

# Analysis of Rolex's Marketing Strategy in Quartz Crisis and Its Inspiration to Other Brands

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**Abstract.** This paper first describes the status of Rolex in the luxury watch industry. Today, Rolex is an international luxury watch brand, with flagship stores, distributors and franchise stores all over the world and people regard owning a Rolex as a symbol of success. And then this paper describes the quartz crisis, which is crucial to Rolex's successful transformation into a world-class brand as it was previously a niche, utilitarian Swiss watch brand, and draws out the efforts made by Rolex in the three aspects of brand positioning, brand value and brand culture during the quartz crisis. In this crisis, Rolex accurately understood the changes in the market, located customer groups as well understood their needs. Rolex also enhanced their brand value from multiple aspects, made their products luxury, and established their own brand culture in the subsequent development of the brand in response to the crisis. Finally, the reference value of these strategies for other brands is proposed.

**Keywords:** Rolex; marketing; the quartz crisis; luxury watch brand.

## 1. Introduction

Nowadays, Rolex is a luxury watch brand name in many people's minds. It also represents the whole luxury watch industry. The reason why Rolex can stand out in so many Swiss watch brands is not enough to rely on quality, its marketing strategy also plays a key role. In the 70s of the last centuries, the emergence of quartz watches greatly impacted the status of mechanical watches, and this was a huge blow to Rolex, as most of the watches made by Rolex are mechanical watches. Quartz watches timing is very accurate. At the same time, because of the material, they are stronger and basically does not need maintenance. More importantly, the price of quartz watch is very low compared to mechanical watches. With the development of technology, the whole watch industry is facing greater challenges. At today's level of technology, electronic products like computers or mobile phones have almost completely replaced the function of watches. With them, the demands for watches has plummeted. Despite the changes in the market environment, Rolex still maintains its own brand status, which has great reference significance for other watch brands. Not only by the watch industry, Rolex's marketing method is worth learning by more brands, especially for the luxury brands that in today's dramatically changed market environment.

At present, predecessors have deeply studied the overview of Rolex's patented innovations in watch technology in recent years [1]. They pay more attention to Rolex's technological innovation in recent years, and less research on Rolex in the brand marketing aspects. At the same time, Rolex adheres to the marketing strategy of establish brand positioning, adhere to brand value and build brand culture and these strategies has helped Rolex through one difficulty after another, which is also worth us to study. As a result, this paper focuses on the Rolex brand's unique marketing approach, beginning with an examination of the three marketing methods used by Rolex and their application as a model for other firms.

This paper first introduces the performance of Rolex in the quartz watch crisis in the 1970s as a case study. Then from this case study leads to the analysis of Rolex in the brand positioning, brand value and brand culture of measures. Specifically, this paper will analyze the definition and importance of marketing strategy, and the specific application of Rolex and their effects. Then, according to the analysis results of this paper, this paper will giving relevant suggestions and discussions.

## 2. The Quartz Crisis and Its Impact on Rolex

Before the quartz crisis, Rolex was just a niche and practical watch brand, providing products for some special workers who needed accurate time, but after the quartz crisis, Rolex stood out from the major Swiss watch brands, and transformed into a luxury watch brand. The quartz crisis refers to the dramatic changes in the structure of the world watch industry caused by the invention and spread of quartz watches in the 1970s and 1980s.

The quartz crisis developed on the basis of the third global scientific and technological revolution. In December 1969, Seiko launched Astron, the world's first quartz watch, which marked the beginning of the quartz crisis. In general, quartz clocks are much more accurate than traditional mechanical clocks and sell for much less than mechanical clocks. During the quartz crisis, quartz watches replaced the traditional mechanical watches in many countries of the world, and the production of mechanical watches caused a huge impact on the Swiss watch industry. Rolex and other Swiss watch brands took a hit across the board, including a huge decline in the number of watchmakers and a huge drop in demand.

In 1983, the quartz crisis reached a critical point, which argued the Switzerland's watch company to change in order to face drastic changes in the market environment. To this end, Switzerland's two watch groups, ASUAG and SSIH try to save the Swiss watch industry by merging together and officially changed their common name to "The Swatch Group". In addition to its own Swatch, the Swatch Group also acquired other famous brands including Breguet, Tissot, and so on. Other well-known Swiss watch brands have also joined forces to establish new brands. Cartier, IWC and other established Richemont Group. Although the alliance strategy had some merits, it was only a temporary solution. In general, mechanical watches suffered a huge impact and could not recover their original position, while electronic watches from Japan accounted for the majority of the market share. At the same time, many of the surviving Swiss watch houses, including Patek Philippe and Rolex, began to transform into a luxury watch brand. Specifically, they change the definition of mechanical watches, making them gradually evolve into a luxury product rather than a simple timekeeping instrument. This highlights the exquisite workmanship, aesthetic value and unique design of the mechanical watch, and even makes the mechanical watch symbolize the identity and social status of the owner. This requires the brand marketing strategy from the root to adjust. Rolex started from changing the brand positioning, adhered to the luxury brand marketing core that is brand value, while building brand culture so that Rolex can go further. The following is the main analysis from these three points of Rolex's approach in this crisis.

