

Phase 1: Strategic Audit for Rolex

Introductions to the Brand & Campaign Justification:

What is the first luxury watch brand that comes into your mind? Rolex, for sure. Rolex has become not only a timeless icon of style and horology, but a statue symbol of the bourgeoisie and a well known investment for conscientious buyers. Born from the expertise of the Wilsdorf and Davis families in 1905¹, Rolex watches have since been manufactured and innovated in Switzerland, making it part of the highest quality swiss watches in the world. It was firstly known for the Oyster model, a watch that could be completely submerged in water and remain perfectly functional. Since then, the watchmaker has grown it's brand value to 8.047 billion USD in 2019² with a market share of around 23.4%³ and annual sales to roughly 5.7 billion USD⁴.

We identified three main justifications for Rolex to adopt a new advertising campaign. The first being the immense impact of COVID-19 which has taken a major hit to the global sales of the majority of retail goods, as well as, the negative impact on supply chains for many brands. The luxury watch market is declining and by advertising their products and brand benefits in a more effective and relevant way. Rolex could take advantage of this market decline to gain even more market share in the luxury watch industry. The next area we explored is the potential sales within a rising consumer base of Gen Z and Millenials who are often intrinsically unaware of the history and brand value attributed to Rolex. Lastly, the women's luxury watch market is changing as standards of femininity change, women are wanting traditionally male branded watches, which proves to justify a differently targeted advertising campaign. Rolex has the potential to undertake a larger advertising campaign as it

¹ 'Rolex Watches History.' <https://www.rolex.com/about-rolex-watches/1905-1919.html>

² Statista, 'Global brand value of Rolex from 2016 to 2020,' (2020, June 19), <https://www.statista.com/statistics/980735/rolex-brand-value-worldwide/>

³ Statista, 'Market share of the leading luxury watch brands worldwide in 2019', (2020, September 11), <https://www.statista.com/statistics/940579/market-share-of-swiss-watch-brands-worldwide/#:%7E:text=In%202019%2C%20Rolex%20had%20the,share%20of%20the%20global%20market.>

⁴ Corder, R, 'Rolex records best-ever sales in 2019 to reach turnover of CHF 5.2 billion. WatchPro USA', (2020, March 24), <https://usa.watchpro.com/rolex-records-best-ever-sales-in-2019-to-reach-turnover-of-chf-5-2-billion/>

has a notably large working capital due largely to the pocket effects, which include market size and revenue streams, which were achieved from early and persistent success.

Brand DNA:

We began by exploring the drivers of brand equity and the ethos of Rolex in order to construct their current system of benefits and to identify strengths and weaknesses. To begin, Rolex offers a very narrowly defined product category to the global market, of which their luxury watches fall under three main subsets; Oyster Perpetual, Oyster Professional, and Cellini (Appendix 1).⁵ Rolex watches start retailing at 5,000 USD, increasing in price by model, style, and materials. Their target segment is primarily adult men who have recently landed a promotion or had some other personal achievement, as purchasing a Rolex has been made to be seen as a marker of success and the brand's personality is closely aligned with sophistication. Although many of their watches carry their own segmentation strategies, what remains constant is that Rolexes are a symbol of the upper class, upholding their gold and green crown logo, a symbol of status and prestige (Appendix 2).⁶ They are primarily purchased by people making upwards of \$100,000 annually, thus their marketing can be largely characterized as an undifferentiated targeting strategy (Appendix 3).

Developing brand image is done by establishing nodes of associations within the consumer's mind. From the time of Rolex's conception in the early 1900s, they have placed an emphasis on storytelling in order to communicate their rational product benefits. Rolex mainly uses complementary advertising strategies through celebrity endorsement and high profile event sponsorships to communicate a set of intermediate effects that are both emotional and experiential. While Rolex likes to project exclusivity and rarity, many watch collectors have noted that the plethora of fakes and countless resale websites make this part of the brand's DNA not necessarily true.⁷ It used to be that Rolex watches were solely sold in

⁵ 'Rolex Watches', <https://www.rolex.com/about-rolex-watches/1905-1919.html>

⁶ Ibid.

⁷ TFL, 'Why There Are More "Counterfeit" Rolexes Than Any Other Product in the World', (2019, June 4), <https://www.thefashionlaw.com/why-there-are-more-counterfeit-rolexes-than-any-other-product-in-the-world/>

brick and mortar stores through authorized retailers, but today that is shifting. In a 2013 New Yorker advertisement, Rolex attempted to reclaim some of the luxury and prestige attributed to the brand that had previously suffered due to high production numbers and lack of scarcity marketing. Despite this newfound association, the advertisement was highly successful, as it depicts ten well known people from Roger Federer to Pablo Picasso to Martin Luther King Jr. wearing a Rolex with the tagline “It Doesn’t Just Tell Time. It Tells History” (Appendix 4).⁸ This advertisement produced a highly emotional effect through tone and depiction, it is easy to tell that Rolexes are made for leaders whether that be actors, athletes or social justice heroes.

MBLM released a 2019 Brand Intimacy Study in which they surveyed people across the world and determined that Rolex ranked number one in the luxury category and ninety-two an overall ranking on emotional connection to consumers (Appendix 5).⁹ This has been done through a series of sophisticated advertising campaigns and influential tagline phrases that emphasis heritage, wealth, and sophistication. Another early example can be traced back to the original Oyster watch was advertised in fish bowls and eventually worn by Mercedes Gleitze during her record breaking swim across La Manche (Appendix 6, 7).¹⁰ Rolex featured a front page ad in the Daily Mail of Gleitze’s achievement alongside her Rolex fulfilling the brand's slogan “A Crown for Every Achievement.” These types of advertisements have been coined “testimony advertising” in which a particular brand benefit(s), in this case the waterproof capabilities of Rolex watches, is communicated by putting it to the test, oftentimes in very extreme situations. Not only does this align with the brand’s core values of reliability and pioneering, but it also directly illustrates success and achievement.

⁸ New Yorker, ‘Rolex Advertisement’ (2013), <https://picsusa.com/portfolio/rolex/>

⁹ MBLM, ‘Brand Intimacy, Study’, <https://mblm.com/lab/industries/>

¹⁰ ‘Rolex Watches History.’ <https://www.rolex.com/about-rolex-watches/1905-1919.html>

Even though Rolex is currently a well established brand, they continue to roll out advertising campaigns that have been recognized as some of the best at communicating ethos and personality (Appendix 8). Rational benefits of Rolex watches, like their waterproof capabilities and expert craftsmanship are less observed within their communications today but a key part of the brand's DNA; they count on their target audience to generally be previously informed about the watches capabilities. Early advertisements, seen mostly in print magazines and newspapers, featured mostly rational benefits, like that in their infamous "You'd Wear a Rolex" campaign (Appendix 9).¹¹ Today, much of their identity is produced through aligning the brand with prestigious sports, like golf and tennis to further link the brand to familiar faces and the feeling of success and prosperity (Appendix 10). Popular sportspeople and event sponsorships have become the face of the brand, leaving some of their more unique commitments to elements like the environment, arts, and community to be misaligned with the exclusive and prestigious characteristics they have established.¹² This often leaves consumers uninformed about these aspects of their identity that remain very important for a brand's image, particularly today. Despite this, Rolex remains a brand that is rooted in a long history of horological excellence. They have separated themselves by being associated with landmark events and feats of celebrities and people alike, providing them with a very desirable brand identity among wealthy elites, who are their target market.

Market and Consumer Diagnosis:

Now turning to the market, Rolex targets mature high income buyers, as described in the previous section. They position themselves as offering high quality luxury watches to society's elite. Their direct luxury watch competitors include Omega, Cartier, Chopard, and Patek Philippe (Appendix 11). In addition, they face several more competitors within the larger Swiss watch industry (Appendix 12). One main strength of Rolex is that it carries a

¹¹ 'Rolex Watches', <https://www.rolex.com/about-rolex-watches/1905-1919.html>

¹² Hodinkee, 'A Quick Look at the New Rolex Ad Campaign', (2013, May)

<https://www.hodinkee.com/articles/a-quick-look-at-the-new-rolex-ad-campaign-highlighting-innovators-and-rolex-wearers>

strong brand image as a well established premium luxury brand. Furthermore, Rolex introduced the first waterproof watch, first automatic dating watch, and the first watch meant for divers. Their commitment to honoring heritage and tradition with classic and timeless styles is a key differentiation point that culminates to one of their many strengths amongst the market. We next outlined some weaknesses within the market that simultaneously serve as justification for a new advertising campaign:

Unfortunately, the Covid-19 virus has impacted many facets that are important to Rolex's brand including the border closure of practically all countries, the global unemployment rate, and the purchasing priorities of citizens. Gross domestic product, employment, consumption and financial markets are under severe strain due to the current COVID-19 pandemic. Luxury markets around the world are affected, and so are the watch brands, such as Rolex. Notably, Rolex's year on year brand value decreased in both 2018 by 628 million USD and in 2020 by 147 million USD. The overall swiss watch market sales, where Rolex holds nearly a quarter of the market share, fell by 35.7% in the first two financial quarters of 2020. In fact, even if it is difficult to find exact numbers for Rolex, as the company is not publicly traded, it is possible to assume a decrease in its sales and value for many reasons can be attributed to impacts of Covid-19.

The very first reason for this market decline is the government-ordered lockdown in China, the industry's third largest market, which caused Swiss watch exports to the country to decrease by 51.5% in value.¹³ Most of the top names in watchmaking were forced to close down production facilities, most notably Rolex and Patek Phillippe. Even before the coronavirus, the retail industry struggled to adapt with the rise of e-commerce. However, with the compulsory shutting of all non-essential stores and businesses in nearly every country, many have led to rely entirely on e-commerce sales. This is particularly concerning as the

¹³ Grand View Research, "Luxury Watch Market Industry Analysis", (2019)
<https://www.grandviewresearch.com/industry-analysis/luxury-watch-market/segmentation>

luxury watch industry is mainly an offline retail business. Shopping and retail sales dropped largely due to stay at home orders which has shifted the preference of consumers towards online shopping platforms, which is not quite possible with brands like Rolex. Due to this, Rolex and Patek Philippe gave their authorized dealers license to sell their wares online for the first time.¹⁴

The general aura of uncertainty left people focused on spending money merely surviving rather than on expensive purchases such as purchasing a Rolex watch and their current advertising campaign does not utilize rational benefits in order to effectively justify the high price tag in such trying times. There is a ceremonial aspect of trying Rolex watches with different dial and band sizes as well as having the one-to-one encounter with a knowledgeable salesperson, which is difficult to recreate online. Within the market, many of the top luxury watch brands have had trouble in an e-commerce model, particularly due to widely available resell websites that flood the market and reduce the exclusive brand image many of these companies incorporate within their brand DNA (Appendix 13).

We identified two major consumer trends within the luxury watch market in which we believe that Rolex must adapt or run the risk of losing sales and market share. Firstly, younger generations who are being counted on as future consumers, grew up in a digital world, in turn they may have different values and develop new consumer behaviours.¹⁵ That is why there is a growing concern within the watch community that younger generations are becoming indifferent to traditional timepieces. Smartwatches have also grabbed the consumer market's attention in response to the demand for smart technology. According to Deloitte, 60% of consumers now use online or digital channels to research prices and information

¹⁴ Column Five, '5 Lessons Luxury Brands Can Learn From Rolex',
<https://www.columnfivemedia.com/time-social-5-lessons-luxury-brands-can-learn-rolex>

¹⁵Ollerearnshaw, P, 'How are Luxury Watch Companies Attracting Young Buyers',
<https://www.artsandcollections.com/how-are-luxury-watch-companies-attracting-young-buyers/>

when purchasing watches and social media has a huge impact on this. Chrono24, a popular luxury watch reseller, estimates that Gen Z and Millennials account for merely 4% of registered users on their site and sales to these users account for 1.8%.¹⁶

Notably, Rolex has more recently adapted its marketing methods to suit modern audiences. After years of resistance, Rolex joined social media in 2013 and posted their first photo on Instagram in 2015, still their engagement with these platforms offers room for improvement. Social media offers a potential to increase reach and infringe on a new consumer base with new preferences, expectations, and shopping habits. Looking at Cartier's Instagram feed, they have recently featured Willow Smith and Maisie Williams, who are young influencers that are part of a recent ad campaign to reach and inspire younger audiences (Appendix 14). The luxury watch market is adapting to meet the desires of a younger generation and Rolex suffers among this age group due to its strong ties to heritage and decreased focus on innovation. It is clear when watching and seeing their advertisements that the younger generation is not something Rolex has as much experience with, particularly in the channels these generations traditionally seek information and expertise. We see this as an opportunity to utilize informative advertising for Rolex who has high brand equity and a compelling story to tell.

