

**CITY UNIVERSITY OF HONG KONG**

香港城市大學

**Consumer Values Analysis for Middle-Priced  
Watch in China**

中國中價手錶消費者價值分析

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# Abstract

Over 1 billion watches are sold every year, globally. However, there have not been many research studies on the related topics. Similar products like fashion products are often focused on the two price extremes – high-priced and low-priced. Among these products, China contributes the most revenue or sales to the luxury side. But the future of this ever-growing market has become questionable since the introduction of anti-corruption legislation. On the other hand, the low-priced products are not worth investigating due to the profit margin. Therefore, it may be an interesting idea to look into the market that is in the middle of the two sides. Middle-priced products can have some of the high end features while they can provide higher revenue to the sellers in comparison with the low-priced products.

Previous studies have defined “luxury” as the value that differs among individuals. This value concept is even more important in the middle setting as it cannot afford “luxury” in every single aspect. Watch is used as the major context not only because of its high monetary contribution but also the change in function. The traditional value “Time telling” - is obviously not enough to fulfill the needs of the customers. This research study aims to find out which factors should be focused on in order to make the highly ignored but must change market - middle-priced watch - “valuable”.

In order to investigate the middle market from different perspectives both the customers and the sellers were included in the study. They were asked to state explicitly the price that can be viewed as a “middle” price for a watch. It is found that the price range is quite different among different groups. After that, both parties were asked to reveal the importance of various notions of value for watches in

different price ranges. These values include the function, design, social, self-image etc. Their values were then compared to see whether there are discrepancies in the value perspective among the two parties. For the customer side, the attitude towards origin of the watch, price concerns, social constraints and the behaviors in watch purchase were also analysed. For example, whether peer pressure would hinder the purchase of a watch in various price ranges. For the sellers, they were asked about considerations that made them to decide whether to sell or not to sell the middle-priced product and what factors will make the middle-priced watch to become valuable or not valuable. With all of this information, the true value in both the sellers' and customers' mind of middle-priced watch can be revealed so as to answer the following question:

*“How can the watch industry survive in the tough market situation with the use of  
“middle” strategies?”*

The study shows that there is actually a large difference in the definition of middle-priced in terms of monetary value from the perspectives of watch customers and sellers. In terms of the underlying value, the watch sellers over-rated the importance of most of the value components than the customers in the middle-priced market. However, the study shows that some luxury factors may be applicable in the middle-priced market. Moreover, Swiss is a “brand” name in the watch industry and customers do favor Swiss watches in almost every aspect. However, further investigations should be carried out to examine future prospects of the smart watch and the middle-priced watch market as the sellers do not think that smart watch is a direct competitor at the moment.