“While watches remain highly desirable products, with Rolex found to be one of the most desired watch brands, watch ownership continues to decline as consumers are increasingly turning to their mobile phones to tell the time.”

– Tamara Sender, Senior Clothing Analyst

In this report we answer the key questions:

- How is the rising price of precious metals impacting on sales of jewellery?
- What is being done to tackle the rise in sales of counterfeit jewellery?
- To what extent are alternative devices, such as mobile phones, threatening the watches market?
- How important is gifting to the watches and jewellery market?

The watches and jewellery market is facing tough times as slower consumer spending combined with rising precious metal prices and raw material costs have taken their toll on the sector. As a result, Mintel estimates that market growth in 2012 will remain almost flat as consumers continue to spend cautiously in the uncertain economic climate and rising average selling prices of both jewellery and watches deter people from self-purchases.

The sector has nevertheless remained resilient and is not in decline, as gifting remains a reliable source of sales, with watches and jewellery considered to be a great present for a special occasion. Consumer research shows that two fifths of consumers who have bought jewellery in the last five years enjoy receiving precious metal jewellery as a gift and almost a quarter (24%) of consumers enjoy receiving a watch as a present.

The soaring price of gold and silver has led to a decline in volume sales of precious metal jewellery, with the self-purchasing market worst hit as women are less prepared to pay the high prices for fine jewellery and are opting instead for costume jewellery. As demand for fashion and branded jewellery grows, having become an accepted alternative to precious metal jewellery among all ages and socio-economic groups, high street jewellers and retailers have responded by selling it alongside their precious metal ranges.