

Mechanical pieces keep finely tuned edge

By Otto Pohl

BERLIN
With devices like cellphones, digital organizers and even kitchen appliances eager to give you the time of day, the importance of a wristwatch has waned. There certainly is no need anymore for mechanical wristwatches, the best of which are still less accurate than the cheapest electronic watch.

That doesn't bother anyone in the industry. Instead of going the way of the horse-drawn carriage and the typewriter, as many expected, the mechanical watch has gone upscale, finding enough customer interest to become the most valuable and most profitable segment of the watch industry.

"People buy these watches like others buy Picassos," said Nicolas Hayek, the chairman of the world's largest watch manufacturer, Swatch Group. He estimates that the top tenth of one percent of all watches sold worldwide — all of them mechanical — account for about 50 percent of the industry's \$50 billion in sales.

As the industry prepares for its annual trade show which opens Thursday in Basel, Switzerland, companies are trying to outdo each other by preparing new watches that contain esoteric features like tourbillions, a device intended to improve watch accuracy by counteracting the effects of gravity.

Things weren't always this good. Only 20 years ago, battered by the quartz watch, many thought that the mechanical watch industry was

doomed. At the time, the Swiss watch industry was coming unhinged: the Japanese were flooding the world with cheap, accurate quartz watches, digital watches were considered stylish, and creditors were ushering one mechanical watch company after another into bankruptcy proceedings.

From 1970 to 1985, more than 1,000 of the 1,620 Swiss watch manufacturers went out of business. Over the same time period, two-thirds of the labor force was laid off.

Hayek became famous, and wealthy, by spearheading the creation of the Swatch, a watch that embraced quartz technology and broke several rules held dear by the Swiss watch industry: it used clever marketing to encourage consumers to treat bulk-produced watches like fashion items.

That success allowed Hayek to bail out much of the high-end Swiss industry. Today, the Swatch Group owns many of the most famous luxury brands, including Omega, Longines, Breguet, and Blancpain.

Although it has suffered in recent years from the economic impact of the Sept. 11 terror attacks and the SARS epidemic, the luxury watch industry continues its overall growth.

In a sense, the mechanical watch has become a statement of luxury precisely because it has become unnecessary. As such, it fills an important niche.

"It's the only piece of jewelry many men will allow themselves to wear," said Ilona Zimmer, a sales representative at the Leicht watch store in the upscale Hotel Adlon in Berlin. She reports

brisk sales of their watches, some of which cost more than €16,000, or \$19,200.

The mechanical watch now flaunts its cutting-edge technological obsolescence. Companies use the latest in computer-assisted design software to create an item that owes more to the 19th century than to the 21st century.

Besides design and extensive use of gold, platinum and diamonds, luxury watches compete by releasing models that show the date, a second time zone, or the phase of the moon. Known as "complications" in the industry, the race is to produce watches with these features in new and surprising combinations.

"Nearly everything has been done already," admitted Jasmina Steele, public relations manager at the luxury manufacturer Patek Philippe. "So we are always looking for a new way, or a more reliable way, to make the indications."

For example, Patek Philippe's Star Caliber 2000 pocket watch has 21 complications. In addition to the time and date, it keeps track of the time of sunrise and sunset, the moon phases, and the change of the night sky. It is the first pocket watch that plays the Westminster chime, a tune made famous by Big Ben in London. The watch is made of 1,118 parts, including 135 wheels, 336 screws, and 292 pins. It is sold in sets of four watches for about 13 million Swiss francs, or about \$10 million.

That is still not the world's most complex portable timepiece. That title belongs to the Caliber 89, also made by Patek Philippe, which contains 33 complications. The only publicly recorded sale of the watch was at an auction in 1989, where it sold for 4,950,000 Swiss francs.

The jeweler Harry Winston's Opus 3, made with Vianney Halter, drew strong interest at last year's Basel show by introducing what the maker called "the first digital mechanical watch." Complex internal mechanisms turn numbered dials to show the time and date in six portholes on the watch face. To make the readout less static, the watch contains an additional numbered dial that counts down the last four seconds of each minute. The company has sold 55 of them at a price starting at \$122,000.

