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Baselworld in Turmoil

*Demise of the Baselworld Show as We Know It:
Swiss Watch Industry in Turmoil*



Martin Foster FBHI

Baselworld was Switzerland's oldest and largest watch fair. It was the evolved outcome of the 1917 'Swiss Industries Fair Basel' and has been the watch industry's 'go-to' fair, fondly known as the Basel Fair, for the last seven decades.

Basel Fair enjoyed global recognition as the cornerstone of the Swiss watch industry and adopted the current 'Baselworld Show' banner in 2003.

The Basel Fair morphed exclusively into a watch and jewellery trade fair from 1931.

Sixty years later in 1991, the first cracks opened in the now famous fair when the Richemont Group decamped and took its luxury brands to Geneva, exhibiting under the banner of the new Salon International de la Haute Horlogerie (SIHH).

Richemont argued this by declaring it wanted a different environment for the brands to meet their agents, buyers and preferred press.

But actually this was already possible within the framework of the Basel exhibition complex and the general feeling was simply that Baselworld and the Richemont Group got up each other's nostril and the irritation was left unresolved.

However the Richemont decamp was more than just straws in the wind and growing rumblings in the big end of town and the appalling loss of the Swatch Group in 2018 should have set alarm bells ringing much louder than they were.

Relevant here is to understand the scale of the Baselworld operation. In its peak years there were in excess of 120,000 constructors, buyers, visitors and journalists who visited Baselworld and Basel city during the show and were caught by the finely honed culture across Basel of personal and corporate wallet gouging.

A timeline of the collapse of the confidence in Baselworld reached crisis point in mid-April 2020 when the two heavy-weight cornerstones of Hall 1.0, Rolex and Patek Philippe, gave their notice to quit.

We can gloss over unpalatable facts but MCH Baselworld together with the Basel City support services, manifestly overstepped tolerable gouging limits created by the monopoly conditions of the Baselworld Show.

This has been reported in these columns for over 30 years.

As recently reported in the London *Telegraph*, prominent London author and watch writer James Dowling who has been attending Baselworld for over a quarter of a century says 'At the start, I enjoyed the show, it was a social occasion, a chance to connect with people from around the world who I saw only once or twice a year.'

Dowling cites Basel's universal practice of increasing hotel prices by up to 500 per cent and forcing visitors to book for the entire week of the show no matter how long their actual stay, plus the hugely inflated prices for food and refreshments sold to a captive audience. 'Compared to SIHH [Geneva],

April 1991

Richemont brands depart for SIHH Geneva

2 July 2018

Swatch Group departs to create an in-house event

14 April 2019

Breitling departs to create the 'Breitling Summit'

7 November 2019

Seiko and Grand Seiko depart to create the 'Grand Seiko Summit'

11 February 2020

Bulgari departs (COVID-19)

24 February 2020

Citizen and Bulova depart (COVID-19)

27 February 2020

Watches & Wonders Geneva cancels for 2020 (COVID-19)

28 February 2020

The Swiss government declares a ban on events with more than 1000 people (COVID-19).

28 February 2020

Baselworld 2020 'postpones' to January 2021.

26 March 2020

Dr Ulrich Vischer, Chairman of the Board of the MCH Group which owns Baselworld, concedes the company has 'abundant liquidity' with CHF 138.3 million in the bank.

30 March 2020

Baselworld informs exhibitors that they are not contractually entitled to any refund for the 'postponement' of the 2020 show. It does, however, offer an 85% refund of the 2020 fees.

6 March 2020

Hubert J. du Plessix (Rolex), President of the Baselworld Exhibitors Committee, states his displeasure and fear that this will spell the end of Baselworld.

8 March 2020

Baselworld CEO Michel Loris-Melikoff says Baselworld is 'in survival mode' and cannot afford full refunds to exhibitors.

1 March 2020

Rolex, Tudor, Patek Philippe, Chopard and Chanel pull out of Baselworld.

7 May 2020

MCH Baselworld cancels the January 2021 show, stating: 'The MCH Group has taken the decision not to hold Baselworld 2021.'

12 May 2020

'Baselworld' branding will be dropped. New presentation city and formats for presentation are under investigation.

Baselworld always left me feeling like I had been conned by both the organisers and Basel itself,' he says.

Francesco Patti, watch industry reviewer from *L'Orologio* magazine in Milan, expresses similar sentiments: 'Seriously, the management (and all the secondary operators such as hotels and restaurants) went too far in their greed-focused attitude and this is the only possible consequence. For the mid and small brands the formula of the fair can still have a sense, but I think that at this point all the chances are open. Probably it would be easier to create a completely new fair in Europe, based on the new issues of the exhibitors, buyers, and industry operators. Sometimes to build from ground zero is easier than trying to fix the old ruins.'

Elizabeth Doerr, influential journalist for Quill & Pad, has expressed similar reservations in her industry reviews.

The corporate Swiss obsessive preoccupation with money means that naked greed has damaged Baselworld and Basel City beyond simple remedies. Even in this last year when the advent of COVID-19 provided a special opportunity, a circuit-breaker, the MCH Baselworld management was unable to grasp the moment and lost enormous goodwill and the chance to back-off and restart.

Michel Loris-Melikoff, Baselworld's new Managing Director, was parachuted in to resolve and roll back the erosion of goodwill of the previous 25 years. It serves no purpose to blame him as he inherited a mortally damaged trade fair which may not simply be rectified by endless promises of yet more 'digital platforms running the whole year'. After all, de facto digital platforms already exist. Any of the brands are quick off the mark at any time during the year with helpful material for the press.

