

1800% - the difference when you wear the brand-king crown

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ROLEX

I was recently chatting to the captivating David Hagon (davidhagonwatches.com) about the current state of the luxury watch market.

For those of you who have not had the pleasure of chatting with David, he has been in the high-end watch market for nearly 50 years and really does know all there is to know about his subject. Starting in the family jewellery firm, he went on to manage both Patek Philippe Salons in London, he truly is a champion of all things horological.

During our chat, we got on to the subject of the meteoric rise in the price of Rolex watches. One example is when a new Stainless Steel Daytona watch comes off the production line, its list price is £10,800. However, it instantly commands £40-45k on the 2nd-hand market.

It was at this point David told me an interesting tale about the first automatic Rolex Daytona watches.

The Daytona range of watches are amongst the most famous and sort after watches in the world.

In the late 1980's, Rolex needed to update their aging Daytona model. The existing model needed to be hand-wound, whilst competitive watches were switching

over to automatic movements. A watch that you needed to wind yourself was looking extremely dated in the world of quartz crystal LCD digital watches.

On a mechanical watch, the movement (the gears, cogs & springs) is the beating heart of the watch, the engine that powers the hands, the date and other features. To watch geeks watch movements are really interesting as they define how smoothly the second hand moves, how reliable the watch is and most importantly, how accurate the watch will be in different environments.

Rolex was in a bind. Hand-wound watches were quickly going out of fashion. The popular Daytona needed to be brought up to date, the only problem was Rolex didn't have a suitable automatic movement.

Like car engines, movements are very expensive to develop and take years to get right, so Rolex went shopping and ended up buying from their competitor Zenith, using the movement from the El Primero watch.

Rolex did make some modifications to the movement – some of these were cosmetic, making it look more like a Rolex component. Some modifications were mechanical, such as slowing down the movement reducing wear and servicing intervals, but also giving it a longer power-reserve. And some changes were to aid manufacture, such as reducing the number of types of screws that were used.



Rolex released the Rolex Cosmograph Daytona 16520 in 1988 and Zenith continued to produce their own watch, the Zenith Chronomaster EL Primero.

Fast forward 30+ years and since that time Rolex has spent its time cementing its place as the most famous and most desired watch brand - yes there are better, much, much more expensive watches, but Rolex is the number #1 brand.

Rolex worked hard making it synonymous with sport, adventure, exploring and more recently the arts and musicians. It makes sure its watches are adorned by the famous and the photographed. It ensures production is always slightly below demand, creating selective scarcity.

During this period, Rolex's marketing director, André Heiniger, spearheaded a decades-long effort to secure the brand's synonymy with luxury. He is attributed with saying:

"Rolex is not in the watch business. We are in the luxury business."

This brand desirability has meant demand for Rolex's is huge and that can clearly be seen in the value of the 2 watches, a 2nd hand Zenith Chronomaster EL Primero

can be currently picked up for £1,300, whilst the equivalent Daytona would set you back over £25,000.

Rolex's branding has meant that new watches are sold out. This is a company that makes over 1,000,000 new watches every year. They produce an item that lasts indefinitely and of course you only wear 1 watch at a time. Yet, if you go down Bond Street and visit any Rolex dealer you will find that there are none available.

If you want one, you have to order one, but there is a waiting list. It is a bullish market, and don't the dealers know it!

One customer was told that in order to be eligible to go on the waiting list, then you must have brought a Rolex from them in the past. Not brought one? Then have you brought any jewellery from the dealer? Again no? Well, simply buy £25,000 worth of jewellery and then you will be eligible to go on the Rolex waiting list!

It is worth reiterating that whilst it seems that everything is going up in price, in the watch market, it really is Rolex that is the one brand that is experiencing these crazy gains.