



**FUNDAMENTALS OF ENTREPRENEURSHIP (ENT300)**

**CASE STUDY**

**NAME OF COMPANY**

SWATCH

**TYPE OF BUSINESS**

Wrist Watch Manufacturer

**PREPARED BY**

**FACULTY & PROGRAMME :**

DIPLOMA IN APPLIED SCIENCE (AS120)

**SEMESTER :**

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**SUBMISSION DATE:**

24 November 2017

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## 1) EXECUTIVE SUMMARY

The Swatch Group released its first swatch watches in 1983, shocked the world. From then on, the Swatch Group has kept the leading position in watch manufacture industry. Nowadays, the watch industry gradually combines the elements of luxury and fashion. The watch industry has experienced many challenges. However, the motivation of innovation spurred the industry steps forward. The future trend of the watch industry include to be “greener”, to base on e-commerce and to pursue the theme of luxury. As the world’s largest watch manufacturer, Swatch Group occupies the number one position in the industry. It diversified its revenue to improve outputs. Besides, the strong financial performance and the production capability are also its strengths. However, its employee productivity and the assets turnover make the company lose part of its profits. The good opportunities of which are the cooperation with Tourneau and the reposition of Omega, which is the luxury brand under Swatch Group. Threats are the increasingly cost of materials to manufacture watches and emerging counterfeiting goods. In 2007, more than half of the Swatch Group’s entire sales came from Europe, sales in Asia and the U.S. account for 35% and 11% separately. In the watch market, there are many competitors for the Swatch Group, including the Rolex Group, the Richemont Group, the LVMH Group, the Citizen Group, the Seiko Group, and the Desco Group. However, as the biggest watch manufacturer around the world, the Swatch group has a comparative advantage over the competitors. In the short term, three recommendations are available. Firstly, explore new materials to make up watches. Secondly, react to different preference of consumers from different countries positively. Thirdly, take actions to reduce counterfeit goods. In the long run, the Swatch Group should improve its operation management and concentrate on researching and innovation. Joint venture is a good way to vary marketing strategy to adapt to the current globalization. Furthermore, choosing a variety of products or marketing methods in accord with different countries and assembling multiple advantages within one brand are suggested. The Swatch Group is a successful international corporation with a lot of comparative and competitive advantages. If the company put the recommendations mentioned above into practice, and keep its dominancy as well, great success will be achieved in the future.

## **2) VISION, MISSION AND OBJECTIVE OF SWATCH COMPANY.**

### **a) VISION**

- Produce beauty, sensuality and emotionality in watches.
- Produce high technology watches and increase it's accuracy.

### **b) MISSION**

- To have people realize the quality wise of Swatch products
- To balance the product image between the design and quality wise
- To change people's perspective toward the price of the products.

### **c) OBJECTIVES**

- Explore purchase behaviour for watches in terms of timing, information search and spending.
- Evaluate people's motivations for purchasing watches for themselves.
- Identify young people's emotional connection to the Swatch brand.
- Examine brand awareness of Swatch.
- Emphasize on the quality of the products through advertisement
- Bring the brand closer to the people by organizing exhibitions and contests
- Change the way of approaching people using the brand image

### 3. INTRODUCTION

Swatch is a wrist watch manufacturer, originated from Switzerland. Swatch is well known on the uniqueness and the varieties of their designs, as well as becoming a brand which follows current trends and styles. Since the brand was introduced in 1983, by placing itself under the parent company Swatch Group, Swatch has been one of the largest and well known watch manufacturers in the world. Swatch is known for their simple and stylish designs, which attract a lot of consumer especially young people who are passionate and concern about their appearance and style. Swatch products are classified in different groups, which are Swatch Originals, Swatch Irony, Swatch Skin, Swatch Beat, and Swatch Bijoux. All these groups are the main ranges of the Swatch products, each of the group have their sub-families which include different designs and different choice of colours. The Swatch Originals are the first and the main design of Swatch. The watches are made with plastic materials and it comes with a lot of different colours, sizes, and designs. The Swatch Originals are the most familiar group of Swatch and it represents the main image of the brand. The Swatch Irony is the watches that are metal cased, the watches designs are professional and can be used in formal occasions. The Swatch Skin is the thinner version of the Swatch Originals, the Skin family currently holding a world record of thinnest watch which measured at 3.9 millimeters. The Swatch Beat is a decimal time concepts, the watch has digital display and the time is set to international time zone. The Swatch Bijoux however is not a watch product line, it is the jewelry products made by Swatch and their partner, Swarovski. In this situation analysis, the focus will be on the Swatch Originals product line. This is relevant as the Swatch Originals gives direct brand image of Swatch and it is the most familiar Swatch product line among the audience. Swatch is already an established brand in the market. They have been in the industries for over 20 years and have been known from all around the world. However in Malaysia, people may have different and negative perspective toward the brand. Swatch is known for their simplicity and stylishness, and their watches are known for using plastic element as the main material. For that, people tend to believe that the price of Swatch watches are unreasonable and expensive, most people would compare the high price of Swatch with those cheap watches in night market that look almost the same, regardless of the high quality of Swatch watches. The other problem is that Swatch is less known for the quality of their products, this is because they emphasize mainly on the design of their watches. So, people would question about the price of their product.