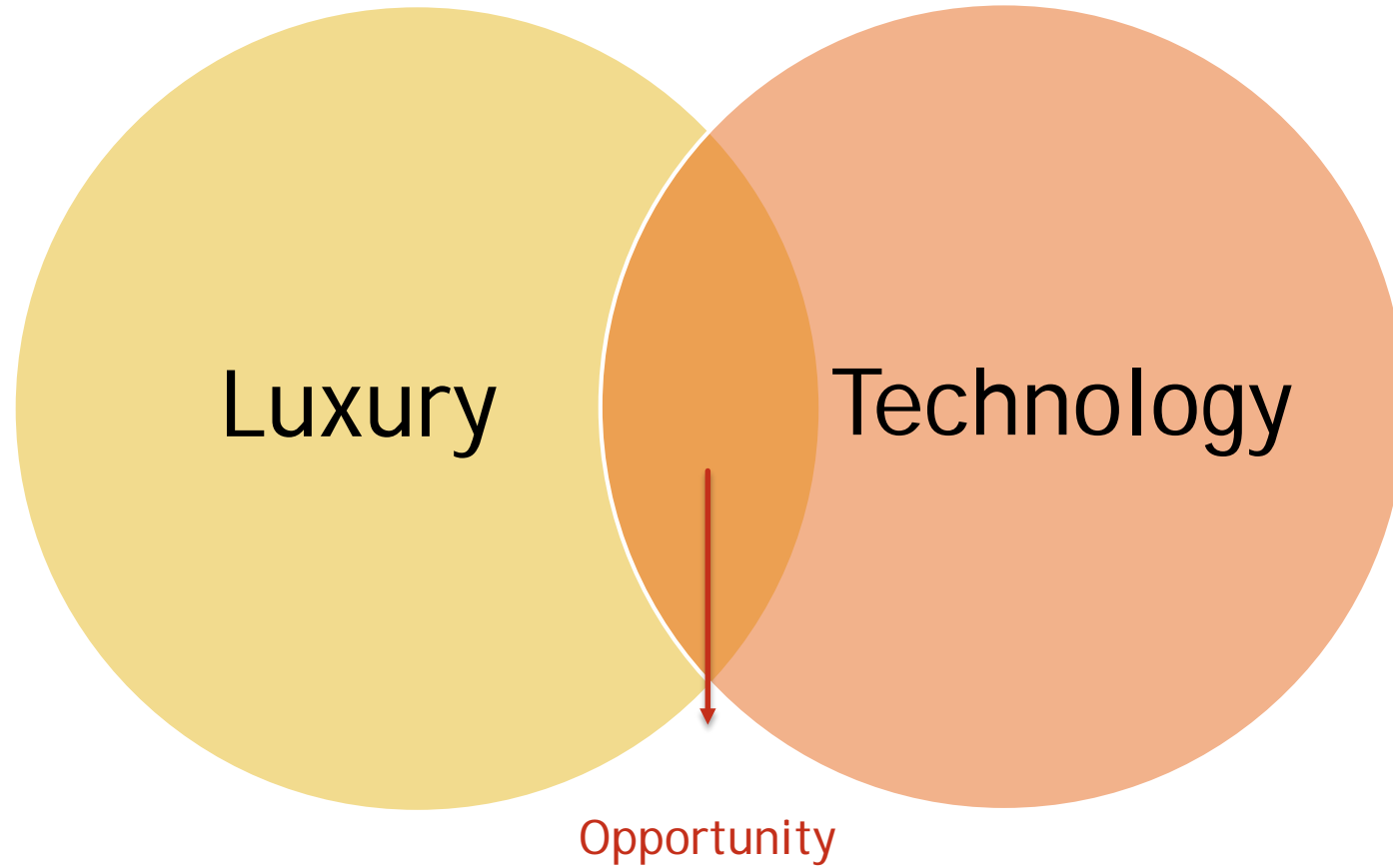
# Agenda

- ▶ Analysis
- ▶ Recommendations
- ▶ Alternatives Assessment
- ▶ Implementation Plan
- ▶ Financials
- ▶ Risk Mitigation
- ▶ Q&A Session

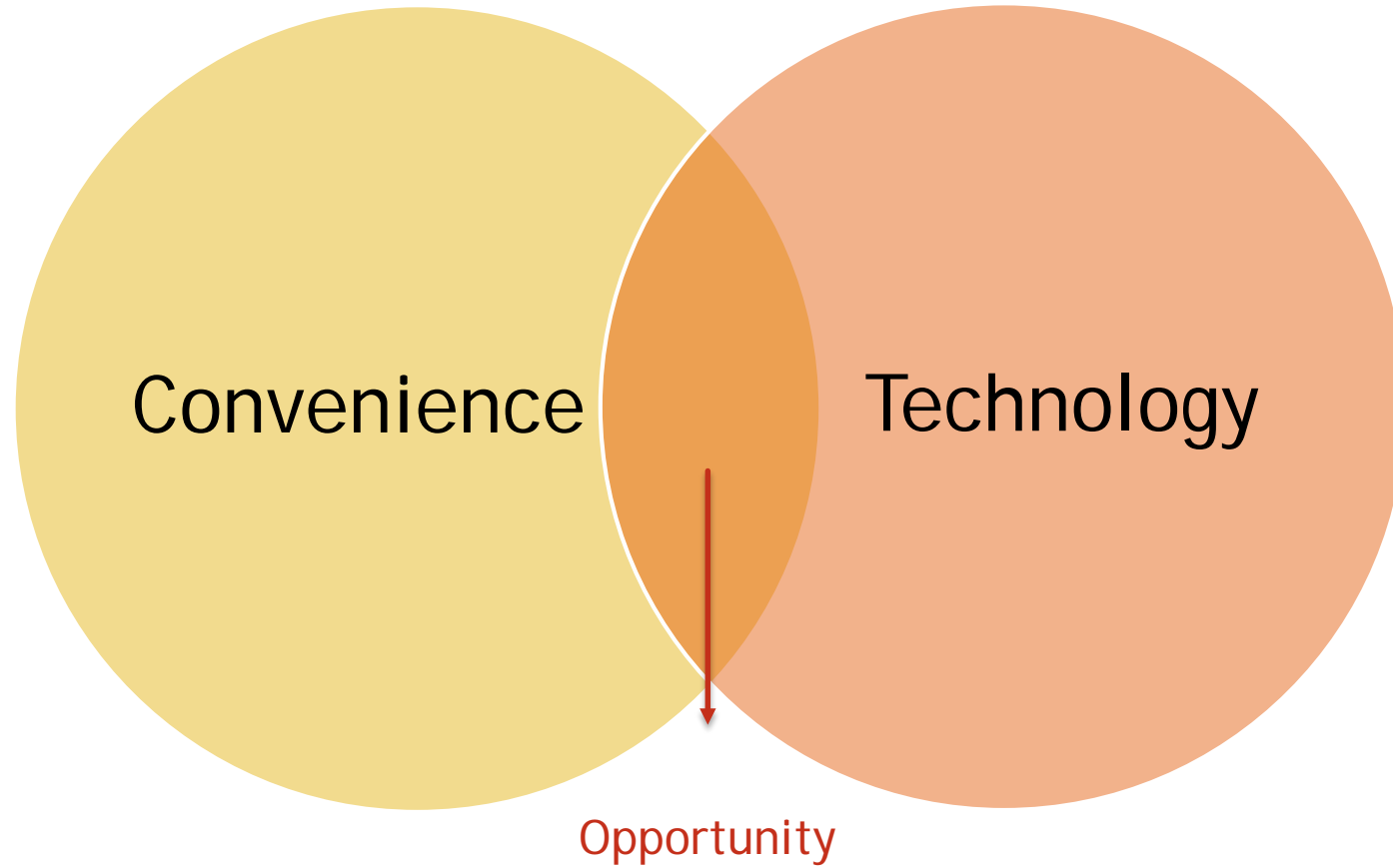
# Key Issues

- ▶ Appreciation of Swiss Franc