Finally, because Rolexes were developed in the early 1900s where most of the product offerings and advertisements were directed to men as they held the large majority of the purchasing power.¹⁷ When looking at the men's and women's collections it becomes clear that their focus has been on men's watches. In recent years, women have been drawn towards larger faces and have been purchasing men's watches.¹⁸ In addition to this, sales of women's

¹⁶ Gehrlein, P., 'What Makes the Next Generation of Watch Lovers Tick,' (2020, August 24), https://www.chrono24.ca/magazine/what-makes-the-next-generation-of-watch-lovers-tick-p_67325/

¹⁷ Shannon S., 'Watchmakers heed women's demands to dial up size' (2019, March 21), <https://www.ft.com/content/5526141c-2e27-11e9-80d2-7b637a9e1ba1>

¹⁸ Reddinger, P., 'Why Women are Collecting Vintage Men's Watches from Rolex to Cartier', (2020, March 11), <https://robbreport.com/style/watch-collector/why-women-are-collecting-vintage-mens-watches-2904328/>

watches greater than \$5,000 grew 8% from 2018 to 2019, showing high market growth potential.¹⁹ We believe this is an opportunity to shift the marketing of all Rolex watches to appeal to a female audience.²⁰ If you look at Patek Philippe's recent campaign, they utilize highly emotional effects in order to target their female audience, as well as, producing new models that more closely align with these trends (Appendix 15). The market for luxury watches is changing as consumer preferences shift, it becomes apparent that the brands that respond most effectively to these market conditions and consumer desires will likely see an increase in market share and profits.

Advertising Goals:

Following the information found in the previous points of our report, we established several goals that we wish to meet for Rolex's future performance based on a new advertising strategy.

First of all, it is important for the company to rebound following the current recession in order to make up for the financial losses that Rolex incurred in the past few months. This could be done either by increasing sales, or becoming more cost-efficient in the advertising by optimizing spending to get superior results, or even a mix of both. As stated in the previous part, the market for watches over 3,000 Swiss francs decreased by 32%²¹, and Rolex lost USD \$147 million in brand value between 2019 and 2020²². The main middle-term goal of the new advertising strategy will thus be for Rolex to earn back its pre-COVID market

¹⁹NPD, 'More Consumers are Wearing Watches, Both Smart and Luxury', (2019, September 24), <https://www.npd.com/wps/portal/npd/us/news/press-releases/2019/a-new-breed-of-watch-wearer-is-emerging-and-theyre-not-just-sporting-smart-reports-npd/>

²⁰Sherman, L, 'Watch Brand Find Growth in the Women's Market', (2015, November 23), <https://www.businessoffashion.com/articles/intelligence/watch-brands-find-growth-in-the-womens-market>

²¹Gretler, C, 'Rolex Shuts All Plants, Cartier Offers Watch Discounts on Virus', (2020, March 19), <https://www.bloomberg.com/news/articles/2020-03-19/rolex-shuts-plants-as-watchmakers-prepare-for-worst-year-ever>

²²Statista, 'Swiss watches: market share by brand worldwide 2019', <https://www.statista.com/statistics/940579/market-share-of-swiss-watch-brands-worldwide/#:~:text=In%202019%2C%20Rolex%20had%20the,Swiss%20watch%20market%20that%20year>

share within the next couple of years. Since the usual market segment for Rolex watches are people making more than \$100,000 a year (Appendix 2), they are less likely to be very heavily financially impacted by the crisis, as most of them probably have very high-paying office jobs for which they could work remotely.

Moreover, as physical stores reopened at the beginning of the summer in most countries, an interesting goal could be to strengthen interpersonal relationships with consumers even more, for example by picturing the purchase of a new Rolex watch as an achievement of still managing to be successful despite the situation. This would appeal to the core values of Rolex consumers (Appendix 2) and break the fine line between advertising campaigns and convincing sales processes. The key idea here is to create an intrinsic link between intermediate and ultimate effects. By appealing to consumers' emotional benefits by connecting with their values, it is possible to achieve intermediate effects. This would then be completed by desired ultimate effects of augmenting sales or optimizing them with better ROAI, as improving consumer contact as part of the advertising strategy is not necessarily a more costly endeavour.

Another problem that was previously mentioned and that needs to be addressed is the younger generation's lack of engagement with the rational benefits provided by Rolex watches. The goal here would be to increase sales by 50% amongst this specific consumer segment thanks to a pertinent advertising campaign. This would include Rolex's usual rational benefits that are displayed in paper advertising or magazines read by older generations, but instead would stray away from their golf and tennis sponsorships to a category more relevant to this consumer base. It would be interesting to adapt it to this younger generation that is less aware of those rational benefits, for instance by having strong,

informative and classy social media presence, most notably on Instagram. This would cater to the needs of achieving mainly intermediate effects that are strongly tied to the brand image that younger generations (Gen Z and millennials) associate with Rolex, notably through portraying a “trendy lifestyle” full of luxury which is often displayed by this generation on social media. In order to complete the achievement of these intermediate effects, Rolex should also take advantage of experiential benefits. A good example of that would be to organize appropriately socially-distanced sponsored Rolex events where this younger generation could experience the rational benefits of Rolex watches, such as their waterproof capabilities in the framework of an aquatic sport competition.

Finally, as previously mentioned, another important market segment that Rolex should take advantage of is the women’s luxury market's significant growth, notably in North America. As new trends emerge in this market, an important goal for Rolex would be to increase sales and market share within this specific segment, where sales are expected to grow significantly from \$1.2 million in 2020 to \$1.467 million in 2023 within Canada (Appendix 16). The advertising campaign should utilize trends related to this market segment thus bringing relevance to women’s emerging relationships with luxury products, notably by referring to the fact that more women recently acquired successful positions in society. A relevant advertising campaign would then link this notion of success found in Rolex products with this type of achievement that is specific to women.

All in all, the most important part of Rolex’s new advertising strategy would be to achieve synergy amongst the numerous opportunities of growth. By combining strong interpersonal relationships with relevant social media campaigns and great experiential-driven advertising events, Rolex would be able to earn above-average returns.

This would obviously be even more efficient if the other three levers (Location, Creativity, and Timing) are pulled accordingly.

Financials and Budget:

Rolex's financials are kept incredibly private and their advertising spending is hard to discern from relevant sources. Despite this, we used a combination of analytic and heuristic methods to determine a feasible budget for our proposed ad campaign. In 2015, Rolex had an annual revenue of approximately \$8 billion in sales²³ and the previous year they were estimated to have spent \$56 million on advertising²⁴. Using the advertising to sales ratio we can infer that the proportion is roughly 0.7 as a percentage of revenue. In 2019, Rolex had sales of roughly \$5.7 billion dollars and with the proportion above (0.7) we get a total of \$39.9 million, this represents a smaller share of advertising that we believe to be workable due to Rolex's previously established brand awareness. According to a 2018 report, luxury brands within the jewelry and watch category typically allocated 28% of their advertising budget to digital platforms (Appendix 17) and more specifically 3.1% of the advertising budget for social media platforms (Appendix 18). Aligning with our goals outlined above to increase Rolex's connection to Gen Z and millennials and the overall trend towards e-commerce and online platforms we inferred that we can increase this proportion of social media ad spend to 4% for 2021, which will be roughly \$1.6 million. After this we will use experimentation (Explore and Exploit) to assess effectiveness of this overall strategy and adapt accordingly.

²³ Gomelsky, V., 'The Watch World's Million Dollar Baby', (2017, November 15), <https://www.nytimes.com/2017/11/15/fashion/watches-rolax-patek-philippe-omega.html?auth=login-google>

²⁴ 'Who Are the Biggest Spenders in the Watch World', (2015, July) https://www.europastar.com/data/1004088088-who-are-the-biggest-spenders-in-the-watch-world.html?fbclid=IwARIT3bOZof6NeezXvo_gYuMjqvFkCizKnCHB9OIOOFx_CeqNsD8sV5rIX8

Appendices:

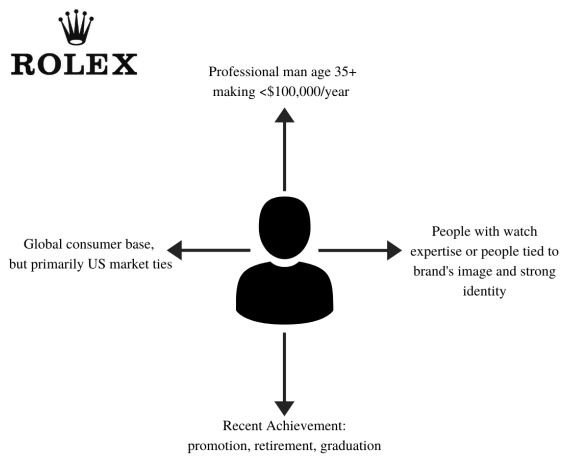
Appendix 1: Rolex Brand Portfolio



Retrieved from:

<https://mashayer.wordpress.com/2015/06/12/brand-positioning-of-rolex-watch/>

Appendix 2: Target Segment



Appendix 3: Specific Rolex Watches-- Ads and Segmentation

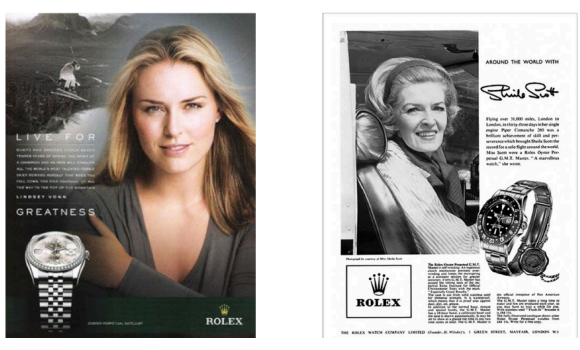
Rolex Cellini: \$15,000+, targeted towards older male consumers



Rolex Submariner: \$9,000+, targeted towards adventurous male consumers



Rolex Women's watches: \$5,000+, targeted towards adventurous and aspirational women



Appendix 4: New Yorker Advertisement



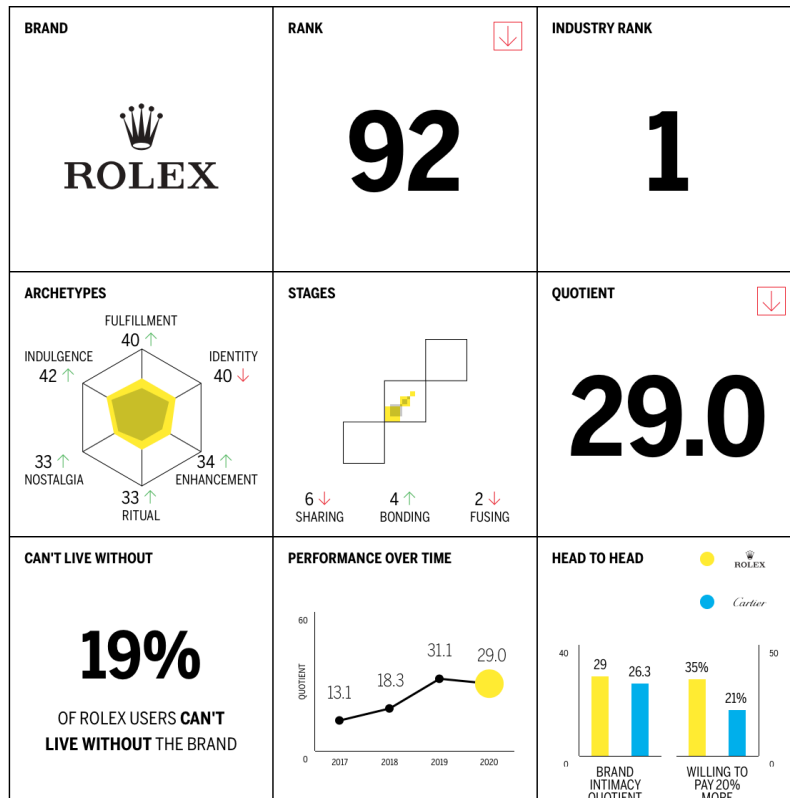
WHY THIS WATCH?
THIS WATCH IS A WITNESS. TO WORDS THAT MOVED NATIONS.
IT'S DARED MEN FASTER. FURTHER.
WORN BY LUMINARIES. VISIONARIES. CHAMPIONS.
IT DOESN'T JUST TELL TIME. IT TELLS HISTORY.


