

Assignment 2

Ladies and gentlemen of Rolex I'm here to convince you we must compete in the age of Artificial Intelligence (AI). The current competitive market is changing rapidly due to digitalisation (Donohoe, 2022). We've been dominating the watch market for over 100 years¹. We're facing challenges we've never experienced before due to digitalisation. 'There's little margin for error in marketing' (pg.4, Kotler et al., 2019). However, we are more than capable of not only weathering these challenges, but profiting from them.

[1.]

Holistic marketing explains the business is one interconnected entity geared at achieving one goal². We've successfully implemented the four pillars of this philosophy (Kotler et al., 2019). We've built an effective network of stakeholders and internal relationships³. Our vision of quality is echoed from the people in this room to our horologists and lab technicians. We understand our watches are more than just a means of telling the time, they're status symbols (Wang, 2021). We've integrated that delicate nature of building our time pieces into our marketing strategy.

Digitalisation challenges these pillars. The obvious challenger is the smartwatch industry. The current sales data suggests Apple has outsold the entire Swiss watch industry in recent years⁴. The data fails to recognise that our sales haven't dropped and that we are, in fact, failing to meet current demand due to supply shortages⁵. Thus, I wouldn't be worried about us losing market share or a 'digital battlefield' (pg.121, Kotler et al., 2019) fully materialising. I'd be more concerned we might try to disperse our modernisation effects (Rodriguez-Vila et al., 2020) beyond what we're capable of, perhaps like Tag Heuer did. They made the mistake of trying to beat Apple at their own game with the introduction of their 'Connected' watch which is now discontinued⁶. I emphasise we must use AI to enhance our current customer experience, not to bandwagon a trend that'll stain our brand values.

Attempting to digitalise in this way would ruin our relationship with stakeholders, specifically licensed vendors. One of our official Irish sellers, Weir & Sons, don't sell smartwatches⁷. We'll stain our bond by either making them sell our smartwatches or outsourcing this work.

Trying to change our product fundamentally would upset our internal affairs. Our employees are master craftspeople⁸ and won't reskill. Instead, they're more likely to flock to competitors.

We've always understood 'the whole is greater than the sum of two parts' (pg.22, Kotler et al., 2019). The Rolex consumer journey starts when they are in our spectacular vendor stores. It doesn't end after purchase either. Should they need a repair, they can only get one in said selected stores⁹. The expertise found in the creation of our watches is shadowed in the employees in these shops. Weir & Sons floor employees must have at least two years jewellery retail experience¹⁰. The well-trained staff must have the expertise to increase consumer satisfaction. Hampering either of the two points above would seriously affect our integrated marketing. After all, a Rolex itself is 'a piece of living art, greater than the sum of its parts'¹¹.

A 'smartRolex' would hamper performance. I've outlined how the smartwatch and luxury watch industries are separate entities; customers want either a smartwatch or luxury watch, not an amalgamation of the two. I've detailed we're not losing sales nor market share. Trying to merge the two markets would see us lose both. I do believe we need to pursue digitalisation in other aspects,

which I'll reveal later. This'll enhance our overall performance as a brand as we can't possibly do so solely in our current market.

[2.]

Management is broken down into planning, organising, leading and controlling (pg.35, Kotler et al., 2019). In marketing management, each challenge can be both exaggerated and eased due to modern technology.

If marketing's getting all departments to face the customer (Lecture, 2022), planning's the process of detailing how that'll be achieved (Kotler et al., 2019). Digitalisation has enabled globalisation (Autio et al., 2020), allowing us to reach a wider array of different customers. The challenges of deglobalisation (Nambisan & Luo, 2022), (Wolf, 2022) and adapting to different market trends (Bharadwaj & Taylor, 2021) are ever present. Technology allows us to understand these trends and alter products by region accordingly.

Organising's aligning resources to successfully implement a plan (Kotler et al., 2019). 'The new information technology (has) practically eliminated the physical costs of communication' (pg.275, Drucker, 2013) and vastly increased velocity. Post from our Geneva offices takes at least 3 business days¹² to reach our New York offices. A message can now be relayed in mere seconds across continents through email. This frictionless communication however can lead to email overload and consequently employee burnout (Reinke & Chamorro-Premuzic, 2014). Burnout's the antithesis of engagement (pg.139, Freeney & Tiernan, 2006). Organising different departments is near impossible when employees aren't engaged, highlighting the need for balance in communication technology integration.

