

DEPARTMENT OF COMMERCE  
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OF  
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WATCHES AND CLOCKS.

No. 318-7.

TO EXPORT MANAGER:

MARKET FOR WATCHES AND CLOCKS IN CHINA

(Based on report submitted by Trade Commissioner A. Bland Calder, Shanghai)

6710; 6710.1; 6711; 6712; 6715.1 - .3; 6719; 6719.1 - .5; 6720; 6721; 6729; 6729.1 - .7.

China does not have a domestic production of either watches or watchcases, the entire demand being supplied by imports. The manufacture of clocks is limited. One Chinese firm with head office in Shanghai, and 25 branches and 50 agencies scattered throughout China, has a small clock factory at Shanghai. Most of the clocks produced in this factory are copies of European or American products. This company specializes in tower clocks and claims to have made many installations on public and other buildings. It is the hope of the management to develop this clock factory to the point where it can eventually supply the bulk of the Chinese demand. It is reported that a few clocks are made in Canton. Apparently the quantities manufactured are exceedingly small and unimportant compared with the total volume of trade.

All Types of Watches and Clocks are Imported.

Practically every conceivable kind and size of watch or clock made, from the very cheapest to the highest grade, is imported. The bulk of the clock supply comes from Germany and Japan, while Switzerland is the chief supplier of watches. By far the greater part of the business is in cheap watches and clocks, though there is a certain and growing demand for medium and high priced goods.

Wall Clocks Are in Great Demand.

The chief demand in clocks appears to be for cheap round or octagon shaped lever type wall clocks in all sizes for offices and public places. Cheap fancy clocks, both the wall and mantel types are in demand for household use. Porcelain clocks are also popular as are glass enclosed mantel or table clocks with ornamental gilt or gold plated frames. Novelty clocks of all kinds, if cheap, sell well and there is some demand for alarm clocks, small and large. All types of small desk or table clocks are on sale in watch and clock stores and department stores, as well as a complete range of all others, including the grandfather clocks with chimes.



Striking clocks are much preferred, the Chinese enjoying this feature and valuing it especially. There is even a story from the days of the Manchu dynasty to the effect that the Empress Dowager had a large number of striking clocks placed in one room at the summer palace in Peking, all timed so that some one or more clocks would be striking every minute or so, without regard to time, the effect being the chief consideration rather than the utility of the clocks as time keeping devices.

#### Japan Leading Competitor in Desk and Large Dial Clocks.

Japanese clocks of several styles ranging from small one day movement table or desk clocks to large dial clocks suitable for use in railway stations offer the American clock the greatest competition. A plain, 10-inch drop octagon striking eight day wall clock manufactured by a firm in Tokyo can be imported into China at around 3 taels (\$4.17 Mexican) each, and are retailed at \$7 to \$10 Mexican. A plain round 12 inch striking eight day wall clock by the same manufacturer can be imported for 5 to 6 taels (\$6.94 to \$8.33 Mexican) and is retailed at \$12 to \$15 Mexican each. (Average value of the Mexican dollar was \$0.50 in 1926.)

#### Competition from Germany in Alarm Clocks.

The ordinary type of standard size cheap alarm clock of German manufacture can be imported at 10 Shanghai taels (\$6.10 U. S.) per dozen, and these retail at \$1.40 to \$1.50 Mexican.

An American clock company used to put out a clock in plate glass case with gold or gold-plated frame and top, which was very popular, but the line was discontinued and the local Chinese importers were obliged to go to German manufacturers who copied the design and put out a cheap gilt product which appears to have a popular sale, clocks of this type being found in all shops.