ROLEX

FOR AN OFFICIAL ROLEX JEWELER CALL 1-800-367-6839.
ROLEX ® ARE TRADEMARKS.

Retrieved from: www.rolex.com

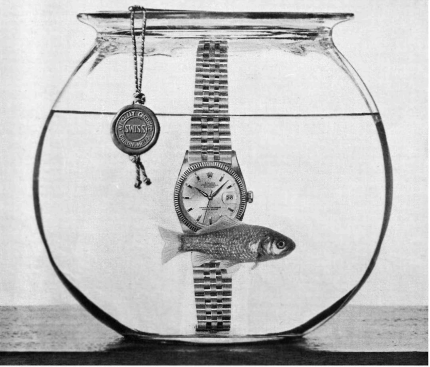
Appendix 5: MBLM Emotional Connection Survey



Retrieved from: <https://mblm.com>

Appendix 6: New York Times Rolex Advertisement 1964

Paris, March 4, 1964



OPTIONAL

You don't have to put your watch in a fish bowl. It may never get nearer the water than a deck chair on a pier. Nevertheless, it's important to have a really waterproof watch. And this one is waterproof—Rolex, who invented the first truly waterproof watch nearly 40 years ago, guarantees it. Waterproof also means proof against dust, dirt, sand, grease and sweat, all of which can prevent even the best watches from working efficiently.

And this Rolex Oyster Perpetual Datejust is one of the best. It is self-winding, for greater convenience and accuracy. The Rolex Red Seal means that it has been awarded the highest honours by a Swiss Institute for Official Chronometer Tests.

By the way, you can't open the Oyster case. Nor can the ordinary jeweller. Only the finest hold the Oyster key. Only they are qualified to touch the inside.

SEND FOR FREE CATALOGUE
Write today for an illustrated catalogue
The Rolex Watch Company Limited
1 Green Street, Mayfair, London W.1

Rolex Oyster Perpetual Chronometer Datejust
one of the most sophisticated timepieces in the world.
Waterproof, self-winding, automatic date mechanism
and, of course, the Rolex Chronometer movement.
18 ct. gold case and bracelet, 1915. Other Rolex
with Chronometer from 200 to 20,000 Swiss francs.

ROLEX
A landmark in the history of
Time measurement

ROLEX CLEAR PRINTING FOR FINISHING AND SALES, S.A., S.A.

Retrieved from: <https://www.rolexmagazine.com/2012/04/1964-rolex-fishbowl-ad.html>

Appendix 7: 1927 Rolex advertisement featuring Mercedes Gleitze, the first Englishwoman to swim the English Channel

Daily  Mail

FOR KING AND COUNTRY
THURSDAY, NOVEMBER 24, 1927

**Rolex introduces for the first time
the greatest Triumph in Watch-making**

ROLEX 'OYSTER'

The Wonder Watch that Defies the Elements.

MOISTURE-PROOF
WATER-PROOF
VEGETATION-PROOF
HEAT-PROOF
COLD-PROOF
DUST-PROOF



Copyright by
Hulton-Deutsch
Photo, Ltd.

Miss Mercedes Gleitze carried an Oyster throughout her seven hours of swim—also when the most trying conditions failed to harm its perfect timekeeping. No special case, no special oil, no special treatment and no special attention was revealed in the subsequent examination of the Watch.

BEING hermetically sealed the Rolex 'Oyster' is proof against changes of climate, dust, water, damp, heat, moisture, cold, sand or grease; it can, in consequence, be worn in the sea or bath without injury, nor would arctic or tropical conditions affect the wonderful precision of its beautifully poised movement. The introduction of the Rolex 'Oyster' model marks an unique development in the forward stride of the chronometric science, and perfect timekeeping under all conditions is at last a possibility.

**Send for this
coloured Brochure
it's FREE!**

ROLEX OYSTER PRICES

The Oyster:
£15 - 0
With Gold:
£10 - 10 - 0
With Steel:
£15 - 15 - 0

Fitted with good quality, sapphire crystal lens. Men's or Women's Oyster bands for Oyster. If fitted with the Rolex Oyster Case (with Oyster Protection) White or Yellow) See case to above.

THE ROLEX WATCH CO. LTD.
40, 44, Holborn Viaduct, London, E.C.4.

For MEN or WOMEN



THE ROLEX WATCH CO. LTD.

WATERPROOF WATCH
REPORT FROM THE LONDON MAIL JOURNAL, FIRST PAGE,
DATED NOVEMBER 24 TH, 1927

Retrieved from:

<https://www.consumingcultures.net/2013/02/24/lifes-defining-moments-ad-of-the-week/>

Appendix 8: Rolex Ethos and Benefits



Rational

- reliable, tested
- fitted for extreme conditions
- Oysterlock clasp, never breaks
- Waterproof testing
- Green Seal for performance
- Best materials (metals, steel, stones, Oystersteel)
- self winding power based on movement

Emotional

- Slogans: "A Crown for Every Achievement", "Live for Greatness", "How Much is Your Time Worth?", "Every Rolex Tells a Story"
- Long heritage
- Victory, achievement, cutting edge
- Use of celebrities
- Commitment to environment, sports, arts
- Mentor and Protégé Initiative

Experiential

- Tried and tested within competitive arenas
 - 1953 Everest Summit
 - Gleitze channel swim
 - Rolex partnerships (Wimbledon)
- Rolex Retailers

Appendix 9: Early ad featuring rational benefits: design, capabilities, inputs



Why Mr. Jackie Stewart wears a Rolex.

Jackie Stewart doesn't just drive cars. He knows almost as much about their engines and monocoques as those who design the world-famous Tyrrell-Ford's he races.

So he fully appreciates the skill and care and patience that go into a piece of fine machinery, large or small.

This puts him in a better position than most of us to understand—and appreciate—the extraordinary craftsmanship that goes into the making of a fine Rolex, the watch he judges to be the finest in the world.

He knows what makes a Rolex so unique.

The Rolex Oyster case: It's carved from a solid block of 18 kt. gold or surgical stainless steel, which makes it seamless—and strong.

The rotor self-winding movement: So accurate that each one is individually certified as a Chronometer.

The patented rotating crown: It screws down onto the case to form as firm a seal as the submarine hatch after which it was patterned.

The crystal: Diamond-cut to match its case precisely and fitted in such a way that it actually grips more tightly under pressure (deep underwater, for instance).

Is it any wonder that Jackie Stewart holds Rolex in such high esteem?

Why Mrs. Jackie Stewart wears a Rolex.

Helen Stewart wears a Rolex because her husband gave her one.

It's a Rolex Lady-Datejust. Very feminine. Very elegant. Very correct no matter where Mrs. Stewart wears it, whether cheering for Jackie at the Monte Carlo Grand Prix or quietly enjoying dinner by candlelight.

The simple fact is, the Lady-Datejust is made in exactly the same manner as any other Rolex Oyster.

The rotor self-winding movement is built by the same skilled watchmakers who bring the same dedication and sense of pride to their task no matter what size movement they're making.

The case is a scaled-down version of the man's Rolex—and just as strong. So is the winding crown. And the crystal.

The Lady-Datejust is also subjected to the same exhaustive tests conducted by an official Swiss Institute for Chronometer Tests before earning its chronometer rating, the highest accolade a watch can receive.

The only difference is that it's smaller and more graceful.

What makes a Rolex like this so appropriate today is the fact that it's very much like today's woman: more than just a pretty face. It's very feminine, yes. But very strong, too.

And we take it as the highest sort of compliment when a man like Jackie Stewart picks Rolex as the watch he wants his wife to wear.

Owning one is almost as satisfying as giving one.

ROLEX



Rolex Oyster Perpetual, Lady-Datejust (left). Both with 18 kt. gold case and matching President bracelet. Precious metal shown in 18 kt. white gold, Lady-Datejust in steel and gold, and steel. 18 Price for per color bracelet. Rolex Watch U.S.A. Inc., 580 Fifth Ave., New York, N.Y. 10018. Page 21.

Retrieved from:

<https://www.rolexmagazine.com/2012/02/vintage-rolex-hotness-ad-from-1968-when.html>

Appendix 10: Rolex Sponsorships & Secondary Associations

Yachting

- sport
- water
- extreme conditions
- wealth/prestige



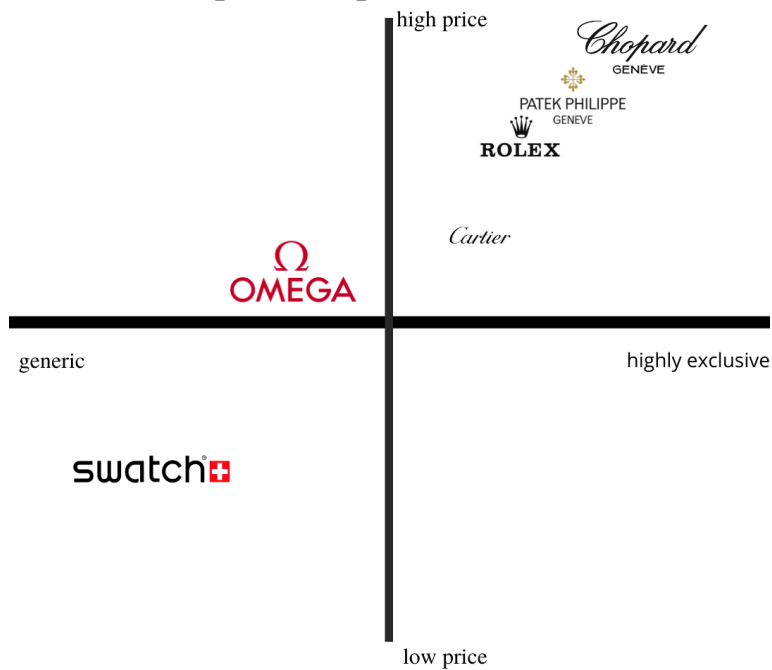
Golf

- sport
- Tiger Woods
- older men
- wealth/prestige

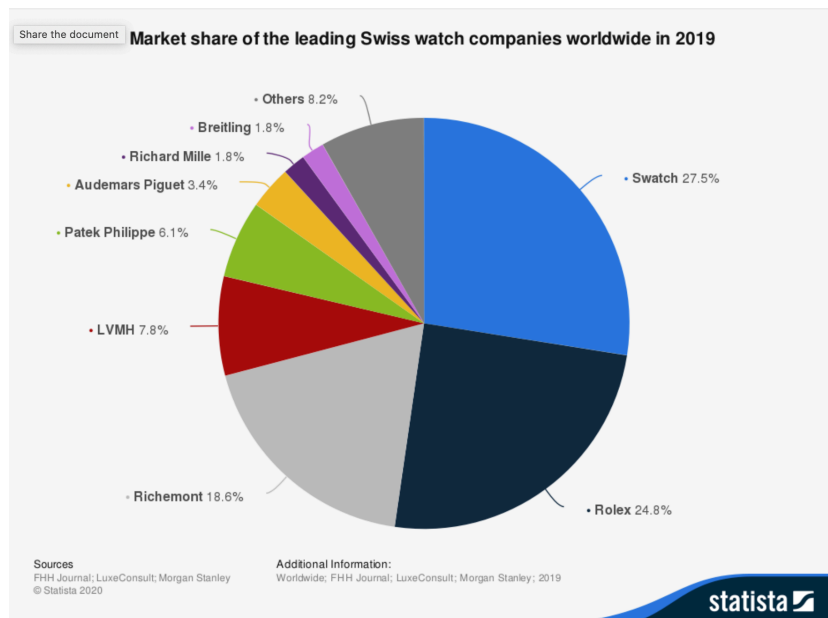


Appendix 11: Rolex Perceptual Map

Rolex Perceptual Map



Appendix 12: Swiss Watch Market Share

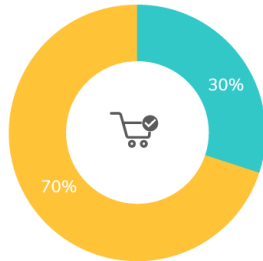


Retrieved from:

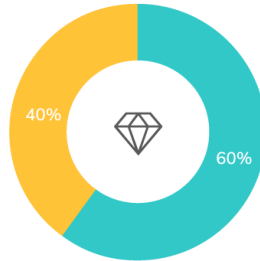
<https://www.statista.com/statistics/940596/market-share-of-swiss-watch-companies-worldwide/>

Appendix 13: Channel Retail Luxury Watches

Only 30% of luxury watches are bought online at the moment, but 60% of all purchase decisions are influenced by an online experience.