- ▶ Depreciation of foreign currencies
- ▶ Relatively new “Smartwatch” category
- ▶ New consumer necessity to be “connected” through wrist devices
- ▶ Drop in revenue and operating & net income.

# High End Smartwatch Segment



# Mass Market Smartwatch Segment



# Essence of Swatch Group LTD

Heritage



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graph TD; A[Heritage] --> B[Quality]; B --> C[Luxury];
```

Quality

Luxury

# Essence of Swatch Group

LTD

Heritage



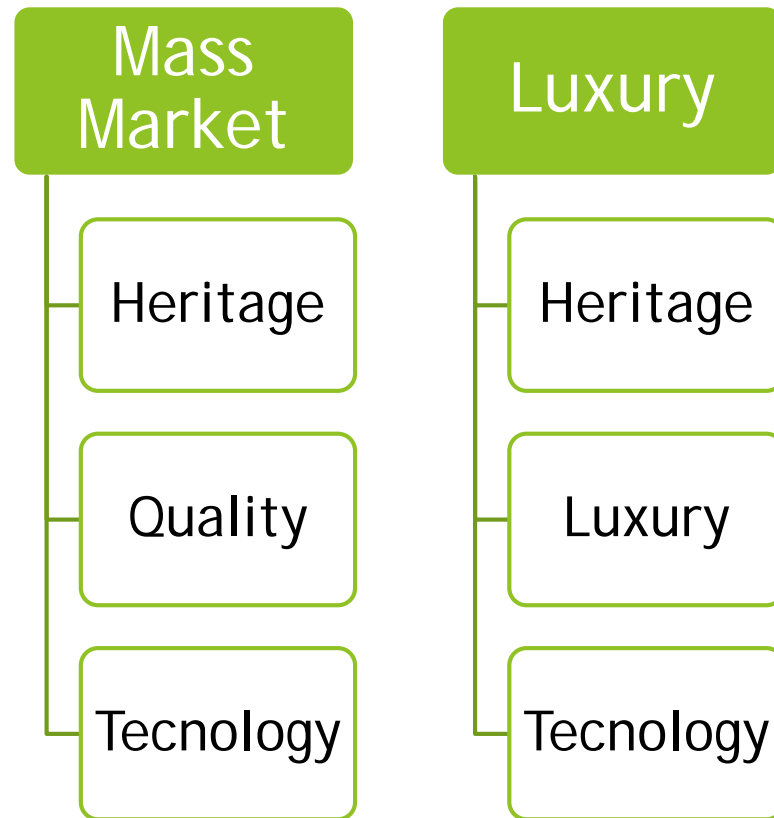
Quality

Luxury