## 3. Analysis of Successful Experience with Rolex Marketing

### 3.1 Brand Positioning

One of the reasons for Rolex's success is that it has precisely targeted its customers, or defined its brand position. The definition of brand positioning has been interpreted differently in different fields. Consumer group positioning, pricing positioning, sales channel positioning, and other factors are all part of brand positioning generally. When positioning a brand, businesses should first carefully plan the brand positioning in accordance with the characteristics of the products and the market's future trend, define the brand's target customer base, and then adapt the brand positioning flexibly to the market's particular circumstances. In particular, it bases brand creativity on the target market and uses it for its own products [2]. The cornerstone and future course of product marketing is brand positioning. Brand positioning serves as a compass, offering guidance for brand growth and serving as more useful background knowledge for the implementation of certain projects. Additionally, brand positioning is essential for attracting customers, and it's crucial to combine it with the customers' own concepts [3].

During this quartz crisis, Rolex repositioned its brand positioning and targeted new customer groups. Before the quartz crisis, Rolex's main customer group was technicians or professional

workers who needed to work in extreme special environments, such as pilots, divers and so on. Because of the particularity of its work, Rolex's accurate timing and fine craftsmanship meet their needs for watches. At this time, Rolex's brand positioning was a practical watch company designed for workers. But with the development of the economy, the capitalists gradually replaced the status of the aristocracy, and their favorite activity was not to hold parties in ornate palaces, but to explore the world. Rolex accurately grasps the changes in the market and is determined to change its brand positioning: from a practical watch brand to a luxury watch brand. Since then, Rolex has made many changes around its brand positioning. For example, in order to improve its brand's market positioning and strengthen its brand distinction, Rolex specifically takes a number of actions, including changing the watches it offers and manufacturing them from pricey materials like gold, diamonds, and other precious metals [4].

### 3.2 Brand Value

Brand value is the core of marketing strategy, and the core of the whole brand. Therefore, based on the principle of brand value as the core, enterprises should deeply understand the needs of target groups, enhance brand competitiveness and promote market sales through strategies in different aspects such as products, prices, promotions and channels. At the same time, due to the particularity of luxury brands, there is a big difference in brand value between them and ordinary brands, so their marketing strategies are also very different. The marketing strategy of luxury brands should focus on highlighting the brand cultural story and brand value, as well establish the brand image with excellent quality and high-end design, so as to promote the value choice of consumers [5].

In order to transform itself into a luxury brand, Rolex has made great efforts to emphasize brand value. First, Rolex has raised its production standards, more rigorously controlling each production process for each watch. In addition to insisting on the tradition of hiring Switzerland's most professional watchmakers to make watches, each watch has to go through hundreds of pure manual production processes, and up to several years of inspection before it can be sold. In addition to the improvement of the process, Rolex has also made changes in product innovation. Compared with the established Swiss watch companies such as Omega, Rolex launched a rarer watch collection. Since its inception in 1905, Rolex has produced only 15 series of watches. Each series is so classic and special that it hits the world as soon as it comes out. And Rolex focused all the energy on these 15 series of watches. Rolex never expanded into other areas and was single-mindedly focused on making watches, in contrast to Cartier, which also made jewelry. Of course, the most important factor in the high price of luxury goods is the strong mismatch between supply and demand. To this end, Rolex has been strictly controlling the production of watches. For some limited-edition watches, there are only a few dozen in the world. The scarcity of the product has led to a higher premium, which let Rolex itself become an investment good. At the same time, Rolex is not only limited the quantity of watches in production, but also strictly controlled in sales. Rolex is very strict about sales channels, so it is a great honor to be an official Rolex dealer, and the website of these dealers will indicate that: real Rolex watches are only available in regular Rolex watch stores. On conclusion, with all kinds of means to control the supply of watches, Rolex is steadily improving its brand value.

### 3.3 Brand Culture

By giving the brand a distinctive and significant cultural connotation, brand culture refers to the process of creating a distinctive brand positioning. As a result, brand recognition and customer loyalty will increase significantly. This can boost businesses' competitiveness and offer a solid assurance for the successful use of brand strategy [6]. Additionally, brand culture acts as a trigger by inciting consumers' innate desire to buy and psychological sense of belonging. A distinctive brand culture can give the product more cultural connotations, increase its value, and hence strengthen its competitive advantage [7].

