

Rolex CEO Jean-Frédéric Dufour: «I don't like it when people compare watches with stocks. We make products, not investments»

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Inside Switzerland

This week, Swiss watch manufacturers are presenting their new products at Watches and Wonders in Geneva. In an interview, the trade fair's management duo outline their vision for the event's future – and identify the big name missing from the show.



Selling dreams: Rolex CEO Jean-Frédéric Dufour presides over the foundation behind the Geneva watch fair.



Expects 45,000 visitors: Matthieu Humair is organizing the event with a team of 30 employees.

Rolex, Patek Philippe, Cartier, TAG Heuer and Vacheron Constantin will be there, but the Swatch Group brands are missing. Starting on Tuesday, the Watches and Wonders trade show for the watch industry will be held in Geneva for a week. This year, 54 brands will be presenting their new products. It is the most important event for the industry, not least because these are not easy times. As Jean-Frédéric Dufour, president of the Watches and Wonders Foundation and CEO of Rolex notes, the strong franc, the rising price of gold and the continuing geopolitical uncertainty have noticeably cooled the market's momentum.

Against this backdrop, the idea behind the rendezvous in Geneva becomes even more important: Following the cancellation of the traditional Basel watch fair, major manufacturers have come together to make their industry shine once a year. Moreover, they have done so in very Swiss style – based on the «militia principle» (the idea that capable citizens should take on public duties and tasks on a volunteer basis), in a foundation, and with a touch of fiscal equalization. In an exclusive interview, Rolex CEO Dufour and Matthieu Humair, the operational head of the foundation, explain where they want to take the Geneva Watch Salon.

Watch trade fair Watches and Wonders starts here in Geneva on Tuesday. What are you expecting?

Dufour: We are expecting around 45,000 visitors from all

over the world: people who work in the watch industry, journalists, collectors and watch enthusiasts. It is an important event for Geneva and for Switzerland in general. We can show the world our specialties and explain what makes Switzerland special. The people who come are typically well connected in their country's watch world. If they return from the fair with good memories, that's good for our country and the watch industry.

Rolex, where you are CEO, has worked with Patek Philippe and Richemont to ensure that there will continue to be a major watch fair in Switzerland after the demise of Baselworld. What is your goal?

Dufour: Our main aim is to speak with one voice. The watch industry is very important in Switzerland. Everyone here knows someone who works in the watch industry. But in the rest of the world, watches are not at the top of everyone's list. That's why it's important that once a year we present ourselves in such a way that we are heard – not as individual brands, but as the watch industry as a whole. Our dream is that Geneva with Watches and Wonders will become for the watch world what Milan with the Salone del Mobile is for the furniture industry, where the whole region talks about furniture for a week. Without a trade fair like that, which showcases the diversity and expertise of the industry, people might only have Ikea furniture in their homes.

Mr. Dufour, you have been working in the watch industry

for 30 years. How is the industry doing at the moment?

Dufour: 2024 will be a challenging year. It marks the end of a phase in which all manufacturers have been doing well. In good times, production tends to be too high. When markets weaken, as is the case now, retailers come under pressure to cut prices. This is extremely problematic because discounts damage emotional products like ours.

Does this affect all brands equally?

Dufour: There are brands that are very established and very powerful. Their names stand out from the crowd and are always in the minds of consumers. These brands are still doing well. You can also see this from the fact that the resale value of these watches does not decrease.

What are the reasons for the mixed outlook for 2024?

Dufour: We produce everything here at Swiss costs. So the Swiss franc is a challenge. The cost of raw materials has also risen massively. A kilo of gold currently costs almost 66,000 francs. Thirty years ago, when I started in the watch industry, it was still 18,000 francs. Of course that makes watches more expensive. The rise in interest rates is also affecting people's mood to spend, and the geopolitical situation isn't helping either. But, you know, we're used to it in the industry. We sold Swiss watches abroad when a dollar still cost four francs.

Which is something you still do today, when the dollar only

costs 90 centimes ...

Dufour: Because we sell dreams! As long as we do that, nobody can tell us at what price we should offer our product. For a Swiss machine manufacturer, the situation on the export market is much more difficult.