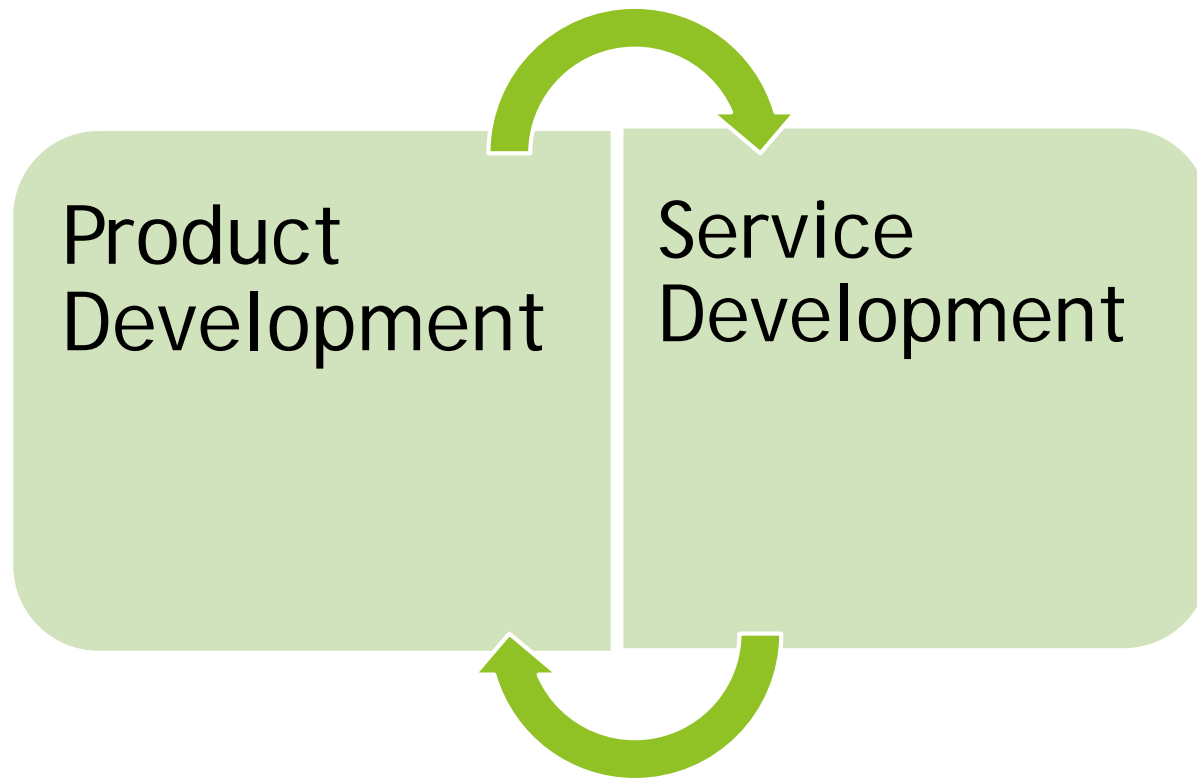
Tecnology



# Essence of Swatch Group LTD

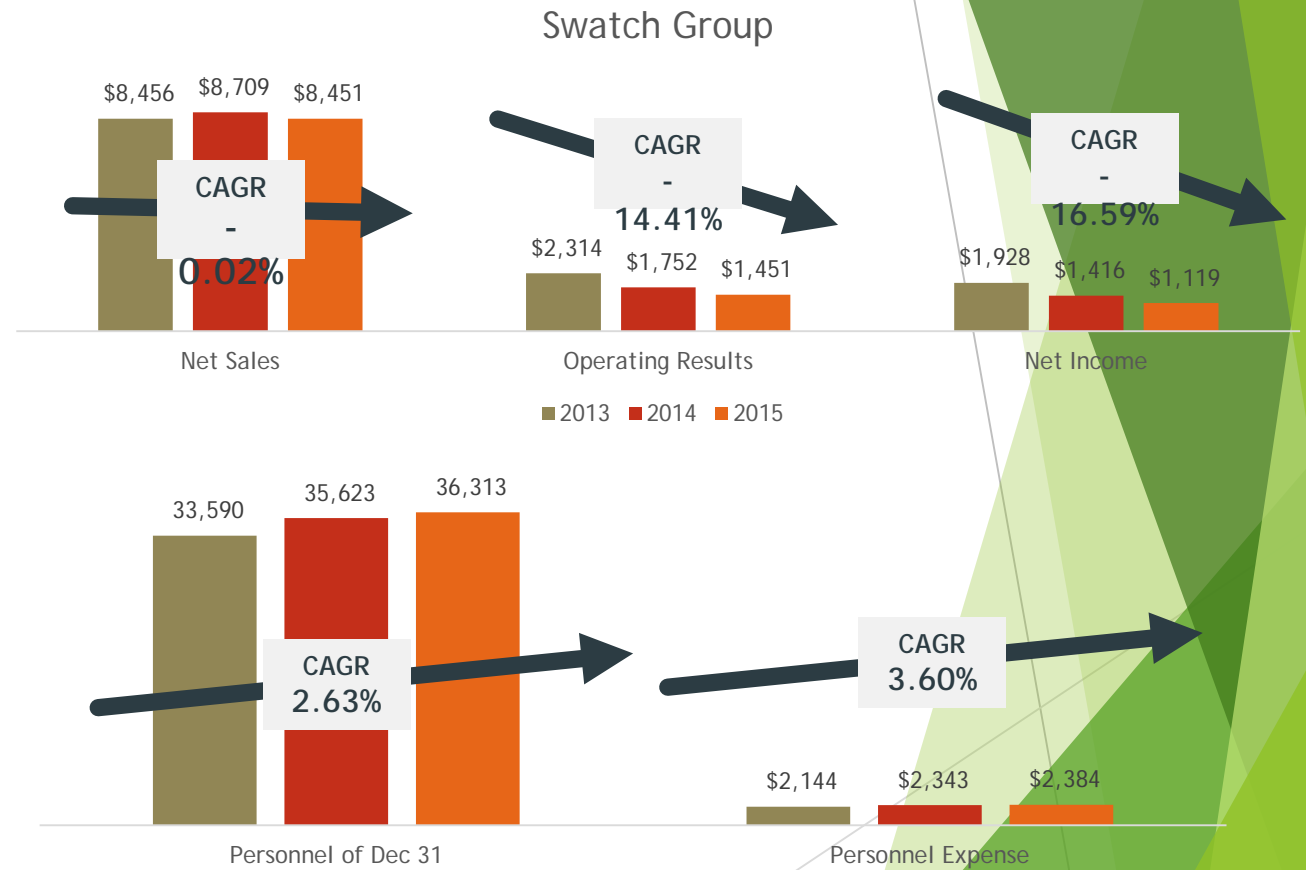


# Re-shaping Essence of Swatch Group LTD



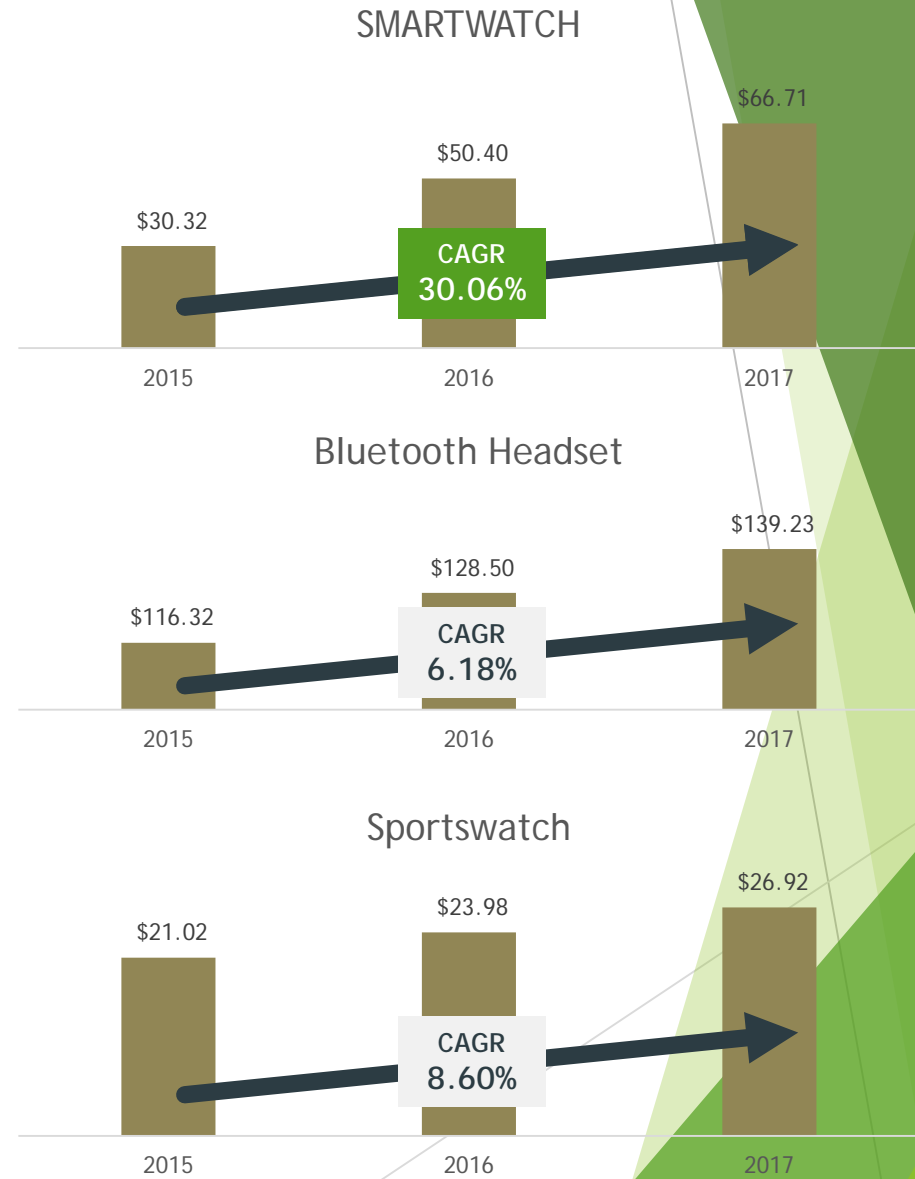
## ANALYSIS - SWATCH GROUP

If we maintain the same path....



