

# Apple bets that it's time

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Smartphones didn't kill the watch business. Can the Apple Watch put a dent in it?

Timepieces are a big status and fashion statement. The industry grew 4 percent in the U.S. in 2014 to \$10.3 billion, according to Euromonitor. That's up from \$8.2 billion in 2011.

But now that Apple is bringing its Apple Watch to market next month, the debate has been rekindled: Could a direct hit from the iPhone maker disrupt a centuries-old industry?

That's probably too strong a question to begin with.

So far, smartwatches haven't wreaked havoc on the watch industry. The MetaWatch, Pebble, Gear and Moto 360 aren't exactly household names.

But they aren't the Apple Watch, which is expected to be available in the U.S. in April.

The hype begins in earnest Monday when Apple hosts a "media event" in San Francisco to talk about the Apple Watch line, which starts at \$349 for a sport watch.

The Apple Watch functions like a computer on your wrist. Apple developed technologies that differentiate between taps and presses for operating apps. The watch can detect your pulse rate and analyze activity to suggest fitness goals. It can be personalized through a menu of watch faces and straps made out of different materials to change the look and color.

The line ranges all the way up to an 18-karat gold smartwatch that's expected to be priced at about \$10,000, making it Apple's most expensive product by far.

That price also puts it in the fastest-growing segment of the U.S. watch industry: "super luxury" watches that cost \$10,000 and up. Richard Eiseman of Dallas-based Eiseman Jewels says industry data confirms that trend.

Eiseman said he doesn't put Apple in the same class as luxury brands such as Vacheron Constantin, Jaeger-LeCoultre or Audemars Piguet.

"I wouldn't commemorate a special occasion with a gold iWatch," he said. (For the record, Apple isn't using its "i" branding the way it does on

Pods, pads and phones. It's just Apple Watch.)

Apple confirmed that it was delivering a watch this year in September. But many people are like Brian Alagaban, 23, of Dallas, who was leaving an Apple store at on Tuesday with a new iMac. "I didn't know there was a watch coming," he said.

Pam Danziger, president of Unity Marketing, believes the watch industry's heritage brands need to pay attention to the fact that Apple is already considered a luxury brand.

She quoted a recent NetBase study of social media perceptions among luxury brands. The study chronicled the rise of Apple and said it was second on the list of global top [luxury brands](#), after Louis Vuitton and ahead of Chanel, Burberry, Hermes, Gucci and others.

It's not clear whether a customer who's dazzled by the exhibition sapphire case backing of a luxury watch from Vacheron Constantin is going to be interested in owning an Apple Watch.

Eiseman, whose store is the biggest seller of luxury watches in Dallas and the U.S., says he isn't worried.

Luxury consumers may enjoy having an Apple Watch, Eiseman said, "but it will be one of many."

"One gold watch doesn't satisfy a collection," he said.

Eiseman was the only retailer in Dallas invited to the recent Salon International De La Haute Horlogerie, an event in Geneva where the new luxury watches are introduced. It's probably no accident that Apple is unveiling its watch during luxury watch season.

The sentiment from luxury timepiece makers and sellers from that invitation-only event: "Seldom does something come out that renders the rest of the market obsolete," Eiseman said.

Texas-based Fossil Group now has a hefty 20 percent of the U.S. watch business, making it the largest U.S. watch company. In its annual report released Friday, the company talked about the unknown impact of smartwatches on its business.

Last month, during its earnings call, CEO Kosta Kartsois said the company is building a platform for ongoing growth in the category.

"One way to look at this is, if we have a business in wearable technology that involves fashion with some technology, whether it's sensors or communication, theoretically, potentially, someday every watch we make could have some type of technology in it," he said.

Does Apple need people who buy \$10,000 watches for a successful launch, or does it just need its regular fan base?

The Apple Watch is aimed at another generation, Danziger said. "Millennials are tech-inspired."

Twentysomethings interviewed this week were at least intrigued.

Nikki Perritt, 25, of Dallas said she wears watches because she loves style and believes "it completes my outfit." But that may be why she doesn't buy an Apple Watch. "I love Apple products, but I want to use them and not wear them," Perritt said.

But Perritt, who sells watches at Nordstrom, also said she doesn't know what kind of fashion quotient is being built into the Apple Watch.

Alagaban, who said earlier that he hadn't heard about the watch, sent an email later Tuesday. After exploring the information Apple has posted online about the watch, he wrote:

"The pricing on the [watch](#) sounds crazy. But when you think about it, it's like buying a tablet.

"Just think about, you're buying a computer that can be worn around your wrist."

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