In age of smartphone, watch makers focus on luxury (Update)

April 24 2013, by John Heilprin

View of the Breitling booth pictured on the press day at the world watch and jewelry show Baselworld in Basel, Switzerland, on Wednesday, April 24, 2013. Baselworld opens it's doors from April 25 to May 2, 2013. (AP Photo/Keystone, Georgios Kefalas)

In an age when most people carry smartphones that can tell the time—on top of hundreds of other applications—watch makers are increasingly focused on selling their goods as luxury items.

The world's biggest trade fair for watches, Baselworld, opens this week, offering a spectacle of bling and highly-crafted gadgetry.

Tissot CEO Francois Thiebaud told reporters Wednesday the trends for 2013 are mechanical watches, timepieces adorned with gold, diamond and pearls and "neo-classical trends, which probably reflect a certain calm in the atmosphere."

Jacques J. Duchene, chair of a committee representing 1,460 watchmakers, jewelry traders and exhibitors from 40 nations, acknowledged the luxury watch industry is out of step with the financial challenges felt by many people and industries around the world. The trade fair runs through May 2.

View of the Rolex booth pictured on the press day at the world watch and jewelry show Baselworld in Basel, Switzerland, on Wednesday, April 24, 2013.

Baselworld opens it's doors from April 25 to May 2, 2013. (AP Photo/Keystone, Georgios Kefalas)

"In a worldwide business environment, in which there is often no tranquility, solidity or continuity, we are forced to be frank in admitting that the watch industry constitutes an exception," Duchene told a news conference. "Nonetheless, even in the face of all the economic imponderables, we remain optimistic for the current year."

Business is generally good, but it's still a tough environment in Europe and the United States, said Ulrich Herzog, executive chairman of 109-year-old Swiss watch making firm Oris, which targets what it sees as the growing ranks of affluent middle-class buyers who are willing to spend in the $1,000-$5,000 range.

View of the Citizen booth pictured on the press day at the world watch and jewelry show Baselworld in Basel, Switzerland, on Wednesday, April 24, 2013. Baselworld opens it's doors from April 25 to May 2, 2013. (AP Photo/Keystone, Georgios Kefalas)

In emerging markets like China, India and Brazil "a product in that gap can still attract a lot of people," Herzog said in an interview. "We have people who really look for something which is in their reach, and represents a value."

The Oris booth, despite its elegance like all the others in a marketers' fantasy land, contrasted with some of the more lavish displays of other

Swiss watch makers like the burgundy-colored 1936 Alfa Romeo race car in perfect condition posted outside Eberhard & Co., the chrome-colored McLaren sports car leaning by the entrance to TAG Heuer.

View of the Swarovski booth pictured on the press day at the world watch and jewelry show Baselworld in Basel, Switzerland, on Wednesday, April 24, 2013. Baselworld opens it's doors from April 25 to May 2, 2013. (AP Photo/Keystone, Georgios Kefalas)

Elsewhere, the glass walls of TechnoMarine boasted constant waterfalls and the Tudor booth had a big screen with a video clip of an apocalyptic motorcycle rider gliding over burning streams of volcanic lava. Such extravagance, in an exhibition complex with a $450 million new expansion, belied any struggle against cheaper wrist watches or the ubiquitous smartphone.

Looking ahead to the rest of year, Herzog said, "it's definitely going to be tougher than last year. You just feel it, that the markets, they're not so

freely spending at the moment, because there's some serious problems around, particularly in Europe and also China is a bit different than it was two years ago."

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