## Market Growth - SW

# Where to go?



# Alternatives

Compete directly with Apple,  
pursuing smartwatch category

Target new watch users - add  
useful technology

Maintaining Status Quo

# Compete directly with Apple

- High Incursion Cost
- No "Full device integration" ability
- Not our core business

# Maintain Status Quo



# Target new watch users - Add useful technology

- We acknowledge the use and importance of technology for consumers
- Remain true to both our core and business model
- Relatively low investment cost
- Capitalize on "Uniqueness" and other strengths
- Refrain from competing in uncharted segment



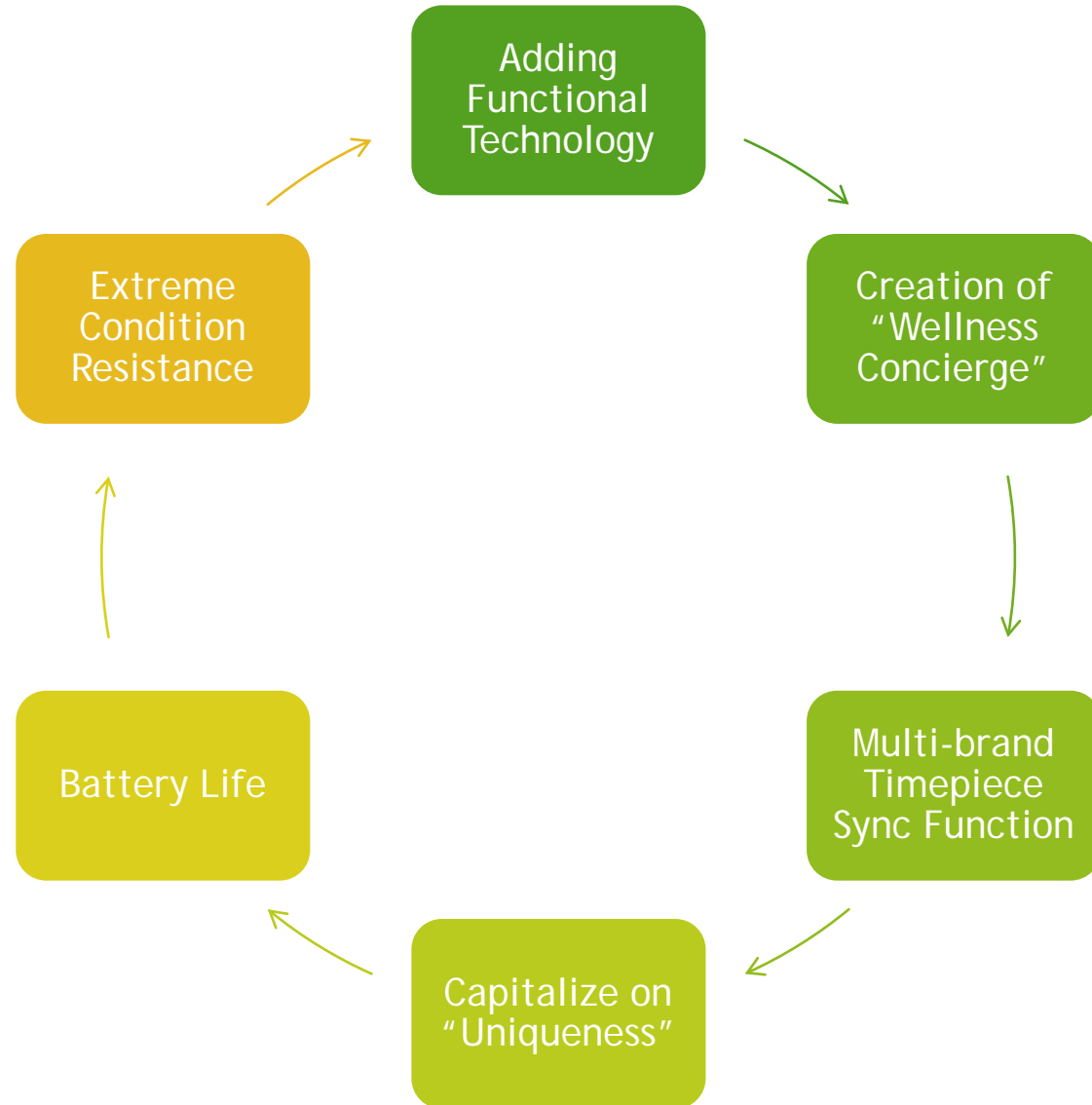
# Alternatives Assessment

	Profitability	Consumer Needs	Core Business	Sustainability	Cost
Compete With Apple	Red	Yellow	Red	Red	Red
New Users & Technology	Green	Green	Green	Green	Green