#### Cheap Watches Have Greatest Sale.

All kinds of watches are offered for sale. One German product, supplied both in white face with black figures and in black face with luminous dial, is retailed at prices as low as \$1.80 Mexican for the white face and Mexican \$3 for the luminous black dial. The delivered cost of these watches at Shanghai at wholesale is 10 to 12 taels per dozen for plain face, and 16 Shanghai taels per dozen for the luminous dial watches. One organization has reported that they are selling these at the rate of a thousand or more a day. The Chinese agent cleverly put this watch out with a small circular photographic likeness of Dr. Sun Yat Sen about the size of the second hand dial, pasted on the face just below the XII. They call it the Sun Yat Sen watch. It is reported that it sells especially well in territory occupied by and under the control of the Southern or Nationalist Government.

#### Wrist Watches Very Popular.

Wrist and pocket watches for both men and women, ranging in price from \$2.50 to \$8 Mexican are prominently featured in most of the watch and clock shop windows. These are practically all European watches. However wrist watches selling at prices ranging from \$10 to \$20 Mexican have the greatest sale. One popular wrist watch has a nickel finish case, open face lever action about thirteen-sixteenths inch in diameter, plain white dial with black numerals, and small minute dial and second hand. This watch costs at wholesale laid down in Shanghai approximately 36 taels (\$50 Mexican) per dozen, or \$4.17 Mexican each, and is retailed at \$11 Mexican each. The watch is sold with a three years' guarantee. The inside back cover of the case is marked "Platinin", the movement is marked "Swiss Made" and "15 Jewels 3 Adj", which gives some idea of how misleading labeling may be.

Another watch, which also has a popular sale, is one in a 14 carat yellow gold finish case, slightly ornamental in design, with gold dial face, each numeral being set in black or red in a tiny white circle. This watch costs 6 taels (or about \$8.33 Mexican) each, at wholesale laid down in Shanghai, and retails at \$17 or \$18 Mexican. This watch is one inch in diameter and has lever action movement.



The following statistics which cover a period of troublous times in China indicate the growth of trade in these commodities under adverse conditions.

### Imports of Clocks and Watches into China

Value in Haikwan Taels

Imported From	1923	1924	1925
Switzerland.....	648,601	1,097,779	871,412
Japan (including Formosa).....	527,083	560,078	567,995
Germany.....	342,102	887,777	238,121
France.....	186,694	229,524	131,210
Hong Kong.....	164,900	189,668	88,920
United States (including Hawaii).....	101,471	128,167	74,637
Italy.....	168	21,042	72,472
Great Britain.....	43,623	44,617	43,084
Turkey, Persia, Egypt, Aden, etc.....	---	---	4,567
(Chosen) Korea.....	7,785	5,019	3,238
French Indo-China.....	600	3,094	1,762
Belgium.....	1,230	3,209	1,530
Netherlands.....	7,441	573	1,009
Russia and Pacific Ports.....	1,164	980	889
Macao.....	269	647	762
British India.....	222	112	520
Canada.....	---	32	68
Philippine Islands.....	4,955	3	58
Singapore, Straits, etc.....	197,689	17,836	7
Denmark.....	1,006	2,735	---
Russia and Siberia by land frontier.....	228	50	---
Norway.....	487	---	---
Sweden.....	72	---	---
Siam.....	55	---	---

Direct gross import.....	2,237,845	3,192,942	2,102,262
Reexported abroad.....	163,717	92,789	36,307

TOTAL NET IMPORT.....2,074,128 3,100,153 2,065,955

Note: The average value of the Haikwan Tael during the years mentioned was as follows:

1923 - U. S. \$0.80

1924 - .81

1925 - .84

### Channels of Distribution.

The Chinese-owned shops and chains of shops either buy direct from the manufacturer's representative, opening credits or forwarding cash in advance, or buy through a foreign importing firm with offices in China. The idea that competition is the spice of trade does not necessarily hold good



in China, it is believed, insofar as the operation of American firms is concerned. The competition of other nationals, the vagaries of Chinese business conditions, rapid and violent silver exchange, and other adverse conditions which American firms operating in China are obliged to face, furnish sufficient obstacles without the addition of competition between Americans, especially in lines of goods where the volume of business is likely to be too small to support more than one good organization for the first several years of concentrated sales effort. It might prove a very practical solution for all American watch and clock manufacturers interested in selling to China to concentrate their efforts in one selling organization to deal with all Chinese distributors.