Where will you most likely purchase a luxury watch?



If you think about buying a watch, which channel do you use to research a model?

source: Deloitte and Research Now survey

● Online

● Offline

LUXE
DIGITAL

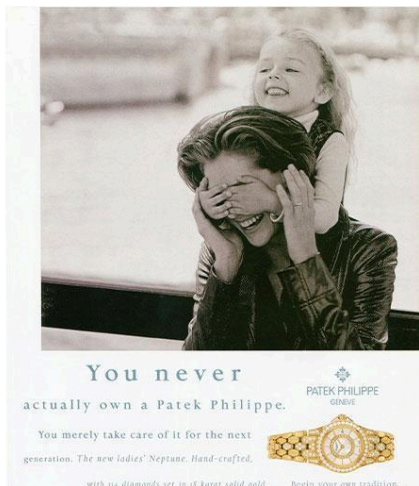
Retrieved from:

<https://lux.digital/business/digital-luxury-reports/millennials-drive-luxury-watch-growth/>

Appendix 14: Cartier Instagram Ad Campaign



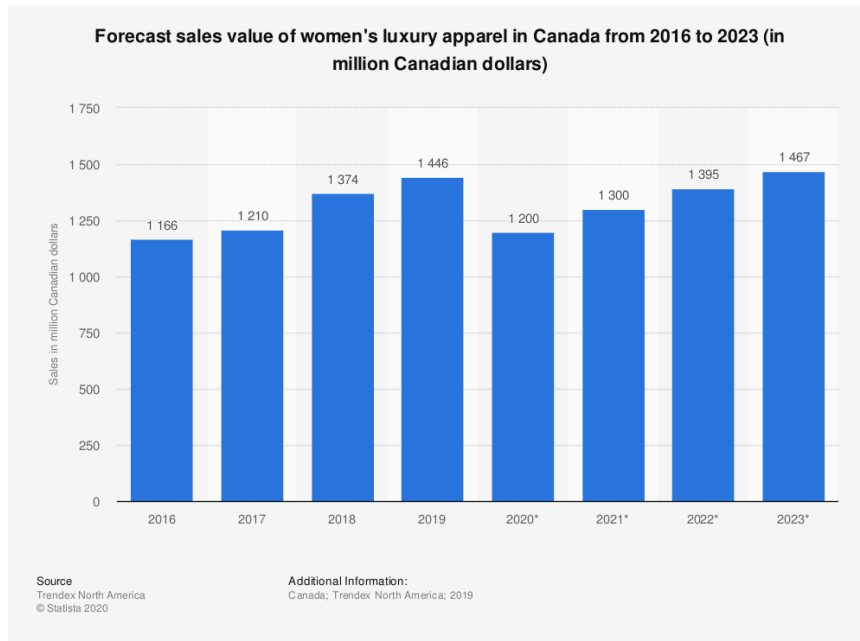
Appendix 15: Patek Women's Watch Campaign



Retrieved from:

<https://www.forbes.com/sites/robertanaas/2016/12/09/patek-philippe-celebrates-20-years-of-its-iconic-advertising-campaign-you-never-actually-own-a-patek-philippe/#23aa58ce475b>

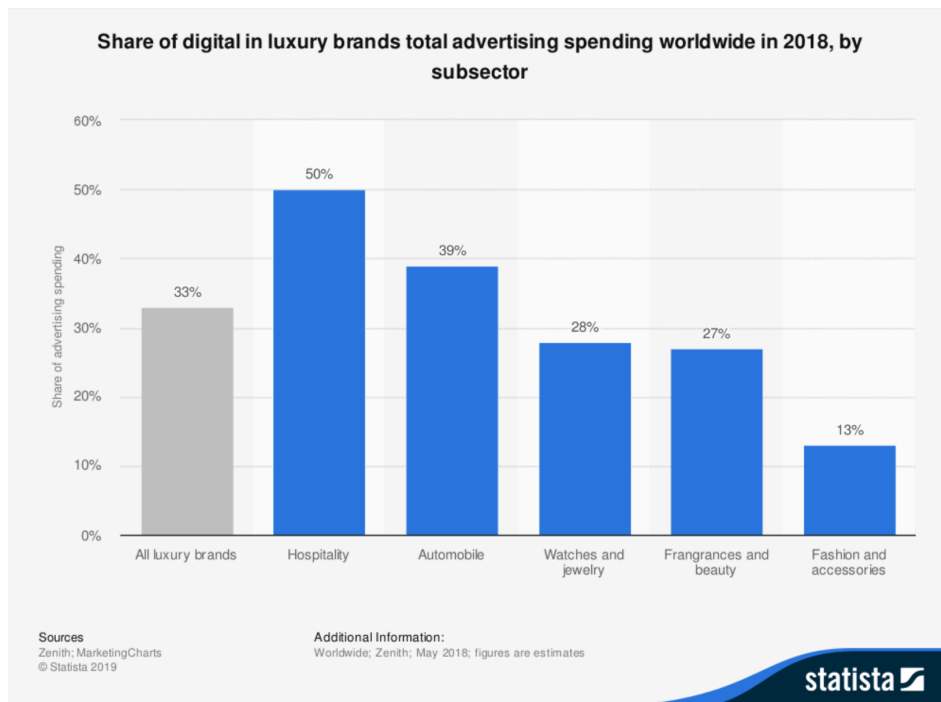
Appendix 16: Forecast sales value of women's luxury apparel in Canada from 2016 to 2023



Retrieved from:

<https://www-statista-com.proxy3.library.mcgill.ca/statistics/873845/forecasted-luxury-women-s-apparel-sales-value-canada/>

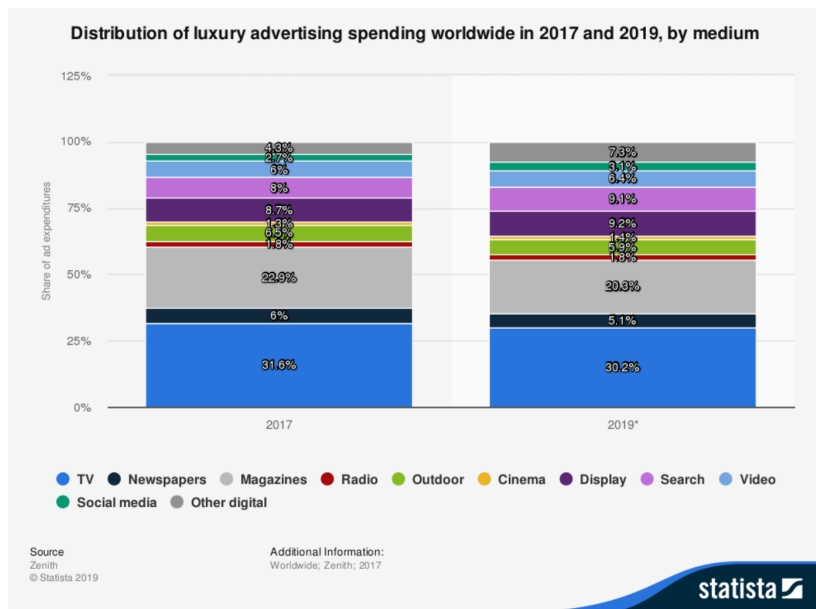
Appendix 17: Share of digital in luxury brand ad spend, 2018



Retrieved from:

<https://www-statista-com.proxy3.library.mcgill.ca/statistics/242431/luxury-brands--allocation-of-us-digital-branding-advertising-budget/>

Appendix 18: Luxury Ad Spending by Medium, 2017 & 2019



Retrieved from:

<https://www-statista-com.proxy3.library.mcgill.ca/statistics/720574/luxury-ad-spend-share-world-medium/>

Rolex Phase II
Creative Strategy, Media Planning & Prototype

Campaign Strategy

_____With a series of goals illustrated in the previous strategic audit, we aim to develop an advertising creative that highlights relevant brand benefits of Rolex. The luxury watch market value was projected to grow from 7.22 billion USD in 2019 to 9.3 billion USD in 2025, before COVID.²⁵ Knowing that amidst a global pandemic and economic recession, supply chains and consumer demand for luxury goods have both been greatly impacted, it is hard to guess when the luxury watch market will rebound to pre-COVID sales figures, thus the overall objective of this campaign is both aspirational and forward looking. The goal is to foster early connection to members of younger generations in order to increase future sales and market share amongst this segment.

Rolex has incredibly high brand awareness across the majority of people, particularly those who are in their target market.²⁶ In fact, in our survey of Gen Z we found over 67% of respondents named Rolex in an unaided recall test and 100% of respondents say they have heard of Rolex (**Appendix 1**). Despite this, there are distinct and favorable aspects of their brand DNA that are not conveyed through current advertising campaigns, contributing to the majority of respondents citing their opinion of the brand as “somewhat favorable” (**Appendix 2**). Critics have argued that as consumer trends change and younger generations develop the purchasing capacity for luxury watches “there’s an opportunity for the brands to embrace digital marketing platforms more and to reach the next generation through marketing vehicles that fit them.”²⁷ The campaign we are proposing will focus on establishing a strong connection to younger generations through careful execution of the media mix, as well as exemplifying rational, emotional and experiential benefits with the hope of building positive associations for the brand, leading to greater sales and market share amongst this generation in the future.

Rolex has made it very clear that the e-commerce world is not one they find to align well with their brand’s identity, thus they lack connection to many digital platforms. They undoubtedly offer consumers a compelling story, commitments, and products which are conveyed through their recent

²⁵ Sabanoglu, Tugba. “Luxury Watch Market Value Worldwide 2018-2025.” Statista, October 2019. <https://www.statista.com/statistics/940452/luxury-watch-market-value-worldwide/>.

²⁶ Green, Dennis. “How Rolex Became the King of Watches.” Business Insider. Business Insider, April 27, 2016. <https://www.businessinsider.com/how-rolex-became-the-king-of-watches-2016-4>.

²⁷ Swithinbank, Robin. “Watch Brands Rely on Yesterday but What About Tomorrow?” The New York Times. The New York Times, March 20, 2019. <https://www.nytimes.com/2019/03/20/fashion/watches-brand-equity.html>.

redesign of rolex.com and development of rolex.org, a website highlighting their commitment to humanitarian projects and history. The content found on rolex.org is highly emotional and conveys aspects of Rolex's unknown charitable brand identity that many consumers are unaware of. In our survey we found that roughly 54.17% of respondents replied they do not at all associate Rolex with social responsibility (**Appendix 3**). In addition, the large majority of respondents associate the brand with old men and affirmed that the value of Rolex was not due to its rational benefits, but rather due to the brand's image in society (**Appendix 4**). This notion demonstrates highly effective communication of the brand's association with heritage that translates to the brand benefit of credibility for consumers, but an overall lack of communication on other differentiable and relevant brand benefits.