Status Quo	Red	Yellow	Green	Yellow	Green

# Implementation Plan



# High End Timepieces



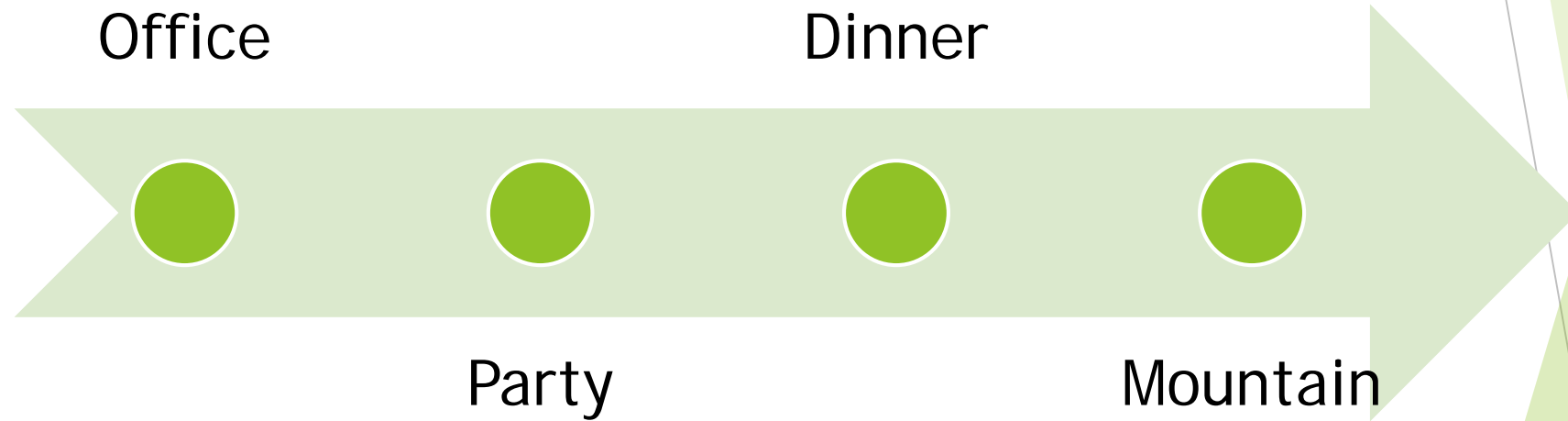
# Adding Functional Technology

- ▶ Huge “Health” trend with smart watches
- ▶ Ability to track your heart rate, temperature and activity with your favorite timepiece
- ▶ Capitalize on existing technology

## “Wellness” Concierge

- ▶ 24/7 assistance from health specialists that can help you live a healthier day to day with recommendations
- ▶ Ability to precisely track your historical vital signs and get alerts and important information based on your timepiece info

# Multiple Timepiece Sync



# Capitalize on “Uniqueness”

- ▶ Show your true self with various options
- ▶ Stay away from “Trend following”
- ▶ Stand out as you always have

# Battery Life

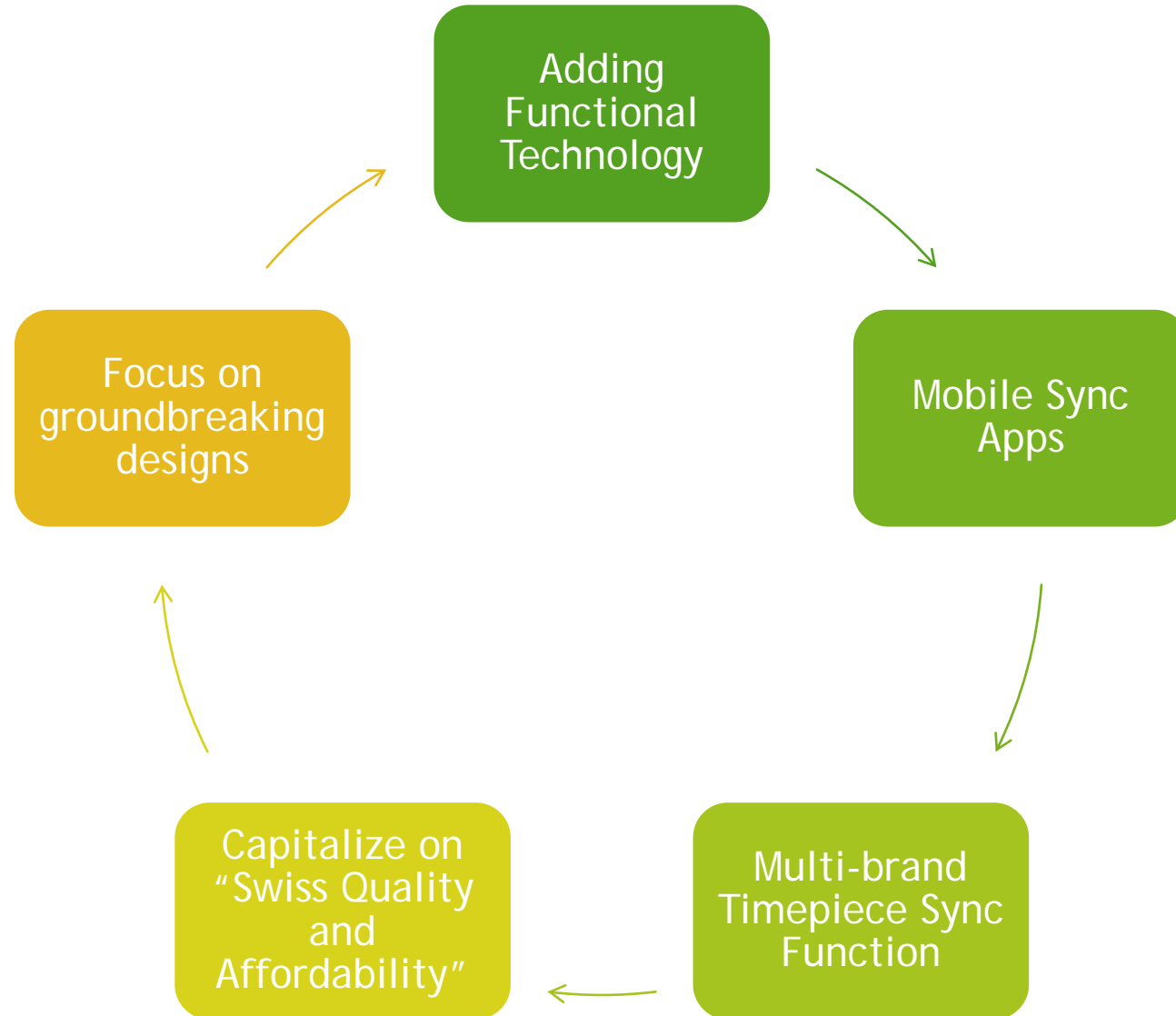
- ▶ “MOTION” charging timepieces extend battery life
- ▶ No screen or other battery consuming functionalities



# Battery Life - Extreme Resistance

- ▶ “MOTION” charging timepieces extend battery life
- ▶ No screen or other battery consuming functionalities
- ▶ Your durable - all time favorite Swiss timepiece

# Mass Market Timepieces



# Adding Functional Technology - App

- ▶ Same affordable watch, now with optional “Smart” health functions
- ▶ Sync your watch with your computer and other devices
- ▶ Use any watch, they will all look after you

# Swiss Made, Yet affordable

- ▶ High Quality watch at competitive price
- ▶ Get the most for your money, and the watches you've always loved; now smarter.

## “Fresh Designs”

- ▶ New, freshly looking, appealing designs for all of our affordable watches.