Two or three years ago, watches were seen more as an investment than a dream. Cryptocurrency millionaires, for example, converted some of their money into real assets.

Dufour: I don't like it when people compare watches to stocks. It sends the wrong message and is dangerous. We make products, not investments.

You said that some brands stand out from the crowd. Do you expect the other watch brands that don't belong to this top group to run into problems in the near future?

Dufour: No, I wouldn't call it a problem. The pendulum is now swinging in the other direction, and it is naturally more pronounced for the less-established brands. Brands that may have achieved a 20% increase in sales during the upswing may now be down 15%. For the big players, the fluctuations are around plus or minus 2% or 3%. Major brands never achieve an annual increase of 20%.

Humair: It is all the more important that we have a trade fair like Watches and Wonders in Geneva in such an environment. We are proving here and now as an industry that we are moving forward together, even in times that

are no longer so rosy.

Small watch brands have access to all retailers, journalists and consumers for seven days for 45,000 to 80,000 Swiss francs. The big companies pay millions for the same thing every year: Matthieu Humair (right) explains the pay-as-you-can principle at Watches and Wonders in Geneva.

In your opinion, does the event have to take place in Switzerland?

Dufour: Yes, because it's about Swiss made watches and the Swiss watch industry, which speaks to the whole world. It wouldn't be the same if the Swiss brands went somewhere else. Then it would simply be watch brands trying to sell watches. Here it is more than that.

Klaus Schwab from the World Economic Forum receives calls every day from places like Singapore, New York and

Dubai that want the WEF to be held in their city instead of Davos. Does that happen to you too?

Dufour: Sure, and some places are better suited in terms of logistics, for example. But then it's no longer Switzerland.

This is the second time the trade fair has been organized and managed by the new foundation. What's new compared to last year?

Humair: We have increased the number of public days. Out of seven days, three (Saturday, Sunday and Monday) are now open to the general public. We have also greatly expanded the offerings on these days: You can book guided tours on site, some brands are offering «touch-and-feels» where you can get your hands on the new products, and there is a completely new program with speakers and conferences. In addition to the trade fair in the Palexpo halls, we have also strengthened our presence in the city with guided tours, watchmaking workshops, events in watch boutiques and concerts.

Dufour: I would prefer to open the trade fair to the public for seven days. But it's the Swiss way here: We work with compromises. Perhaps it's even better for the moment that we limit ourselves to three public days. Because there is always a lot going on at the beginning of the fair, it's not a bad thing to be among ourselves – manufacturers, retailers and journalists. I would also have liked to have

announced that the Swatch Group would be there. But unfortunately it's not coming, at least not this year.

What is stopping the Swatch Group from taking part?

Dufour: I don't know. I can't see inside Mr. Hayek's head. I have visited him and his family and invited them. But Nick Hayek has his own ideas. He says that the Swatch Group is very industrially oriented, and doesn't want to waste time with exhibitions. For us, however, it is not a waste of time. We sell emotions and dreams. To keep them alive, you have to tell stories, you have to be active, you can't just sell products. It's a shame, but it's not for me to pass judgment on this strategy.

A large Watch Week in the style of the furniture salon: Does Geneva even have the capacity for this?

Humair: In Geneva, there are around 15,000 hotel rooms across all categories. We currently use 6,500, which is less than half.

The demise of the Baselworld watch fair was fairly recent. What are you doing better?

Humair: Geneva is much easier to reach than Basel, thanks to the airport. We also have prices under control, because we have direct agreements with the hotels, which was not the case in Basel. The hoteliers are satisfied, but they also know that we have a problem if they overcharge. We are responsible for a total of 40,000

overnight stays this year, compared to 35,000 last year, and we bring in 15 million francs in revenue for the hotels.

Dufour: The big difference is the organization. In Basel, the watch fair was run by a company that wanted to fill its exhibition halls and sell as many square meters as possible. Here, it is a nonprofit that organizes the salon on behalf of the brands, with the aim of making watchmaking better known and promoting it on a global level. This also means that we don't simply organize our trade fair and hope that people will come. We actively try to achieve a great response by inviting journalists from all over the world.