The survey signaled a need to reinforce other rational benefits of the brand like high lifetime value, expert craftsmanship, customization, and waterproof capabilities. These tangible and indisputable characteristics will be presented in our campaign to create the foundation of the rational benefits that will be central to our advertising campaign. Plus, it will present substantial arguments to this market segment to further consider the future purchase of a Rolex watch, beyond merely the brand's overall value. Regarding the emotional benefits, these are for sure intangible, but will be felt by the spectators symbolizing pride, fulfillment and satisfaction. We found that it is important to not only associate the emotional benefit of pride with wealth but also with achievement and the perpetual quest for greatness, beyond sports competitions (particularly this year when a lot of these sporting events have been cancelled).²⁸ These emotional benefits are best bolstered by associations towards the brand's less known efforts to achieve social and corporate responsibility to combat many of the negative exclusionary and elitist associations we found in our preliminary survey. In a recent study, it was found that 90% of consumers when given two similar products will select the brand they perceive to have higher corporate responsibility.²⁹ Furthermore, there is the potential to reinvent the experiential benefits of recognition and belonging through the use of VR technology to better align with changing consumer expectations. In an interview with Gen Z and millennial consumers on their

²⁸ "Grand Prix Cancellation Deals a Blow to Rolex & Mercedes." Roy Morgan, March 2020.

<http://www.roymorgan.com/findings/8326-australian-grand-prix-formula-1-sponsorship-march-2020-202003160539>.

²⁹ Opedare, Afolabi. "Why Corporate Social Responsibility Is Becoming More Important To Organizations: Articles: Chief Strategy Officer." Articles | Chief Strategy Officer | Innovation Enterprise, June 16, 2017.

<https://channels.theinnovationenterprise.com/articles/why-corporate-social-responsibility-is-becoming-more-important-to-organizations>.

connection to luxury brands, an interviewee claimed they are “... looking more for this item that shows that they’re different, they’re unique.”³⁰ Thus, the overall goal here is to showcase Rolex as a brand on the cutting-edge of innovation and individuality, associating them with careful craftsmanship since the brand's conception; focusing greatly on their perpetual evolution to better meet the needs of the next generation of creatives, athletes and everything in between.

Creative Strategy:

In order to communicate these benefits both efficiently and effectively, it is crucial to build a creative strategy that is relevant to our goals. To do so, the orientation of the proposed campaign, used templates, and other executional elements will be presented. To begin with, the orientation of our advertising campaign can be categorized as largely persuasive with informative elements. The informative elements in this campaign will help to cover the brand’s overall commitment to various initiatives as well as the craftsmanship and differentiating components of Rolex watches themselves, whereas the persuasive orientation will focus on making consumers see the brand in an increasingly favorable and transcendent way. Our main objective in this campaign is to persuade younger generations to view the ownership of a Rolex as an investment for many aspects of their lives, one that should give them pride and fulfillment, thus going far beyond the associations to wealth. To do so, various brand benefits of Rolex should be included to showcase a differentiating argument as to why Rolex watches carry such a heavy price tag and have continued to be the top brand within the luxury watch market.

The basis of our campaign is centered around the comparison of Rolex watches to various creatives, culminating in a video advertisement of valuable and notorious artwork. The persuasive orientation of the campaign is aimed at convincing them to buy a Rolex in the future, as our campaign aims to deliver high memorability due to the multiple associations achieved by our template. This will frame their perception of Rolex in a favorable way, and will hopefully result in confident and enthusiastic purchase decisions. More precisely, another aspect of the campaign is the template we will use to illustrate our advertisement. This will define the style, the genre, of our campaign while

³⁰ Rahilly, Lucia. “Meet Generation Z: Shaping the Future of Shopping.” McKinsey & Company. McKinsey & Company, October 8, 2020. <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/meet-generation-z-shaping-the-future-of-shopping>.

making it creative and original. The main template that we chose to illustrate Rolex's system of benefits is the *analogy with the universe of visual arts*, which will be analyzed in further detail for our TV advertisement. This analogical structure will put emphasis on the rational, but mostly emotional and experiential benefits of the brand, as spectators will associate creativity and innovation with the wearing of a Rolex watch, thus further developing the experiential benefit of belonging and recognition. Furthermore and with the same importance, it presents a focus on the ability for the brand to transcend generations and time.

Executorial elements, also known as "Spielberg variables", are therefore crucial to nurture the creative aspect of an audiovisual creation, and to give impact to the persuasive nature of the advertising campaign.³¹ The main stylistic device and executorial element that will be used throughout the different variations of our advertising campaigns across media is, as stated previously, an analogy with visual arts. This serves two main aspects inherent to the rational, emotional and experiential benefits portrayed in the campaign: craftsmanship, and timelessness. These will appeal to the emotional benefits that we want to communicate to our target market: the fact that owning a Rolex is representative of a prestigious achievement, and that the object shouldn't just be seen as a watch, but also as an intemporal piece of art.

Not only is art the perfect vehicle to communicate the aforementioned brand benefits in a compelling way through an analogy, but the content of the analogy itself is meant to bring coherence to the consumer profile that we are targeting, as well as to Rolex's brand image. Our target market being young and successful upper class individuals, they are likely to be sensitive to a fine artistic universe, which would make it very meaningful to communicate the brand's emotional benefits and facilitate identification to Rolex's image.

Other important Spielberg variables include sensational music, which should follow the direction of the analogy whilst also being aligned with the brand image. The soundtrack should thus be emotionally charged and convey an impression of luxury and grandiloquence. Rich and complex harmonies are necessary to achieve that purpose. Furthermore, the advertising campaign should use

³¹ Kastenholz, John. "The Spielberg Variables." Harvard Business Review, August 1, 2014. <https://hbr.org/2005/04/the-spielberg-variables>.

other cinematographic elements such as colours and lighting to trigger similar emotional response. All of these elements will be applied accordingly in the different parts of the campaign, and will be detailed in the different concepts found in the Pre-testing section of this paper.

Of course, these executional elements don't apply only to the main video advertising, but also to the other parts of our campaign's promotional ecosystem, which should also follow the analogy with visual arts. For instance, social media posts should include similar associations with artistic works. We also plan on integrating VR technology in partnerships with museums in order to emphasize experiential benefits. This will also be explained in further detail as part of the concepts assessed in the pre-testing phase.

Media Plan:

Rolex is among the most highly confidential and private companies when it comes to financials, production numbers, and vision. On an average yearly basis, the company is estimated to generate \$5 to 8 billion USD in revenue.³² We can confidently presume that 2020 sales of these luxury watches were far below average due to the overall feeling of economic uncertainty among consumers and the reduction of production numbers by 20% across 2020.³³ Basing figures off the 2015 year with ad spend estimated at roughly \$56 million³⁴ and sales equalling \$4.5 billion.³⁵ Using the A/S ratio and revenue of approximately \$5.2 billion in 2019, this gives a current advertising budget of \$64.7 million **(Appendix 5)**.³⁶

Our target audience in this advertisement campaign is younger generations - Gen Z and Millennials - and it is crucial to consider this segment's buying and media habits to maximize allocation of the budget across various mediums. Millennials' proliferate use of non-traditional media platforms can explain the lack of connection and familiarity with Rolex we found in our survey. Currently, Rolex focuses greatly on sponsorship for TV sporting events like the Grand Slam Tournaments and European Golf Tour.³⁷ In today's climate, many of these sporting events are either

³² Gomelsky, Victoria. "The Watch World's Billion Dollar Babies." The New York Times. The New York Times, November 15, 2017. <https://www.nytimes.com/2017/11/15/fashion/watches-rolex-patek-philippe-omega.html>.

³³ Gomelsky, Victoria. "Swiss Watches Amid the Crisis." The New York Times. The New York Times, April 30, 2020. <https://www.nytimes.com/2020/04/30/fashion/watches-coronavirus-patek-philippe-rolex-switzerland.html>.

³⁴Who Are the Biggest Spenders in the Watch World?" Europa Star. Accessed November 29, 2020. <https://www.europastar.com/data/1004088088-who-are-the-biggest-spenders-in-the-watch-world.html>.

³⁵ Biggs, John. "It's Not Hard to Beat Rolex, Apple." TechCrunch. TechCrunch, September 13, 2017. <https://techcrunch.com/2017/09/13/its-not-hard-to-beat-rolex/>.

³⁶ "Rolex." Forbes. Forbes Magazine. Accessed November 29, 2020. <https://www.forbes.com/companies/rolex/?sh=3dd8f42c5a26>.

³⁷ Rolex.com

cancelled or postponed, signalling the freeing of budget to allocate to other platforms. When looking at younger generations' media consumption habits, there are a few trends that are pertinent to media planning, the first being the upward trend of social media and streaming platforms coupled with the downward trend of TV, radio and print.³⁸ This trend is supported by key competitors like Patek Phillippe and Omega's transition to focus on digital platforms reflecting an "urgent need to keep pace with consumers accustomed to digital engagement, either because they have hardly known a world without it or because the coronavirus outbreak has demanded it."³⁹

The market for people who can/will eventually be able to afford a Rolex is incredibly small compared to other more accessible brands, so allocation of the media mix is best served with highly targetable platforms and irregular scheduling (**Appendix 6**). We found that conveying brand benefits to the right people is increasingly possible with modern technology, allowing targetability and generating greater buzz. Thus, we suggest Rolex allocates an 8% allocation to social media spending, which demonstrates a substantial amount more than the luxury industry standard in 2019 (3.1%) (**Appendix 7**).⁴⁰ The justification for this can be traced to the current climate and the connectivity of our target audience to these platforms (**Appendix 8**). Social media posts will serve to provide shareable content and extensive knowledge creating synergy with our main TV video ad. This portion of the budget focuses greatly on increasing accessibility to the ethos of Rolex, despite the brand not offering accessible products. Remaining consistent and relatively frequent with connectivity to these various social media platforms will allow for more impactful communication, as it will increase awareness of the ad campaign, as demonstrated by an even pattern regularity with slight pulsing. It is important to also increase potential for exposure using various promotional tools found on Instagram and Facebook that cost roughly \$7 and \$9 respectively on a CPM basis, pulsing frequency in key times like graduations, December holidays, and bonus periods (**Appendix 9, 10**).⁴¹ Further, we will measure performance by impressions and engagement as these social media platforms engage various

³⁸ Palm, Maria, and Martin Pilkington. "Life Stage Analysis of Millennials' Media Consumption Habits." L.E.K. Consulting, 2016. https://www.lek.com/sites/default/files/insights/pdf-attachments/Perennial_Millennials_Viral_Phenomenon_Life_Stage_Analysis_Of_Millennials_Media_Consumption_Habits_Executive_Inisghts_Analysis.pdf.

³⁹ Gomelsky, Victoria. "Watch Brands Go Digital. (No, It's Not 2010)." The New York Times. The New York Times, June 10, 2020. <https://www.nytimes.com/2020/06/10/fashion/watch-online-sales-digital.html>.

⁴⁰ "Distribution of Luxury Advertising Spending Worldwide in 2017 and 2019, by Medium." Statista, 2019. <https://www-statista-com.proxy3.library.mcgill.ca/statistics/720574/luxury-ad-spend-share-world-medium/>.

⁴¹ Ramakrishnan, Veena. "How Much Do Ads Cost on Instagram, Facebook, Twitter & LinkedIn?" Falcon.io, January 8, 2019. <https://www.falcon.io/insights-hub/topics/social-media-roi/how-much-do-ads-cost-on-facebook-instagram-twitter-and-linkedin-in-2018/>.

audiences in different ways. CTR, traffic, and audience growth rate are key performance metrics and must be consistently analyzed to adjust frequency and regularity accordingly.

