

Master of Science HES-SO in Business Administration / Entrepreneurship, Innovation & Growth

# INNOVATION AND DIGITALISATION IN THE SWISS WATCH INDUSTRY: NEW OPPORTUNITIES IN INTERDEPENDENT PRODUCTION- CONSUMPTION SYSTEMS?

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## DESCRIPTION

A case study on local and international Swiss watch brands, suppliers and subcontractors

The objective of this master thesis is to explore digitalisation and innovation opportunities in interdependent production-consumption systems of the Swiss watchmaking sector.

The Industry 4.0 substantially influences manufacturing industries. Smart data are available everywhere in connected networks and devices. The internet of things and e-commerce are examples of digitalisation that finds value in the increasing use of connected devices to internet, making digital sales channel possible to reach global consumers, and in decreasing costs of IT and communication services. Those changes have led to a rising global competition and a reduction of costs of internationalisation.

With digitalisation, information and knowledge diffusion go faster as well as data integration leads to advanced analysis and control of business activities. Fundamentally, these changes are not new and they do not drastically transform the watch luxury segment but they are complementary to both non-technological innovations such as labour organisation or customer experience, and technological innovations such as media content creation.

## OBJECTIVES

The research aims firstly to examine the current state of digitalisation in the organisational structure of the Swiss watch industry and how inter-functional coordination is impacted. Secondly, to provide key ideas that have been successful in raising the level of innovativeness and business performance.

The paper also replies to the central research question:

**Are there innovation or digitalisation opportunities in inter-functional coordination of Swiss watch industry?**

And sub-questions:

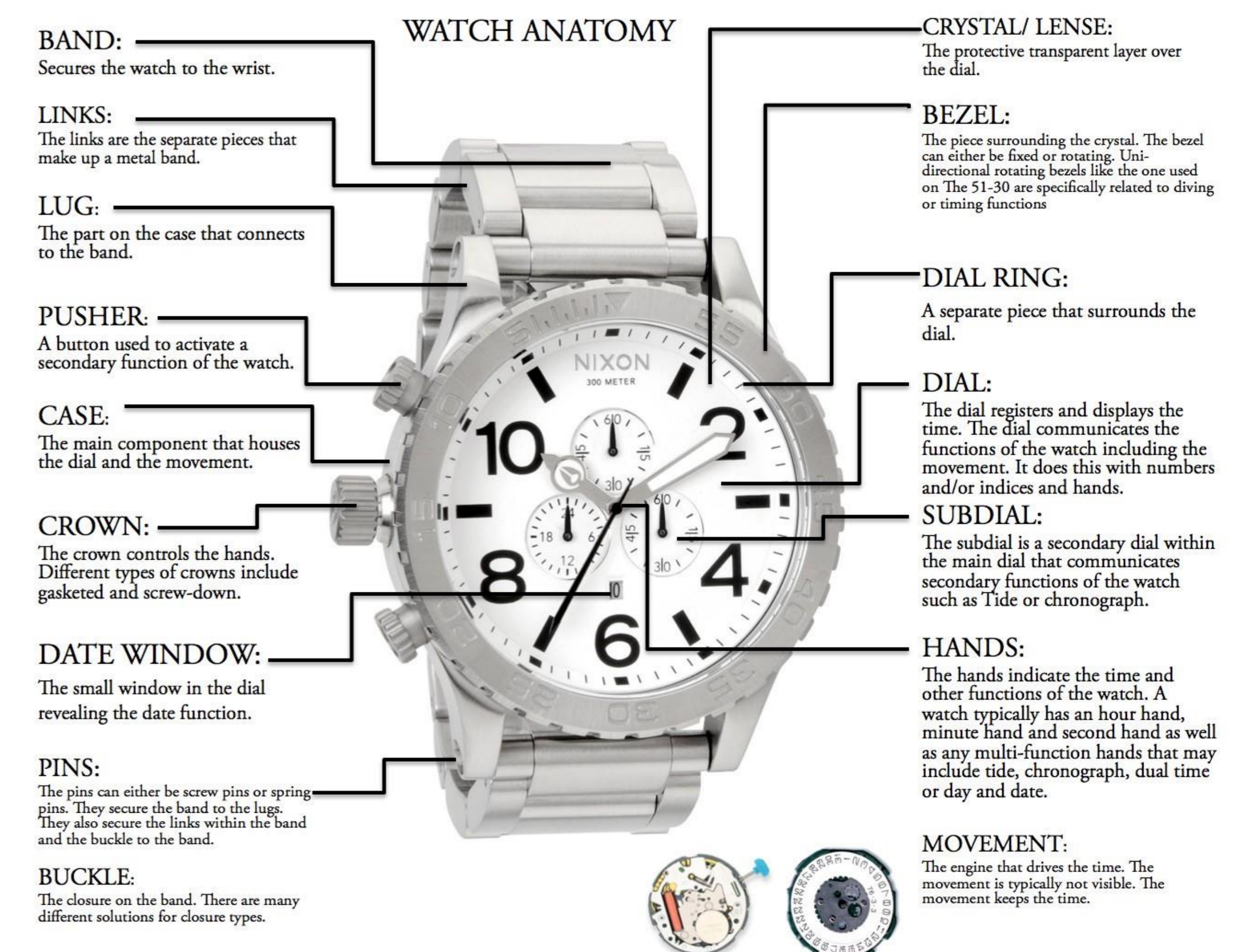
- How inter-functional coordination is impacted by international production-consumption systems?
- What is the role of technology in inter-functional coordination?
- Where innovativeness takes place in inter-functional coordination?

**Hypothesis:**

“Digitalisation positively contributes to processes in the Swiss watchmaking value chain”

## RESULTS

### Watch body & components



### Opportunities

### Management Insight



### Possible outcomes

Suppliers & Subcontractors

- Consider local presence for multi-location production.
- Organise meetings or workshops with value chain's actors
- Evaluate benefits versus risks of outsourcing.
- Facilitate coordination and co-creation activities.
- Diversify supply sources and capacities.

- Improve lean manufacturing.
- Increase added-value of products.
- Reach new market segments.

Watch brands

- Provide trainings and tools to staff enhancing customer's experience.
- Prefer a flat hierarchy.
- Stimulate innovation through brainstorming, cooperation, lead projects.
- Create an entrepreneurial culture.



- Develop customer loyalty.
- Increase performance.
- Achieve sustainable competitive advantage.

### Value Chain