Leading's influencing others to achieve organisational objectives (Kotler et al., 2019). Technology has the power to change how we manage. We can track employee productivity and even anticipate when employees might leave (Kiron, 2022). This is greatly beneficial; we can now make data-driven decisions on both activities affecting the company internally and externally. We can incentivise people to stay; if the algorithm determines a worker wishes to leave due to their dissatisfaction with working hours, we can adjust them accordingly. A slight issue arises here however. Angela Ahrendts explains "When you have trust and you get that trust in place throughout the company, people are empowered – people are free." A recent US survey of 2,000 remote US employees noted that nearly half said surveillance was a violation of trust¹³. Again, we're tasked with the challenge of finding a good balance in introducing this technology.

Controlling's judging whether your goals have been met (Kotler et al., 2019). I've mentioned how data gathering on the employee end has been facilitated by technology; the same can be said about consumer data. Not only does technology offer better ways to measure old metrics, such as sales, it also offers new data to measure. Please see figures 1 and 2; our in-house stat tracker of our Instagram account.

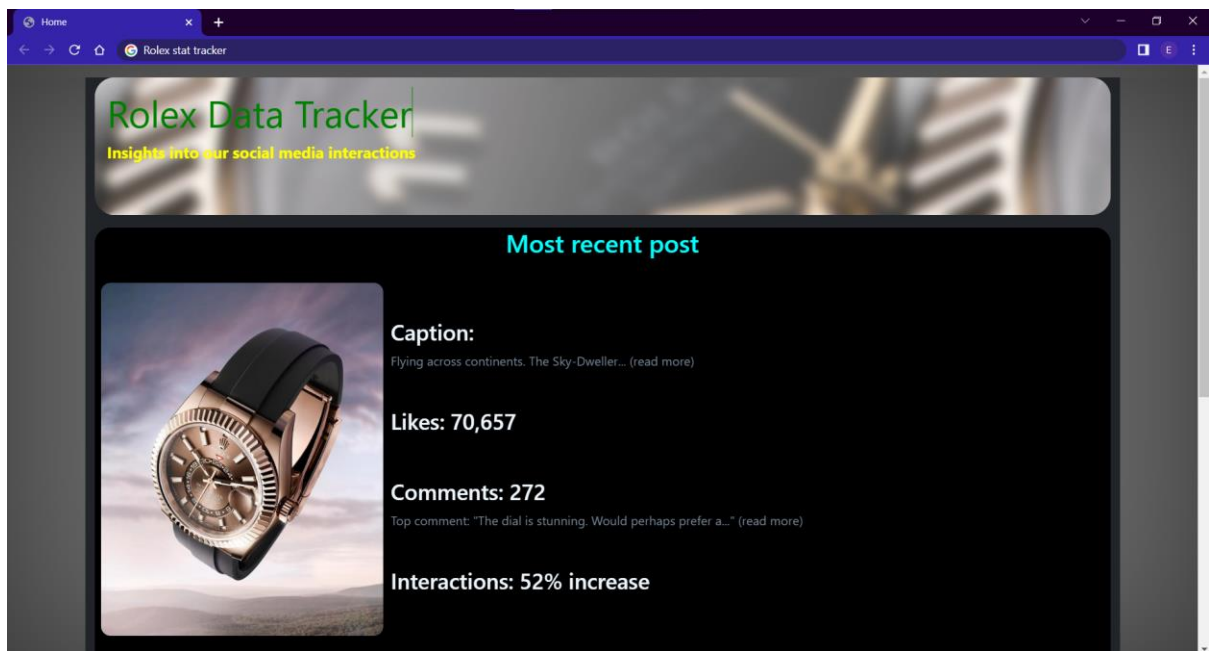


Figure 1: Most recent post

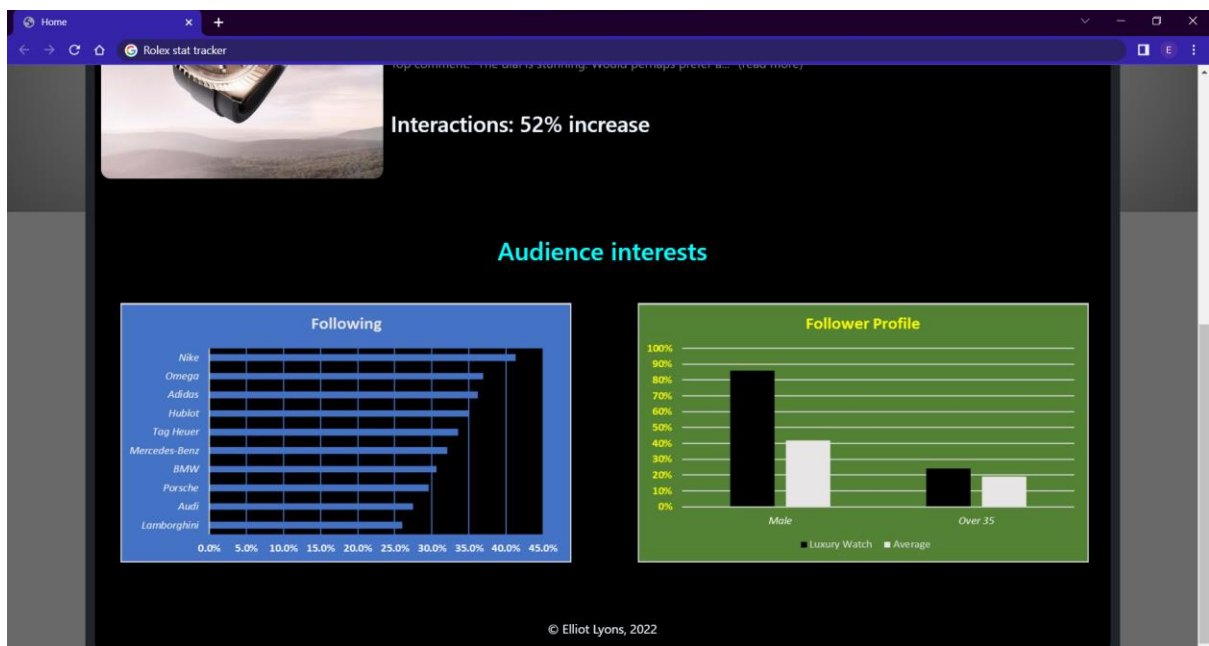


Figure 2: Follower profile

I'll finish my presentation with how we need to use this data for a competitive advantage by digitalising our services. It's important to note the challenge of stricter privacy laws in different nations however (Nambisan & Luo, 2022).

[3].

We must compete in the age of AI. It may appear that digitalisation brings as many drawbacks as benefits to our organisation due to my earlier points. This is not the case; it is crucial not to neglect