In order to develop and implement impactful and relevant video advertising we suggest allocating a total of 15% of the budget towards Youtube style advertisements in order to convey experiential aspects of the brand to viewers (**Appendix 6**). In a 2019 report on luxury brands ad spending allocation, they found that luxury brands spent 6.4% on video advertising whereas over 72% of millennials use free-streaming websites like Youtube, signaling the advertising potential in this medium and ability to capture the market with early entry.⁴² While we are suggesting over a 200% increase in this budget from the industry standard, it can be attributed to the development of the VR aspect of this campaign and the cost of partnership, further broken down in **Appendix 11**. Rolex is not commonly associated with video advertisement, as signaled by the plethora of online forums discussing Rolex's 2012 entrance into the video advertising world.⁴³ Despite this, we believe that reaching viewers in an interactive and transformative manner will allow for an attention-grabbing and memorable advertisement, ultimately benefiting the brand due to increased sales and greater connection to potential consumers. Being mindful of over-exposure we suggest a blitz pattern during key time frames to introduce this concept to viewers. This can be coupled with a 12% allocation to display and search ads, which is not the primary focus of this campaign, as we are not focusing on immediate ROI, due to the current financial situation for many people (**Appendix 6**). In addition, display and search ads focus on prompting a purchase decision or choice consideration, but due to the price and established brand awareness this medium of advertising does not serve Rolex as effectively as other brands, so a low level of frequency with even regularity will serve best.

For TV advertising budget allocation, it is important to recognize the lack of targetability and overall high expenses associated with highly watched events, due to this we have decided on allocating 45% of the budget towards this medium (**Appendix 6**). Rolex has a series of sponsorships and partnerships with events like Daytona and Wimbledon which are paid on a multi-year contract basis, thus not included in our budget for TV ad expenditure. TV audiences are broad and

⁴² "Distribution of Luxury Advertising Spending Worldwide in 2017 and 2019, by Medium." Statista, 2019. <https://www-statista-com.proxy3.library.mcgill.ca/statistics/720574/luxury-ad-spend-share-world-medium/>.

⁴³ Nudds, Rob, and David Bredan. "Rolex Watches Embrace YouTube Internet Advertising." aBlogtoWatch, March 17, 2012. <https://www.ablogtowatch.com/rolex-watches-embrace-youtube-internet-advertising/>.

representative of a variety of demographics, many of which are not Rolex's target. With that being said, we plan on low frequency and implementation of irregular flighting around key sporting and entertainment events like the Oscars and various golf tournaments (**Appendix 12**). This will ensure high viewership, with 23.6 million people watching the 2020 Oscars, and increase targetability among a mass-media medium, as these events align best with Rolex's target consumers--highly educated, successful, connected culturally, etc.⁴⁴ The cost of ads during prime time and highly watched events is high, further justifying low frequency and an irregular pattern (**Appendix 11**). Lastly, the remaining 20% of the budget will focus on maintaining Rolex's presence within high-end magazines (**Appendix 6**). While magazines are not commonly read by the target audience of this campaign, we believe it is important for Rolex to maintain a level of traditionality in their modalities of advertising and continue to reach older audiences in an effective and established way. In the past, Rolex has utilized frequent, in this case monthly, regularly scheduled ads across a variety of magazines from *The Economist* to *Vogue*, which we believe to remain important, as this campaign will appeal to a broader audience as well.

Pretesting:

In order to determine the best advertising creative and format we tested three possible mood-boards and descriptions in a survey all related to our previously discussed template of analogy to the arts. The respondents were first asked to identify their generational belonging, to make sure the pre-testing was reflective of our target audience (**Appendix 13**). We then presented our respondents with three concepts and asked them to reflect on the associations and benefits the various ads conveyed to measure effectivity and comprehension:

1. **"Perpetually Inspiring the Next Generation of Creatives"** (**Appendix 14**): This video ad is based on Rolex's mentor and protege program, in order to link the brand to their less known commitment to the development and protection of cultural phenomena. Because Rolex's commitment to social and cultural efforts is less known we want to capitalize on the surprise factor introduced in showing viewers another side of the brand. The ad asks each of the mentors and proteges "What timelessness means to them?" and ways to cultivate creativity within the next generation. In the closing scene, an older man will be shown handing down his Rolex watch to the next generation highlighting the rational benefit of durability and timelessness and building a highly emotional ad. We aim to focus on pulsing the brand throughout in order to captivate the viewer and limit the obtrusiveness often associated with ads. It will

⁴⁴ Whitten, Sarah. "This Chart Shows That Hollywood's Biggest Night Is Getting Smaller, and It's Not Alone." CNBC. CNBC, February 15, 2020. <https://www.cnbc.com/2020/02/14/oscars-2020-nielsen-data-show-audiences-are-tired-of-award-shows.html>.

close with “Our watches are built to last, so is our contribution to future generations” a tagline found on their web page.

2. “Inspire Creativity, Aspire to Greatness” (Appendix 15): The main goal of this ad is to demonstrate historical aspects and storytelling of the brand’s identity through an analogy with a famous artist. This video ad would feature a split screen design starting with Hans Wilsdorf and a famous male artist and pan to evolution of both the watch and art. In this ad, the rational benefits of high quality materials and waterproof capabilities serve as a mode for pushing the boundaries of creativity similarly to how artists experiment with their own creativity and style. The ad will end by showing new colorful models next to later works from an artist like Van Gogh, appealing to younger generations through individuality and self expression. Coupled with Spielberg Variables like music for Perpetual Music Concerts, celebrating classical music from Rolex partners, this ad will show the evolution of the brand, emphasizing the fact that these watches are tried and tested throughout history just as art has been. Focusing on the ‘great’s’ within the art world and tying Rolex to this will serve to further associations towards high-class luxury.
3. “It Doesn’t Just Tell Time, It Tells History” (Appendix 16): The craftsmanship aspect of Rolex will be displayed by showing the evolution between the careful selection of elements and design ideas put into the creation of famous paintings, as well as a long, detailed process of going from an empty canvas to a finished painting with well-crafted shapes, colours and textures. These will alternate with footage of the construction of Rolex watches which are almost completely vertically integrated throughout production, highlighting the different high quality components found in various models. This timelessness will once again follow that analogy with visual arts, by chronologically displaying different paintings from the Renaissance era to today’s vibrant contemporary art scene. This will gradually evolve as more modern paintings are shown before reaching a “climax” with contemporary art.

When asking respondents the associations and benefits each of these ads conveyed, the answers varied slightly, with Concept 3 being the most favorable overall and conjuring the most associations to youth and creativity (**Appendix 17**). The survey asked respondents questions related to KPIs to determine the net promoter score of each ad -14.3, 3.6, 28.6 across the three concepts respectively. We also asked respondents to identify whether the ad increased, decreased or maintained their level of favorability towards Rolex, with the highest number of increases for Concept 3 (46.4%) (**Appendix 18**). Each ad was also tested through the use of ACM principles; the third ad demonstrated the most uniqueness contributing to overall memorability, whereas the first and second ads struggled in comprehension, with several respondents citing associations of these two ads to what is “old fashioned” (**Appendix 17**). After performing this initial testing, we have concluded that Concept 3 aligns best with the benefits and creative outlined in previous sections. We further developed this campaign through the creation and testing of a complementary 360 interactive experience.

- VR Experience, “Bringing Art to You”: (**Appendix 19**) It has been said that it takes approximately 200 days to see every work of art on display at the Louvre if you spend just 30 seconds on each piece. This VR experience will capitalize on the current climate, with many museums being closed, to bring an artistic and engaging experience to customers in which the concept of time will be blended with artistry and culture. Large clocks on the wall with Rolex branding and a wrist featuring a Rolex watch will be placed at the center of the frame allowing viewers to move around the room on a time constraint. Once the time is up, the screen will display the phrase “You Can’t Buy Time, But You Can Buy a Rolex.

How much is your time worth?” Leaving viewers with a memorable and thought provoking statement and question.

This idea was developed by performing interviews with Gen-Z men and women and asking what they expect from brands, particularly in the current climate. Many suggested that an experiential component to advertising increases memorability and purchase consideration in the future. Thus, the idea for a VR experience was explored in conglomeration with our overall campaign’s relation to art. Not only would this experience be highly differentiating for Rolex, it would also symbolize the aspirational nature of the overall campaign.

Prototype:

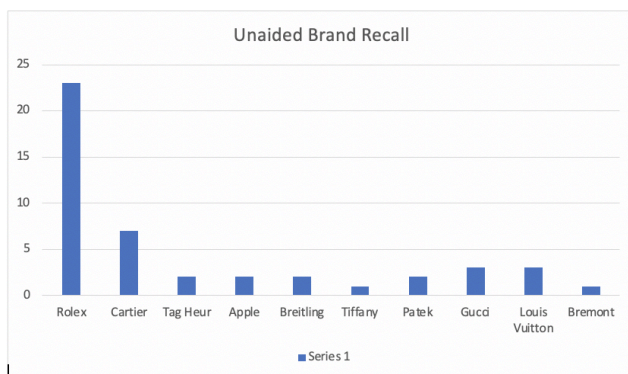
In arriving upon a final prototype, the proposed concepts have been tested and discussed in detail based on their relevance, comprehension and memorability among target consumers. The prototype was created on the basis of Concept 3 in the previous section and can be found in **Appendix 16 & 20**. The main message this ad aims to convey is that Rolex is a wearable, perpetually evolving art form that has stood the test of generations, as it will continue to do so in the future. The template we have decided to use is an analogical structure, comparing Rolex watches with visual arts. Even further, the ad follows a chronological development, establishing relevance to the brand, as it is the premier time keeping device and has morphed across time. From Renaissance works to today’s vibrant contemporary art scene, this ad aims to demonstrate evolution from classic to contemporary. This ad achieves originality and relevance through the use of various executional elements. To begin, dramatization is key, through grand music and powerful narration, we aim to align with the brands emphasis on credibility, grandier, and luxury (**Appendix 20**). Music will follow a chronological order of eras and change as the scenes do whilst maintaining a level of similarity between sounds throughout. Spielberg Variables will also be employed in this ad, for example the continual change of scene, conveying variations of famous visual art side by side with the meticulous and well-tested artistry Rolex promises their consumers. These comparisons will also demonstrate specific rational benefits of the watches like waterproof capabilities and the durability through various shots blending

watches with art pieces. In addition, stylistic elements for example lighting and congruence of colours throughout the ad will further serve to link the art with Rolex. These should follow the impression of luxury and high quality craft found both in the footage of the paintings and of the Rolex watches focusing great attention on cinematography and detail. The juxtaposition of these various forms of art with Rolex’s creative process and products will further the experiential benefit of belonging and tie Rolex’s benefits to those of the world of art and creativity.

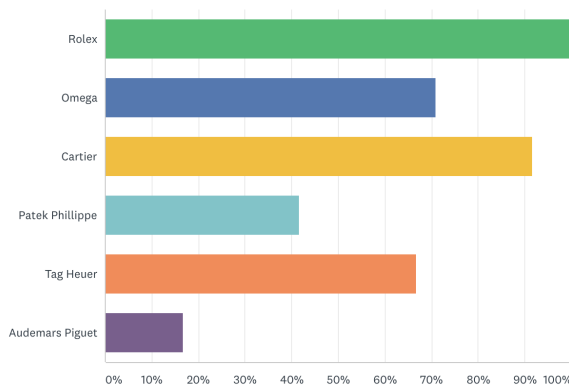
Appendices (1-20):

Appendix 1: Unaided & Aided Recall Measuring Brand Awareness (Preliminary Survey)

Question: “When you think of luxury watches, what brands come to mind?”

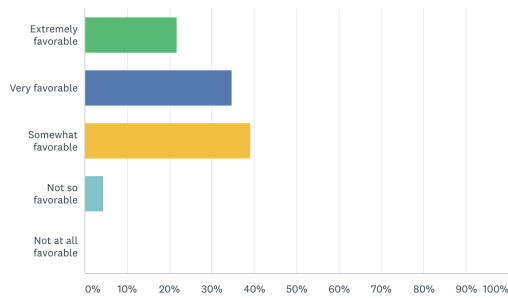


Question: Which of the following brands have you heard of?