Rolex's marketing strategy in shaping brand culture is equally classic and worthy of emulation by other brands. Rolex associates its brand with wealth and social class, creating an image of "Rolex

equals wealth". This image is so deeply rooted that in many films and television shows, owning a Rolex watch before the age of 50 is regarded as a sign of success. This deeply captures the psychological needs of potential customers and satisfies their desires and dreams. Rolex watches became the necessary equipment for the upper class, the threshold for entering the rich class. With a small watch, people may be able to broaden their network or become famous in the upper class. In this way, the social value of a Rolex far exceeds its own value as a watch.

At the same time, its brand culture is not just about wealth, Rolex also manages to combine the brand with the pursuit of excellence. As mentioned above, the capitalists of that time pursued adventure, so they were keen on extreme sports such as rowing and diving, as it was consistent with their spirit of getting rich. They appreciate the drive, achievement and innovation inherent in extreme sports. Rolex captures this very well. A noble and serious mood was displayed throughout the entire equestrian process, from the rider to the audience, in the past when the word "equestrian" was used in public. Pat Smith, a British jumping jockey, was hired by Rolex in 1957 and served as the company's first equestrian representative. It is simple to understand why Rolex selected him. Smith is an individual who pushes the envelope and is passionate, and his traits are just what Rolex needs [8]. For decades, Rolex has actively promoted the development of equestrian sports and spare no effort to support the world's best athletes, top races and related organizations. Rolex today's sports marketing has been involved in tennis, golf, sailing, equestrian, racing, adventure and many other projects, which Rolex invested a huge amount of money. At this point, a three-dimensional pursuit of excellence and symbolic wealth of the brand culture set up.

#### 4. Suggestions

According to the relevant practices of Rolex in market positioning, the first thing the brand does in terms of marketing strategy is to clarify its own brand positioning. By focusing on the target population, the marketing strategy will be more accurate. Ries and Trout, who first put forward the concept of "positioning", believe that positioning is not to do anything about the product itself, but to take action against the psychology of potential customers, that is, to determine an appropriate position in the customer's mind [9]. The brand must comprehend the size of its intended market and the wants of its target audience in order to provide goods that meet those needs. Second, different client groups lead to divergent pursuits of product value. Luxury firms must thus modify their products to reflect the psychology of their target consumers and provide them with the value they require. The clientele of Rolex is particularly concerned with raising the standard of luxury products. Everything must be original, including the materials and the design. In the end, Rolex products are consistent with successful people's aesthetics and their pursuit of a high quality of life [10]. However, it should be noted that with the development of economy, the consumption of luxury goods shows a tendency of younger people. The motivation of young people to consume luxury goods is completely different. They pursue newness, freedom, and a larger proportion of consumption compared with the Joneses. For Rolex and other luxury brands, adjusting product values is essential [11].

The relationship between customer spiritual requirements and brand culture ideals is another crucial consideration. The values and brand connotation communicated by the brand culture will have an impact on customers' intuitive comprehension [12]. At this time, brand culture is particularly important. The brand must have deep and profound brand connotations and values that are appropriate for the intended market.

#### 5. Conclusion

Starting from the changes in the Swiss watch industry during the quartz crisis in the 1970s, this paper analyzes the strategies of Rolex in the three aspects of brand positioning, brand value and brand culture, and obtains the suggestions of "accurate market positioning, improving the value and added value of products and developing its own brand culture". This paper can provide some reference in

marketing for brands that are stagnating in the crisis, and also provide reference for case practices for brands that want to transform into luxury brands or the brand that want to promote from low luxury to high luxury. At the same time, this paper also summarizes the marketing methods of Rolex from the 1970s to the present, so that people can have a clearer understanding of Rolex's marketing strategies.

However, the market situation is not static and it remains to be seen whether Rolex can maintain its market position and continue to make a successful marketing strategy. This article has not covered how Rolex weaved the crisis under the pandemic. In recent years, Morgan Stanley and Swiss Luxe Consult jointly published an estimate of the Swiss watch industry, which showed that Rolex's sales for the full in order to cope with the impact of the epidemic on the industry chain and product demand, Rolex chose to increase the selling price of each watch by an average of about 5%. At the same time, the epidemic also had a negative impact on the physical exhibition of the watch industry. Most of the physical exhibition were cancelled or turned online, forcing brands to accelerate the process of digitalization. So, in the future, Rolex's strategy adjustment will be further analyzed and explored under the epidemic.

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