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WORLD • WATCH REPORT

The Leading Market Research in the Luxury Watch Industry

Since 2004

www.worldwatchreport.com

2012 Key Findings

MEDIA PARTNER

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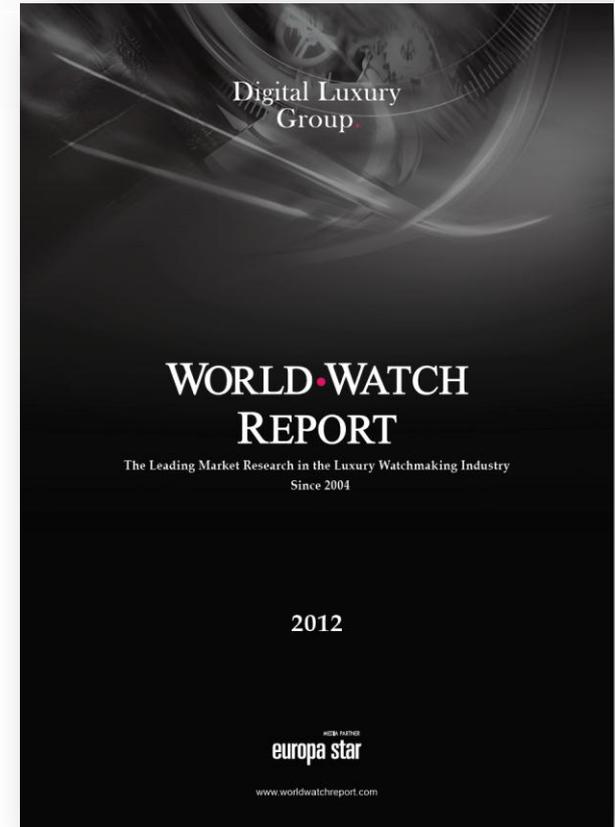
A MARKET STUDY LIKE NO OTHER.

Since 2004, the WorldWatchReport™ has provided the luxury watch industry with an exclusive analysis of the leading brands, models and client preferences. The WorldWatchReport™ is based on more than **1 billion unaided client intentions** entered into search engines.



This search data is collected using Digital Luxury Group's proprietary technology, and is translated into client intentions related to brands, models, distribution, replicas, price, accessories etc.*

*A detailed explanation of the methodology is available on www.worldwatchreport.com/

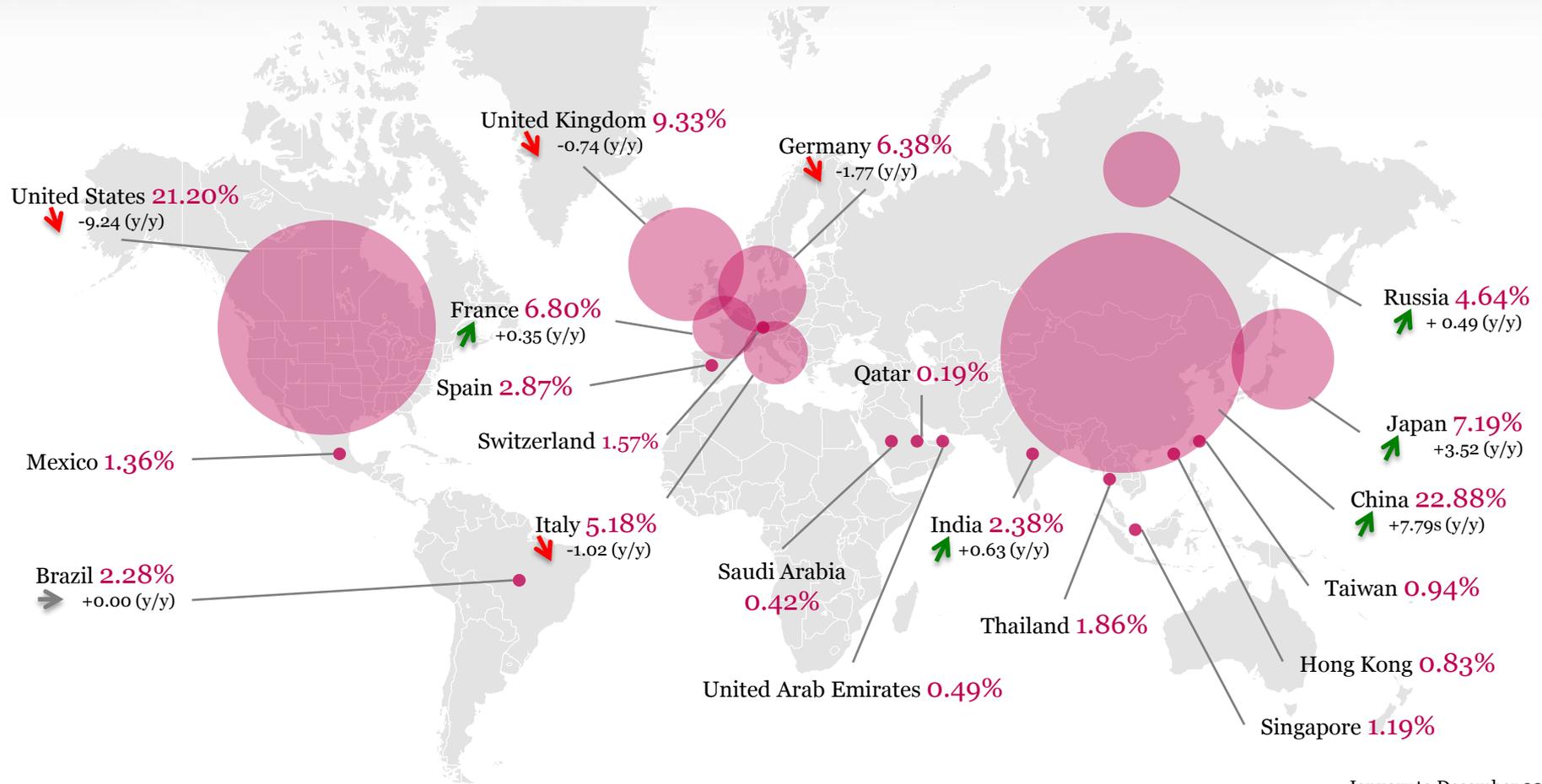


TRACKING 40 OF THE MOST RENOWNED LUXURY WATCH BRANDS. IN THE TOP 20 MARKETS ACROSS THE GLOBE.