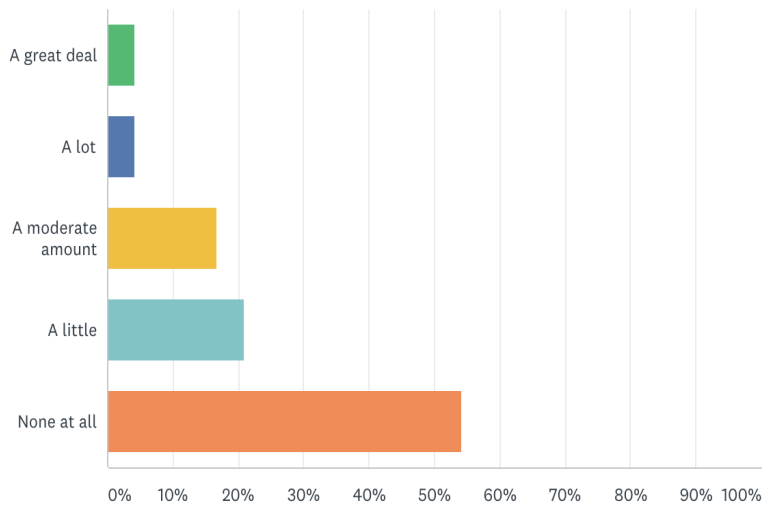
Appendix 2: Favorability of Rolex Survey (Preliminary Survey)

Question: How would you describe your overall opinion of Rolex?



Appendix 3: Associations of Rolex with Social/Corporate Responsibility (Preliminary Survey)

Question: To what extent do you associate Rolex with social responsibility? (ie. humanitarian work, commitment to the arts, scholarships etc.)



Appendix 4: Rolex Associations Survey Results (Preliminary Survey)

Question: If Rolex were a person, describe who they would be. (age, living, relationship status, gender, job, car... etc.)

Select Answers:

- “ it would be an old retired man”
- “57, Male, CEO, Married, Mercedes Car, living in Europe”
- “ middle aged man, living in a skyscraper with many mistresses. He would probably some kind of a millionaire”
- “ Rich old white man”
- “ 40+ plus white male with a stable financial income likely big time income and has a ridiculous car that is likely impractical”
- “ full of himself, shining, shouting out loud that he's rich and I don't know why, but a man.”

Appendix 5: Advertising Budget Calculations

2015 Ad Spend: \$56 million

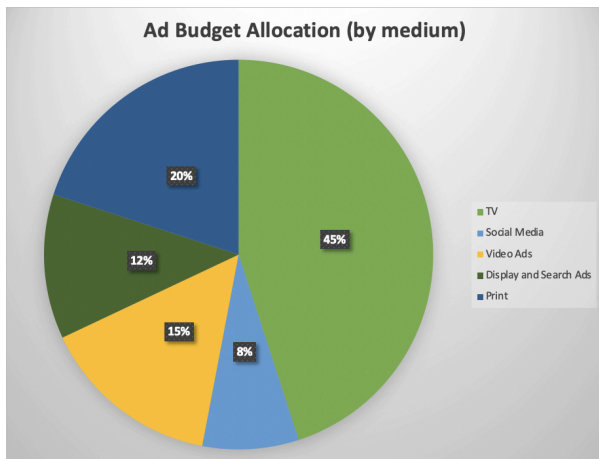
Revenue: \$4.5 billion



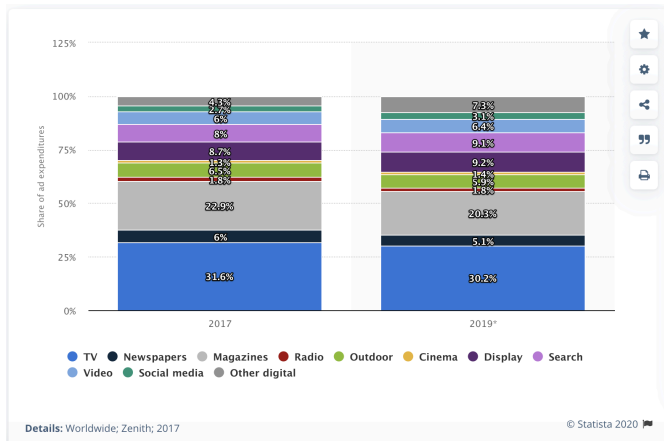
$$\text{A/S ratio: } 56,000,000 / 4,500,000,000 = .0124$$

2019 Revenue: \$5.2 billion x (A/S) ratio= **\$64,711,111**

Appendix 6: Proposed Budget Allocation (by medium)



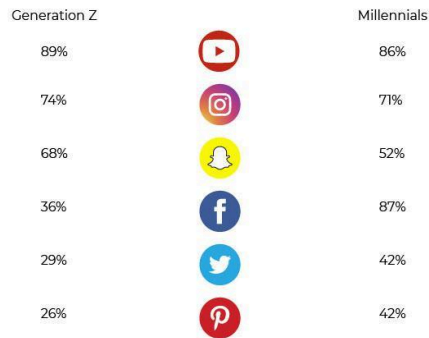
Appendix 7: Luxury Industry Advertising Medium Allocation



Appendix 8: Gen Z and Millennial Media Usage



Generation Zers Use Fewer Platforms on a Weekly Basis Compared to Millennials

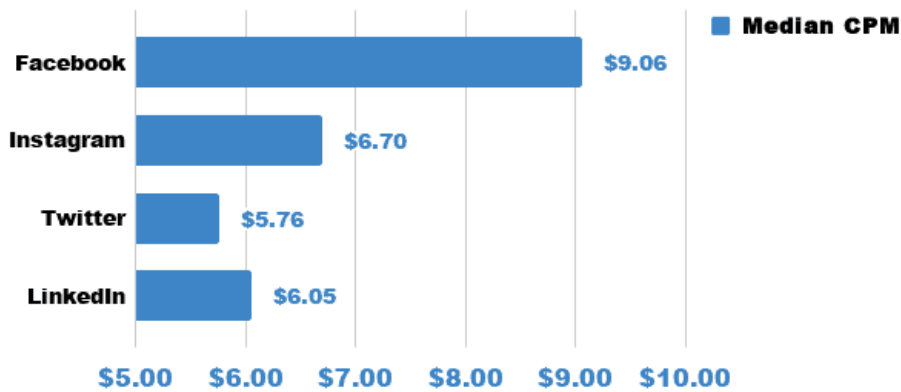


Not all answer choices shown
Percent of total respondents; N=627 U.S. social media users
Source: 2019 The Manifest Consumer Social Media Survey



Appendix 9: Average CPM Cost by Platform

How Much Do 1000 Impressions Cost on Each Social Network?



Retrieved from:

<https://www.falcon.io/insights-hub/topics/social-media-roi/how-much-do-ads-cost-on-facebook-instagram-twitter-and-linkedin-in-2018/>

Appendix 10: Media Planning

| Medium | January | February | March | April | May | June | July | August | September | October | November | December |
|----------------------|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|
| TV | | | | | | | | | | | | |
| Social Media | * | | | | ** | | | | | | | *** |
| Print (Magazine) | | | | | | | | | | | | |
| Video (Youtube) | | | | | | | | | | | | |
| Search & Display Ads | | | | | | | | | | | | |
| Rolex.com | | | | | | | | | | | | |

*Year-end bonus period
**Graduations
***Holidays


Appendix 11: Cost Breakdown by medium

Total Budget: \$64.7 Million

TV 45%, roughly \$29 million

*note many sporting events in 2021 will be cancelled due to COVID

- Cost of creation (including licensing) \$500,000-\$2,000,000
- Estimated Ad Spend of Past Ads with Impressions⁴⁵
 - 2020 The Oscars ABC, \$13.5 Million



Rolex: Tribute
Premiered on: The Oscars, ABC

Rolex data for the last 30 days:
Impressions: 49,823,297 (2% of industry)
Est. TV Spend: \$13,528,465 (34% of industry)
Attention Score: 95.11
Attention Index: 114 (14% fewer interruptions than avg.)


- 2019 Evian Championship, \$3.6 Million



Rolex: The Evian Championship
Premiered on: 2019 Evian Championship, Golf

Rolex data for the last 30 days:
Impressions: 203,319,520 (21% of industry)
Est. TV Spend: \$3,654,862 (39% of industry)
Attention Score: 93.79
Attention Index: 120 (20% fewer interruptions than avg.)

- 2019 Wimbledon Championships, \$2.4 Million



Rolex: The Long Road to Glory: Angelique Kerber
Premiered on: 2019 Wimbledon Championships, ESPV

Rolex data for the last 30 days:
Impressions: 169,100,441 (12% of industry)
Est. TV Spend: \$2,411,510 (17% of industry)
Attention Score: 91.08
Attention Index: 99 (1% more interruptions than avg.)

- Average for National TV ad is approx \$342,000⁴⁶
 - Run approx. 6-8 ads across national TV stations based on Media planning in Appendix 10=**\$19,000,000**
 - Following flighting pattern, focusing on high viewership events
 - Ie. Oscars, Wimbledon, smaller golf competition

Social Media 8%, roughly **\$5 million**

- CPM Facebook \$9.06
 - Allocate 40% to FB
- CPM Instagram \$6.70
 - Allocate 40% to IG
- CPM Twitter \$5.76
 - Allocate 20% to Twitter

Video Ads 15%, roughly **\$9.7 million**

- Cost of 360-3D Interactive Video \$10,000 for each minute + costs for complexity and development⁴⁷
 - Allocate \$4 million to costs associated with the creation (partnership, formality, complexity)
- Cost of reaching 100,000 viewers is around \$2,000⁴⁸
 - Focus on demographic targeting potential to reach approx. 285,000,000 viewers with full budget

Print 20%, roughly \$12.9 million

- Average cost for design approx. \$250,000 per ad⁴⁹

⁴⁵ "Watch the Newest Commercials on TV from Geico, Rolex, Postmates and More." Ad Age, February 11, 2020. <https://adage.com/article/hot-spots/watch-newest-commercials-tv-geico-rolex-postmates-and-more/2236146>.

⁴⁶ "Cost to Advertise on National TV." WebFX. Accessed November 30, 2020. <https://www.webfx.com/internet-marketing/cost-to-advertise-on-national-tv.html>.

⁴⁷ Carolyn Giardina, "Cine Gear: Virtual Reality Stitching Can Cost \$10,000 Per Finished Minute," The Hollywood Reporter, June 7, 2016, <https://www.hollywoodreporter.com/behind-screen/virtual-reality-stitching-can-cost-899697>.

⁴⁸ "How Much Do YouTube Ads Cost? [Updated 2020]," Influencer Marketing Hub, July 21, 2020, <https://influencermarketinghub.com/how-much-do-youtube-ads-cost/>.

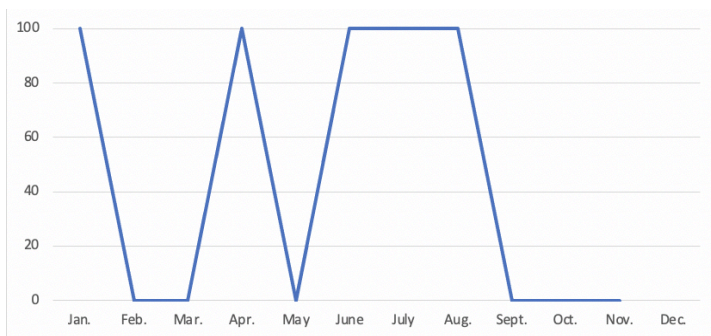
⁴⁹ Ashley Donohoe, "What Is the Average Cost of Advertising in a Magazine?," Bizfluent, November 5, 2019, <https://bizfluent.com/facts-5625807-average-cost-advertising-magazine-.html>.