Is it less expensive for exhibitors in Geneva than it was in Basel?

Dufour: We have reduced the prices as much as possible. Our system is also very Swiss: Half of the brands pay for the other half, similar to the financial equalization of the cantons.

Humair: Independent watch manufacturers pay a price per square meter of 1,800 francs at the fair. As a small watch brand, you have access to all dealers, journalists and consumers for seven days for between 45,000 and 80,000 francs.

Dufour: That's not a small amount of money, but a double-page advert in the lifestyle supplement of the Financial Times isn't much cheaper either.

Are you being overrun by manufacturers who want to exhibit?

Dufour: Yes, we had to make a selection this year. The quality has to be right and the people behind the watches have to be serious about their commitment. We don't want any opportunists in Geneva.

Do exhibitors have to commit themselves for several years?

Humair: The big ones for two years, the independent ones for just one year. But you have to bear in mind that the big players invest millions in the trade fair every year.

«The watch is the last purely mechanical product»: Rolex CEO Jean-Frédéric Dufour (left) says he is committed to the entire industry.

Who decides which brands are allowed to come?

Dufour: This is decided by the foundation board, which consists of four members: Cartier, Patek Philippe, Richemont and Rolex. Funnily enough, Cartier, which belongs to the Richemont Group, and its parent company don't always have the same opinion. However, we generally try to reach a unanimous decision.

Four members – that is a very small committee.

Dufour: Indeed, but I hope that we will soon be able to communicate new additions not only to the participating brands, but also to the Board of Trustees.

Compared to last year, eight new brands have been added, but two companies that were there last year are also missing. Were they uninvited?

Dufour: No, that was their decision. Rebellion Timepieces stopped producing watches, and Charles Zuber had internal reasons.

Some watch manufacturers use Watches and Wonders to make an unofficial appearance alongside the trade fair. Is that a thorn in your side?

Dufour: We call them pirates. But that's all right.

Humair: As long as it also helps to generate attention for watchmaking in Geneva.

How many watch manufacturers from abroad are exhibiting in Geneva?

Humair: Grand Seiko, Lange & Söhne, Ressence and now Nomos and Bremont – it already has a few.

Dufour: The manufacturers can apply. But not that many names come to mind.

Is the aim to depict the Swiss watch landscape as completely as possible?

Dufour: It would be fantastic if the Swatch Group were to join us. But we can't decide that for them. And as I said, our main aim is to showcase the achievements of the Swiss watch industry once a year. It's not just about brands. It's about craftsmanship, about a rich history, about a long-lasting product. A product, of course, that could one day disappear.

Why?

Dufour: There have always been turning points in watch history when things could have gone differently. The wristwatch, for example, is a relatively recent invention. Between the world wars, it was mainly pocket watches that were still being produced. It cannot be taken for granted that the industry has successfully mastered this change. We must ensure that people continue to wear wristwatches in the future, whether for social reasons or for other motives. The competition for wristwatches is

fierce. Fitness trackers, smartwatches, bracelets. I'm always surprised when colleagues of mine say: «People will always wear watches.» It's not God-given, it's a fragile industry that we have to take care of.

What makes watchmaking so special?

Just look at what we are driving or taking photos with today. The watch is the last purely mechanical product.

Watches and Wonders – Showcase for the watch industry

Watches and Wonders, which takes place every spring in Geneva, is the world's largest watch fair. It was created in this form following the collapse of the Basel watch fair Baselworld during the coronavirus pandemic. At that time, the most important Baselworld exhibitors – including Rolex and Patek Philippe – knocked on the door of the Geneva Watch Salon organized by Richemont. The idea was to organize another major watch fair in Geneva, not on the same scale as Basel, but with a focus on quality watchmaking. The various companies came to an agreement, and in September 2022, Patek Philippe, Richemont and Rolex jointly founded the nonprofit Watches and Wonders Geneva Foundation, which has been responsible for organizing the fair ever since.

Watches and Wonders [is open to the public on its last three days](#) (April 13 to 15). Last year, the 12,000 tickets were sold out; this year, the number of admissions has

been increased.

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