# Implementation Plan

2017

2 new product developments per segment

Concierge and App service developments

2018

Product Launch - PR and Adv. Campaign

Service and App Launch

Merchandising Actions

Stores and Display Partnerships

Use of Influencers

2019

Re-Visit plan and make proper adjustments

# ASSUMPTIONS

## Net Sales

- 1% Increase (2016-17)
- 5% Increase (2018-19)

## Operating Expenses

- 85% of Net Sales (2016)
- 80% of Net Sales (2017)
- 75% of Net Sales (2018-19)

## Product Development

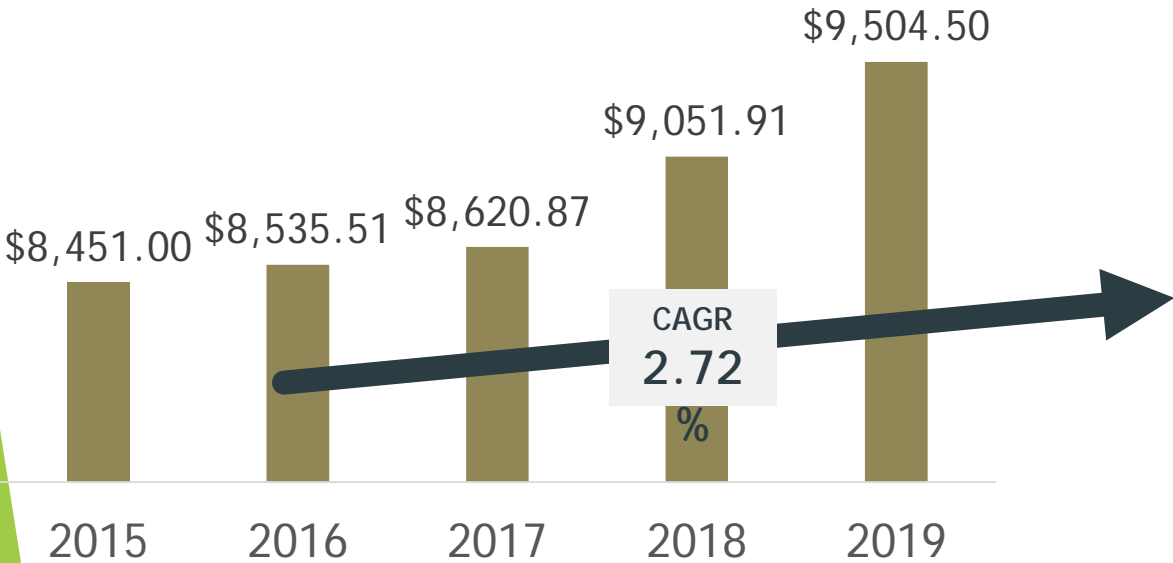
- 5% of Net Sales

## Marketing

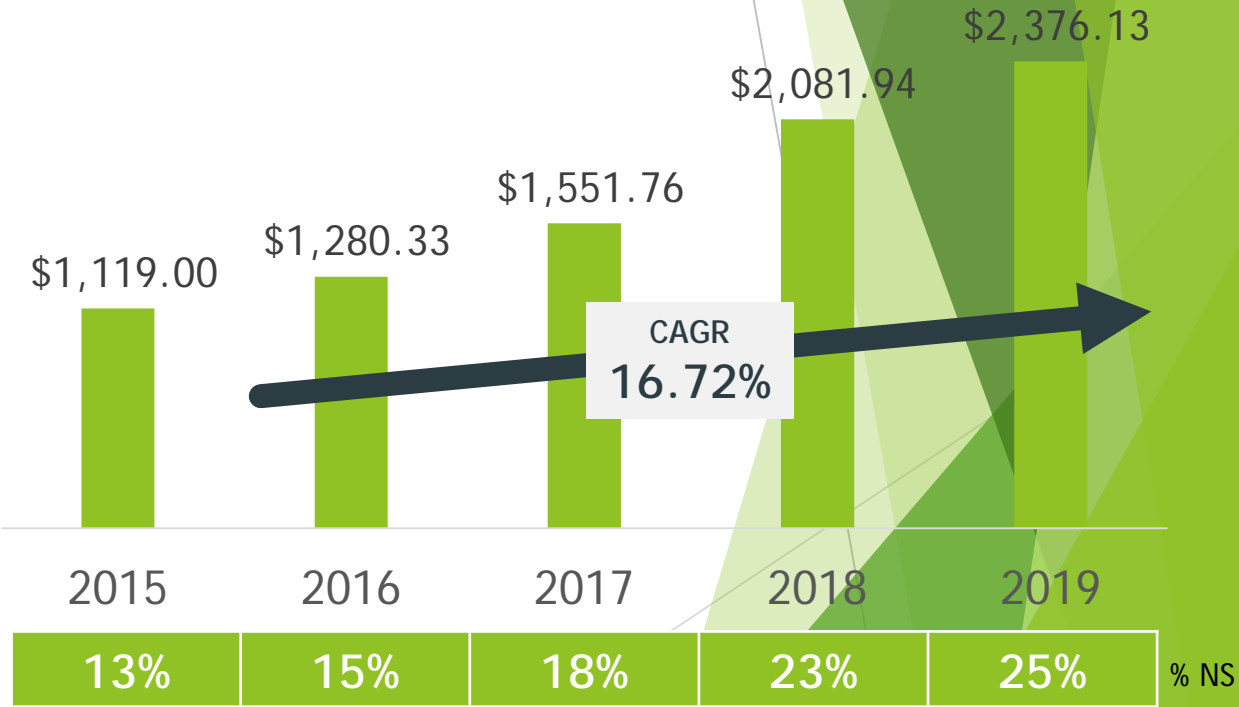
- 25% of Net Sales (2016-17)
- 18% of Net Sales (2018-19)

# Financial Forecasts

### Net Sales



### Net Income





# Plan Investment

	2017		2018		2019		
	S1	S2	S1	S2	S1	S2	
<b>Product Development</b>							\$ 857.82
Two Models Design							
Service Development							
<b>Product Launch</b>							\$ 4,289.09
PR and Advertising Campaign							
Service Launch							
Merchandising							
Stores Partnership							
Online Presence and Campaign							
<b>Revision and Adjustment</b>							\$ 85.78
PR and Advert. Adjustment							
							\$ 5,232.69

ROI – 14.85%

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