- Create 4 different ads (snapshots of video ad)= \$1,000,000
- Full Page, color ad in Vogue is estimated at \$180,324 and Glamour \$209,254⁵⁰
- We suggest roughly 40 ads over the course of the first year of the campaign= **\$8,000,000**
 - 2-4 ads per month in various magazines (heavier frequency during key times again graduations, promotions, holidays)
 - Forbes
 - Vogue
 - Glamour
 - The Economist
 - GQ

Display and Search Ads 12%, roughly **\$7.7 million**

- Max Bid x Quality Score= Ad Ranking
- Utilize Keywords and income targeting (exclude words like ‘sale’, ‘free’)⁵¹
 - Google Ads
 - CPC x clicks per day
 - Focusing on key time periods as per Appendix 10
 - Bing Ads (older, higher income)⁵²
 - CPC x clicks per day

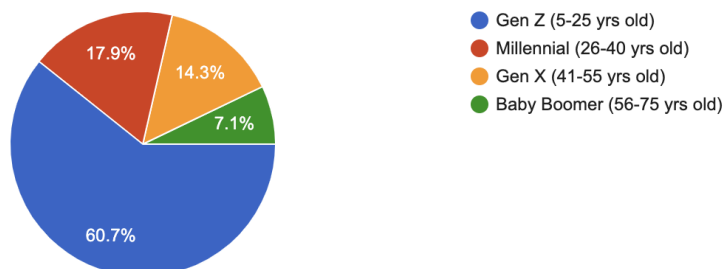
Appendix 12: Flighting Regularity



Appendix 13: Pre-Testing Survey Respondents Age Demographics

What generation are you apart of?

28 responses



⁵⁰Bobbye Alley, “The Average Cost of Advertising in a Fashion Magazine,” sapling, accessed November 30, 2020, <https://www.sapling.com/10016643/average-cost-advertising-fashion-magazine>.

⁵¹Allen Finn, “5 Luxury Marketing Strategies That Drive High-End Sales,” WordStream, 2018, <https://www.wordstream.com/blog/ws/2017/02/15/luxury-marketing-strategies>.

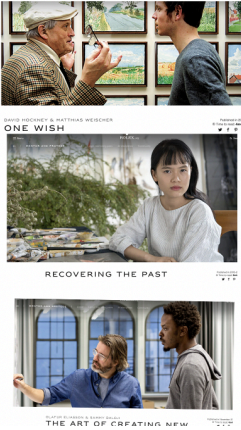
⁵² Ibid.

Appendix 14: Ad Option 1

"Perpetually inspiring the next generation of creatives"

ROLEX
Mentor & Protégé

focuses on Rolex's mentor & protege program. Linking this to the Rolex perpetual notion. Rolex's are rooted in the past with a focus on constant evolution. Ask each of these mentors and proteges what timelessness in art means to them. End with "Our watches are built to last. So is our contribution to future generations."



Closing scene is older man giving younger man his Rolex watch along with piece of advice related to time. (ie. "Your time is priceless") similar to Patek Philippe's womens campaign.

Music: Quiet music as the main focus is conversating.

Style: Rolex as a brand should have limited focus until the end (pulsing)
 . Focus on passing knowledge to next generation, perpetual creativity. Tied together by quest for beauty and expression.

Appendix 15: Ad Option 2

inspire creativity, aspire to greatness



video visual of Germany next to the Netherlands. (Where each of these creators were born.

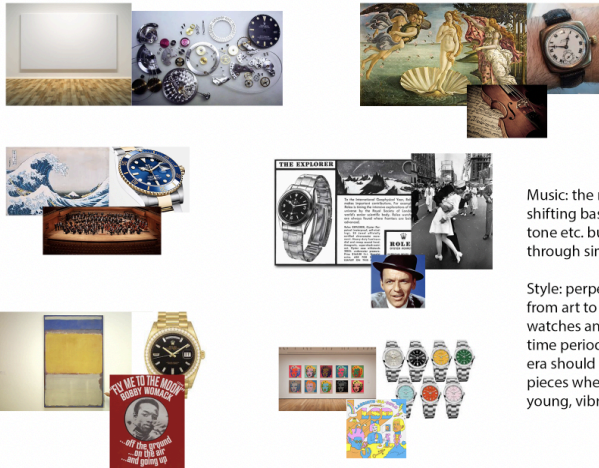
video of various Rolex collaborators (scientists, musicians, artists) working on their projects

Music: Music from Perpetual Music Concerts. Celebrating classical music from Rolex partners.
 "In keeping with its long-standing commitment to the world of music, Rolex is launching an initiative to support musicians and singers during this critical period of COVID-19. This project aligns with the brand's desire to have the art form endure as an integral part of everyday life."

Style: Split screen, deep and grand voiceover, snapshots of both videos and photos of how Rolex was started focusing on history, trial etc. culminating in the final screen which will be Rolex faces in matching colors to one of Van Gogh's most famous works.

Appendix 16: Ad Option 3

"it doesn't just tell time, it tells history."



Music: the music will constantly be shifting based on genre, expression, tone etc. but blended together through similar instruments.

Style: perpetually shifting frame from art to Rolex. Placement of watches and style should reflect the time period of art. (Ex. Renaissance era should display older, classical pieces whereas Warhol should be young, vibrant, and colorful)

Appendix 17: Associations and Benefits Pre-testing

When looking at this ad storyboard what associations/benefits of Rolex does it convey most strongly? (Option

1)

- It shows the legacy of the brand and how it is considered as a classic, enough of a "name" to be passed down through generations. The Benefit it portrays is the legacy aspect of the watch
- mentor program and what they are doing for society, showing that they're more than a watch company
- I don't know?
- longevity and sentiment
- Durable (you can pass on the watch), they have social commitments, they are classic and modern
- Legacy I guess
- Passing down through generations; family
- rolex is durable and lasts generations
- Timelessness, innovation, cross-generational connection
- Rich
- Rolex remains a reliable vehicle for generational wealth transference
- Timelessness
- Feels very old fashioned but maybe elegant ?
- Heritage. Memories. Treasures
- Longevity, value, long-lasting, heirloom pieces, generational wealth
- Mentorship
- That educated & professional people wear Rolex watches
- It brings forth the idea of class and elegance. Possible wisdom as well because it seems like there is some sort of guidance going on
- style and luxury
- High maintenance/expensive
- Artistry
- Generation

When looking at this ad storyboard what associations/benefits of Rolex does it convey most strongly? (Option

2)

- It conveys the Rolex as art. Not just regular art but well appreciated and well known artwork. It shows again the legacy aspect of the watch and how it is “well known” like the paintings of Van Gogh.
- people who wear Rolex’s are creative people
- Innovates over time
- Nothing
- History, the products have been tested over time
- Rolex is for older art appreciators
- Also legacy
- Aspiration; creativity
- rolex is for creative people and made with exceptional materials
- Creativity, diversity
- Elite
- This story board associates Rolex with humble beginnings. I'm not sure that resonates with the brand.
- Artisan
- Evolving, creativity, investment in meaningful things
- Supporting others. Creativity
- innovation, but dubious association
- modern innovation, creativity
- Inspiring creativity
- That Rolex is an artistically curated watch and it their craft has been perfected over a long time
- It shows the idea of art being an aspect of Rolex, perhaps the idea that The Rolex watch itself is a form of art
- art style luxury
- Heritage
- that rolex is one of a kind
- Art

When looking at this ad storyboard what associations/benefits of Rolex does it convey most strongly? (Option

3)

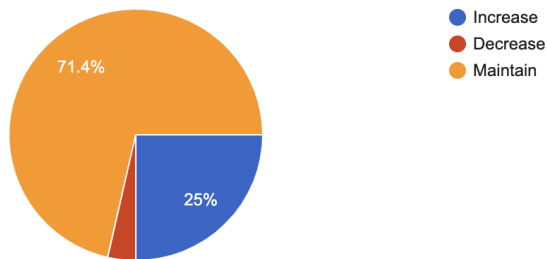
- Again it portrays the same aspects of legacy and “brand awareness” of the watch. As we know all those images we should associate them with the watch.
- rolex has been around for a long time but have stayed the constant and consistent throughout and is durable
- History
- Rolex is a piece of art
- Art
- Evolving, products are fun and youthful
- Artistry
- rolex is a timeless watch that also represents art on the person
- Artistic expression, timelessness
- Timeless
- This seems to imply that rolex style is constantly changing
- Art and rolexes
- Cool. Evolving
- Timelessness, craftsmanship, long history
- Reflection of history
- That Rolex watches have encompassed the significant pop culture influences throughout history
- It conveys the idea that there is a deep rooted history behind Rolex.
- style art luxury

- Art of watchmaking
- the meaningful nature of the watch

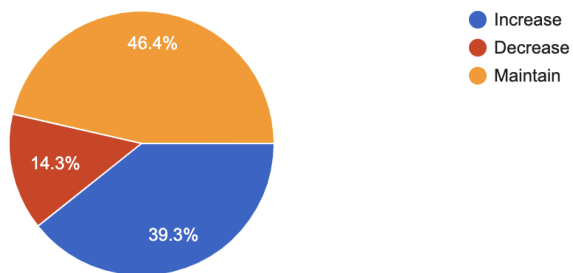
Appendix 18: Favorability Pre-Testing Survey Responses

Does this ad increase/decrease or maintain your level of favorability towards Rolex?

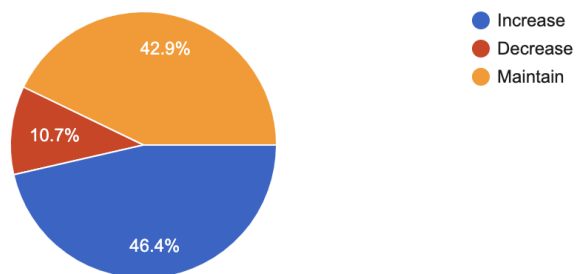
Concept 1:



Concept 2:



Concept 3:



Appendix 19: 360-Interactive Experience Prototype

VR Experience

"It would take you around 200 days to see each of the 35,000 works of art on display at the museum if you took 30 seconds to see each and every piece, according to Widjaja."

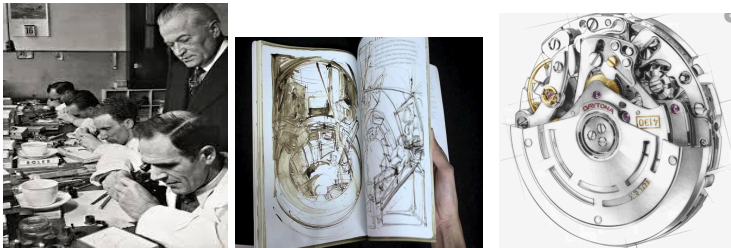
"You can't buy time but you can buy a Rolex. How much is your time worth"



In the current climate, the Louvre and various other museums are closed. Rolex is offering to bring an immersive art experience to you. The point of this VR experience is to demonstrate that Rolex is not only a form of wearable art but also a time keeper for those who are culturally in tune. In displaying the watch, users can track how much time they have left to see the various pieces before the museum closes.

Appendix 20: Video Ad Script with Visuals//Prototype

Every piece of art begins with a person and an idea. Some may call it "crazy", "far fetched" or even "impossible". Here at Rolex we believe in finding inspiration from the generations before us.



*Begin with art sketches then transition to Rolex sketches

From the Classical era we were given dynamic, realistic depictions of the human body that have fostered our quest for chronometric precision, running on the perpetual movement of our bodies.



*Begin with visuals of classical statues then focus on creation of Rolex self-winding feature

From the Renaissance era we were given passion for grandeur and exploration which has fueled our desire to constantly push the bounds of excellence in innovation.



*panoramic view of Sistine Chapel, complementary colors of gold, next scene is old Rolex watches that are both ornate and classic

From impressionism we were taught the value of connectivity to our world, from our deepest oceans to our highest peaks, accompanying people on various journeys to advance knowledge has always been our mission.



*feature waterproof capabilities, start with painting a move towards bottom with video of Rolex underwater

Photography taught us the importance of being a part of individual moments, no matter how big or small.



*sponsorship with Roger Federer

And now, with every passing day, modern art is teaching us the power of individuality, expression and the perpetual drive to make our world a better, more creative place. Much like art, Rolex reflects past influences while concurrently defining new paradigms. Because of this, we understand that a Rolex watch will never change the world, but the people who wear them can.





ROLEX AWARDS FOR ENTERPRISE

ANYONE CAN CHANGE EVERYTHING

For more than four decades, the Rolex Awards for Enterprise have supported individuals with innovative projects that improve life on the planet, expand knowledge, propose solutions to major challenges, or preserve our natural and cultural heritage for future generations.

“It Doesn’t Just Tell Time. It Tells History.”