digitalisation. We must, in fact, embrace it as ‘Neglecting digitalisation could create a risk of losing the game in the highly competitive markets’ (pg.4, Parviainen et al., 2017).

I cast your attention back to the ‘Quartz Crisis’. The Swiss watch market was almost wiped out due to the technological innovation of quartz watches, popularised by the Japanese. They slowly eroded our market share over ten years and had us pinned by the 1980s. Luckily, Swatch saved our industry¹⁴. I don’t foresee the same consequences with smartwatches. However, future technologies are hard to accurately predict (pg.126, Kotler et al., 2019) meaning the next ‘Quartz Crisis’ is never far away.

We’re in a unique situation: we can’t digitally enhance our product to the same extent other industries can. We know the strict rules we must adhere to in order to have our watches retain their ‘Swiss made’ status.¹⁵ Our watches are handmade but we have should continue to explore digital technologies to further enhance our production line, as we have been doing¹⁶. Remember ‘not every technology will be transformed and not every industry will be transformed’ (pg.119, Kotler et al., 2019)

With that in mind we must still use AI to our advantage. Internally, we need to use customer metrics to inform future business decisions. We know ‘data is king’ (O’Connell, 2022). I’ve mentioned above how easy it is to obtain both pre-existing and new forms of data. AI enables us to obtain sales (pre-existing) data from all our stores seamlessly; it’s no longer slow (Hagiu & Wright, 2020). We may decide to increase production on 42mm and 38mm watches in line with current consumer trends¹⁷. We must be careful to identify when customer insights are opportunities or fads (pg.115, Kotler et al., 2019); jumping on a fad will ruin our brand image exponentially. AI offers new data to digest in the form of what I’ve shown in our tracker. I’ll expand how we have to use this data later.