#### Prospects for the Sale of the American Watch and Clock.

If American manufacturers can produce a cheap quality article in competition with the cheap quality European goods already on this market, they can secure a larger immediate share of the business. However, if American manufacturers do not care to enter into competition with cheap classes of goods and prefer to market a quality article, time, effort and money must be invested in developing the foreign market in proportion to the return expected from that market. Advertising and sales effort will, in the course of time, in China, accomplish the same results as elsewhere, and as China's economic status improves, the demand for goods of quality will increase, though for many years to come it is quite safe to assume that there will be a very large market for cheap watches and clocks.

#### Care Should be Used in Selecting Dealers.

Lists of dealers, importers, and distributors, including jewelers handling watches and clocks, will be furnished upon application to the Commercial Intelligence Division. However, it is strongly recommended that American manufacturers make no attempt to get into direct contact with the companies listed. The Japanese, French, German, and Swiss companies on the list would not prove desirable agencies for the marketing of American products in the watch and clock field. The Bureau's China organization will be in position to give advice in each specific case, and several features should be given consideration, particularly the size, credit standing, and likelihood of permanency of any company or group of companies which might be selected as agents for American watches and clocks not represented in China.

### INDIA

(Based on Consular Report No. 243147, Calcutta, India, March 23, 1927.)

Mr. Leonard Taylor will arrive in this country at New York, about June 1, 1927, and expects to be in the United States about six weeks. His address will be the Biltmore Hotel, New York City. As Director of the Publicity Society of India (Ltd.), 10 Ezra Mansions, Calcutta, India, Mr. Taylor is one of the most progressive advertising men in India, and claims to be particularly interested in increasing American trade and in advertising American products in India.

The purpose of his trip as reported to us is to interest American manufacturers in advertising in India. He desires to make connections with various manufacturers of non-competitive goods who wish to enter the India market and who can not find satisfactory representatives. He proposes to assist such manufacturers to unite in sending out an American agent to handle their accounts in common, his interest naturally being to secure their advertising business.

Whether Mr. Taylor's agency plan is workable or not, he at least is conversant with the Indian market and advertising conditions there and should be able to give valuable information to any one interested in exporting American products to India.



#### HIRE-PURCHASE AGREEMENTS IN THE STRAITS SETTLEMENTS.

The question of retention of title to goods by the seller in case of installment sales, hire-purchase agreements, and conditional sales has been raised by a recent decision in the local bankruptcy court, Singapore, Straits Settlements. In this decision a typewriter held by a bankrupt under a hire purchase agreement constitutes a part of the bankrupt's assets.

This decision was rendered in respect to typewriters, but it will probably form an important precedent in other cases involving hire-purchase sales.

#### CHINA

(Cablegram from American Legation at Peking, January 13, 1927.)

#### General Customs Surtaxes to be Levied from February 1.

The Minister of Foreign Affairs and Acting Premier of the new regency cabinet at Peking informed the foreign legations on January 12 that the cabinet had enacted three mandates with regard to the customs tariff of China on that day, of the following tenor:

1. Tariff autonomy will become effective January 1, 1929.
2. The surtaxes contemplated by the Washington Conference of 1922 which were to be imposed after agreement with the maritime customs. These surtaxes consist of a general increase of the present 5 per cent import duty by 2 1/2 per cent additional for general merchandise, and by 5 per cent for goods of a luxury character. Meanwhile the foreign office at Peking is to take up with the legations the question of resuming the tariff conferences with a view to arranging for the higher so-called interim surtaxes.
3. The new revenues thus made available are to be applied (in proportions hereafter to be determined) to three purposes; sinking fund for the abolition of likin; funding of unsecured debts; and urgent administration and construction expenses.