'Together with the exhibitors and visitors, we are working intensively on clarifying and discussing the requirements and options for new platforms,' said Mr Melikoff. 'We will be taking a decision on possible follow-up formats by the summer.'

Now above all else and ignoring superficial gloss, Baselworld, the SIHH (now called Watches & Wonders), Inhorgenta, the Hong Kong Watch & Clock Fair, Dubai et al are trade fairs. A trade fair is an exhibition organized so that makers can showcase and demonstrate their latest products, meet buyers, agents and the press, study their rivals and examine recent trends. Once established, the brands themselves will provide any additional formats or platforms (digital or otherwise). The watch industry fairs have done this for at least 30 years and in my direct experience have done it very well. Gouging, arrogance and mistrust have now destroyed Baselworld fair and is destroying the 'Swiss Made' branding built up over the last 100 years.

Not helpful to the Swiss is their further gouging which pervades the repair/service industry arising from restrictive spare parts policies of Swatch Group and the brands. This is destroying the domain of independent repairers around the world and opening the way for yet wider rotting of in-factory servicing and thus generating wider antipathy.

Finally, this week MCH Baselworld has bitten the bullet and announced its demise.

'The name of Baselworld will be dropped,' a spokesperson for the exhibition told WatchPro in an exclusive statement this week.

'A new format can be reborn' the statement continues. 'The destination can be chosen once the new format is chosen.'

The rebuilding of an MCH trade fair will not be a simple matter of clicking back into old ways when the pandemic recedes. Buyers and visitors may well be strongly attracted to a try-out elsewhere and breaking the mould may indicate shifting the new fair out of Switzerland or rotating it through major global centres.

But don't expect to see any return of the Baselworld we all knew and loved.

They blew it because they did not know when or how to back-off and the corporate arrogance prevailed for too long.

Change, Fragmentation and Confusion

At the conclusion of the Basel Fair in 1998, the HJ's then-editor, Tim Treffry HonFBHI, published his assessment of the state of the Fair. His comments are prescient; of special note is his idea of a 'digital' Fairs experience, more than 20 years ahead of the curve. We reproduce an extract of that piece below, titled as above, published in the June 1998 edition.—Justin Koullapis

Timothy Treffry suggests Swiss fair organisers should try to take a more constructive approach to the needs of the industry.

The Past

If the Basel Fair was in Britain it would be protected; perhaps as a site of special scientific interest. The layout of the linear run of halls 101 to 106 has for many years portrayed the complex hierarchy, politics and history of the world watch industry.

The grand old heavyweights Patek Philippe, Audemars Piguet, IWC and Jaeger-leCoultre have pride of place, with Zenith, Girard-Perregaux and Rolex further along. Omega is well positioned in Hall 103 but SMH [now Swatch Group], as a company, has no stand. This is due to an ancient

disagreement when SMH held a satellite fair on a train on a Basel siding. The Japanese giants Citizen and Seiko have quite prominent positions replacing the many firms which disappeared in the 70's. 'Dead men's shoes' has traditionally been the only way to get a better place.

Reorganisation

When Basel-98 closed, demolition teams moved in and an entirely new complex, (apart from the Messeplatz facade which is to be preserved) will be ready for Basel-99. This has provided an opportunity for a complete reappraisal of the layout. Exhibitors were given a complex questionnaire and attempts were made to rank them by global impact and to allocate space and position accordingly. Whereas the historic arrangements and fudges were understood and accepted; the new proposals caused an uproar. There have been at least two stages of back-tracking. Deals and compromises are still being made. New layouts will require many exhibitors to build new stands. By some magic of modern design there will be a little less floor space but more volume. Multi-story stands will be the answer for some companies; but these are very expensive.

Competition and Rancour

These problems have provided a boost for the hitherto rather static 8-year-old Geneva rival SIHH, organised by the Vendome Group. This *Salon International de Haute Horlogerie* is a different kind of fair. The entire exhibition is designed as a coherent unit in which participants are allocated space in two categories. It is a closed fair with visitors invited by the participants. The aim is to create a luxury environment. Visitors are ferried to and from their 5-star hotels in limousines and executive coaches, wined and dined and entertained. Whereas in Basel the major participants own their stands, which include display, refreshment and sales areas; in Geneva they simply rent space and contribute to the considerable overheads for communal hospitality.

But SIHH has also had its disputes. Having previously welcomed Franck Muller as a watchmaker adding lustre to the Salon, this year the committee decided to redefine presence at the 'top table' as restricted to those who have been 'recognised internationally for several decades'. Franck withdrew in a huff and decorated Geneva with hundreds of street posters inviting visitors to WPHH; the World Presentation of Haute Horlogerie at his workshop chateaux, involving his own watches and the new range launched by Versace. The three-way sniping between Basel, SIHH and WPHH reached

a point where the Swiss Press were reporting watch politics rather than watches.

A comprehensive 'Welcome' campaign had all the Basel Fair staff sporting special badges and plates of the famous local biscuits appeared in Hotel rooms to make welcome visitors feel less exploited (the weaker Swiss Franc helped even more).

The Future

It is clear that the Basel Fair faces an increasingly competitive situation. Not only are there many other national and regional fairs, there are also an increasing number of travelling exhibitions simply held in Hotels. Basel will undoubtedly remain the premier fair for many years; there is no point in Basel and SIHH sniping at each other. These two Swiss Fairs should collaborate and find ways of making it easier for visitors to attend both. Selling watches is the name of the game. But the nature of marketing is changing, it is being said that 'customers don't want choice, they want what they want'. They simply need to know where to find it. Basel has a unique information base of exhibitors and their products. It could end up having a considerable value, via the Internet, as a 12-month 'virtual fair'.