A concern we have had for many years is the fake watch industry mimicking our products; it cost us Chf 1.98 billion in sales in 2018¹⁸. When our data-driven innovations are easy to imitate, the competitive advantage it offers depreciates (Hagiu & Wright, 2020). Fake watch makers are becoming increasingly better at imitating our products¹⁹. We must use AI externally to solve this. Origyn can verify the authenticity of our watches through blockchain²⁰. We’re slowly trying to introduce ourselves to the metaverse²¹. A collaboration with Origyn will not only enhance the authenticity of our current products, but may provide a huge stepping stone into the metaverse as a whole.

[4].

Ladies and gentlemen, I’ve been alluding to my great digitalisation plan throughout. I’ve mentioned how difficult it is to diversify the risks in our physical supply chain (Shih, 2020). We must use the data in figures 1 and 2 to digitally enhance our global supply network and service provision.

Looking at said figures we notice, 40% of those who follow our Instagram also follow Nike’s. It’s evident our followers are interested in sports, our competitors and luxury cars. Almost 90% of our followers are male, despite only 40% of Instagram users being men.

With that in mind, I present to you ‘Timed’. It’s an exclusive, sports tracking and sharing application in collaboration with Nike. The sports on offer are only ones Nike and Rolex have shared interests in, such as golf and tennis. You can share scores, statistics and highlights from your games with other users. The application will have a monthly fee. It’ll offer users exclusive discounts in the Nike store on products associated with the outlined sports. We won’t do the same for our products as to not lose our exclusive distribution model (pg. 639, Kotler et al., 2019). Remember we’re not keeping up with current demand, it makes no sense to stimulate more of it. We will however allow early, exclusive previews of our new watches on the application. This’ll add to the exclusivity of the application, extending our brand image

and holistic philosophy. Concurrently, we'll be discovering a distribution channel that will create a new market (pg.626, Kotler et al., 2019). We'll also be doing so at a low price.

The 4 C's framework highlights how this idea won't fail (Hodis et al., 2015):

Cognise – even if the application is a total failure, we'll garner valuable data that will enhance our competitive advantage. The implementation of the software will be cheap and will offer insights into our current market or ones we wish to expand to.

Congruity – we've never taken part in the conversation about our product on social media; we don't respond to consumers on Twitter²². We should continue to deliver customer happiness through our products and services. The quality of this application must mimic the quality found in our timepieces.

Curate – the application will represent the company online well. The premium feature of the application means the air of exclusivity around our brand will be continued. As you can tag other users in your sharing of activities, the conversation between consumers will be facilitated. We know our target market is heavily interested in other luxury items. Thus, it would be reasonable classing them as 'Attention Seekers' in the Facebook Segmentation Matrix (Hodis et al., 2015). This will further help promote our app as these users will flood to other social media, alerting others of their 'Timed' subscription. This will boost emotional engagement to our brand. This is of benefit as emotionally engaged customers are 52% more useful at creating compelling customer experiences than highly satisfied ones. (pg.85, Bonnet & Westerman, 2021)

Chase – As I've echoed throughout, data is key. We can easily track what sportswear the users are purchasing and look to further partner or expand our range of activities on the application based off of this data. The use of AI in our service provision here will offer us unprecedented agility (Wilson & Daugherty, 2022), simply impossible to experience should we continue to solely exist in the luxury watch industry.

I'll conclude by reiterating the point that AI incorporation is no longer a choice at Rolex, but a necessity. I cannot emphasise the point enough that it needs to be done strategically. We must not try reproduce the digital innovations of others, that is not what our customers want. We must instead pursue the digital innovation of our services within our brand. We must do so with the professionalism and elegance that has become synonymous with the Rolex business model over the last century.

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Indexes

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Data in Figures:

Figure 1: <https://www.instagram.com/rolex/> Accessed and valid as of 25/11/2022

Figure 2: <https://digitalluxurygroup.com/insight/the-instagram-audience-of-luxury-watch-brands/> Accessed: 22/11/2022

Note: All source code related to the dashboard in figures 1 and 2 is property of the author. It can be issued upon request with an MIT License.