The independent watchmaker, Philippe Dufour, has taken mechanical watchmaking in the opposite direction. He is selling a watch called Simplicity that eschews all complications. It concentrates instead on highlighting the pure artistry of a completely handmade watch. That doesn't make it particularly cheap. It sells for 48,000 Swiss francs. Working almost entirely alone in the watchmaking mecca of Vallée du Joux in Switzerland, he only produces about 25 of them a year.

The growth of the luxury mechanical watches has also helped revitalize a small corner of former East Germany. Historically known as a center for fine timepieces, the town of Glashütte struggled after World War II, when socialist doctrine declared watches to be strictly utilitarian. Only after Germany was reunited did the West German, Heinz W. Pfeifer, privatize the remaining factories and rebuild the company now called Glashütter Uhrenbetrieb GmbH. Their PanRetroGraph watch, one of their

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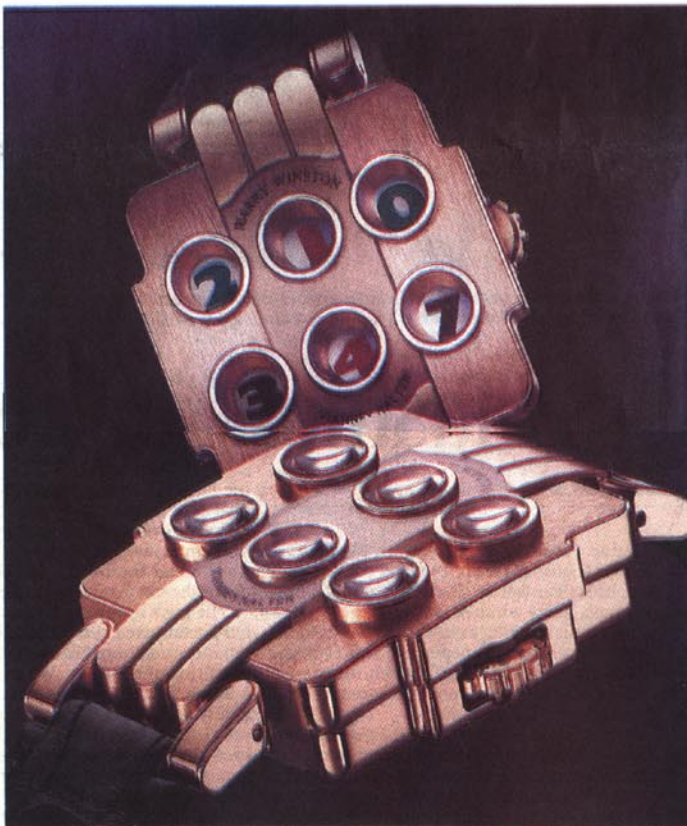
more expensive models, costs €45,000 and has a yearlong waiting list.

Another venerable manufacturer, Lange & Söhne, has also been re-established in Glashütte, together with the Swatch subsidiary GUB, Manufaktur Mühle, and Nomos. Glashütter Uhrenbetrieb now produces several watches that feature a tourbillion, one of the most complex features of mechanical watches.

The growing number of manufacturers who include this feature is the most visible trend in the mechanical watch industry today, said D. Malcolm Lakin, managing editor of the industry magazine *Europastar*. The device slowly rotates the most sensitive elements of the watch, such as the balance and the balance spring, in order to counteract the errors caused by the pull of gravity. Originally designed in the 19th century to improve accuracy in pocket watches, which generally spend most of the time in the same position, it provides little help in the more mobile wristwatches.

But that's not the point. "It is expensive and elegant to have it in a wristwatch," said Lakin.

In any case, the telling of time has become almost incidental to these masterpieces of mechanical technology. "You don't buy these watches to know what time it is," Hayek said.



Otto Pohl is a freelance journalist based in Berlin.

Harry Winston's Opus 3, starting at \$122,000, shows the time and date in six portholes.



The Simplicity watch by Philippe Dufour, which sells for 48,000 Swiss francs, eschews complications in favor of artistry.