GEOGRAPHIC SEARCH ORIGIN

The Relative Number of Luxury Watch Searches by Market, and Change Compared to Last Year



January to December 2011
Y/Y evolution at constant range vs. last year results

GEOGRAPHIC SEARCH ORIGIN.

- **China surpassed the USA as the leading market**

For the first time since the study launched in 2004, China overtook the USA as the country exhibiting the highest demand for luxury watches with a 23% market share.

- **Global demand growth fueled by the East**

Highest year-over-year increases were recorded in China (+7.8 percentage points), Japan (+3.5 pp), India (+0.6 pp) and Russia (+0.5 pp) while most western markets experienced significant market share drops, especially the US (-9.2 pp), Germany (-1.7 pp) and Italy (-1 pp).

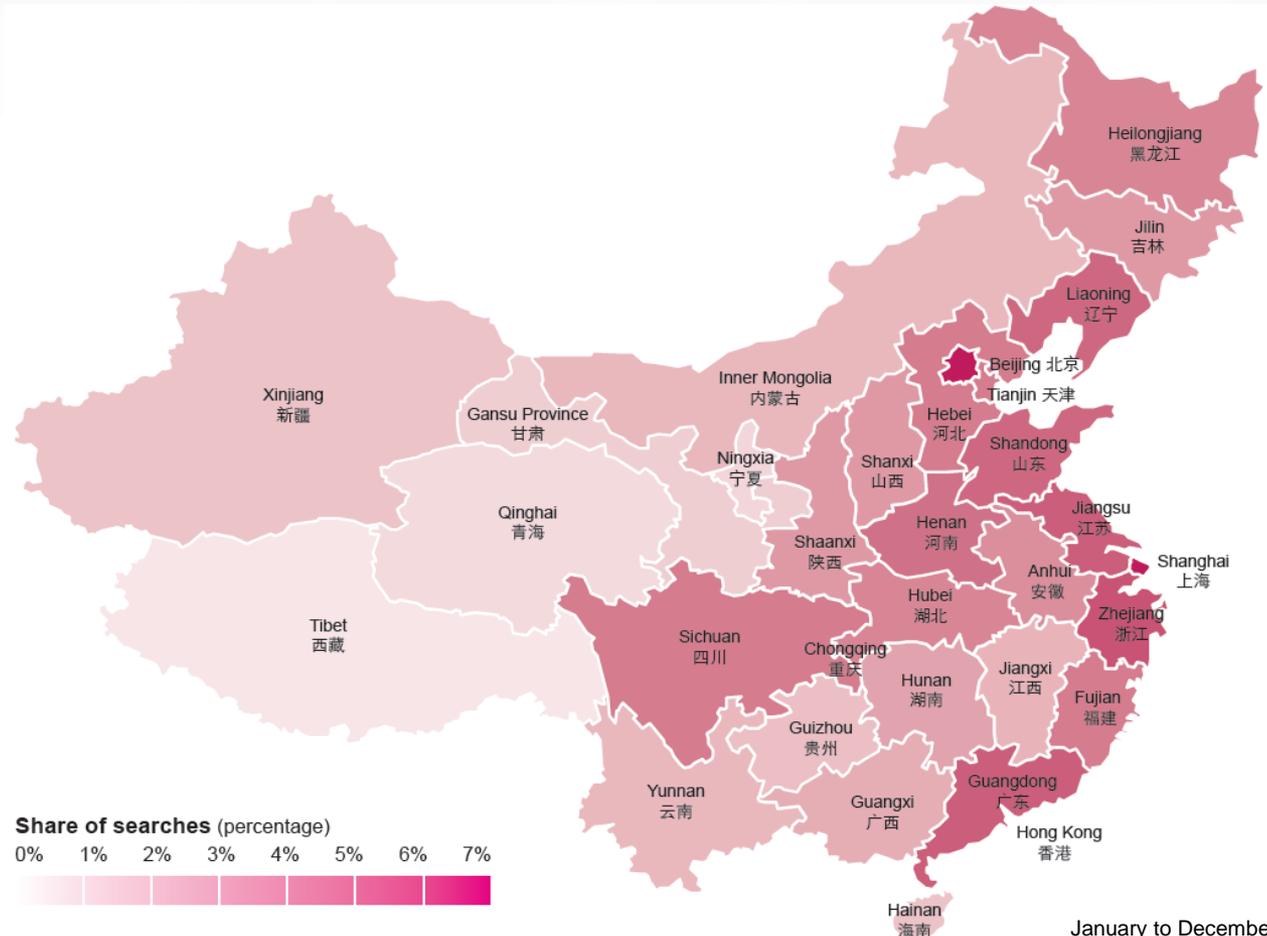
- **Emerging economies lead midsize markets**

Russia (capturing 4.6% of total searches), India (2.4%) and Brazil (2.3%) are positioned as strategic second-tier growth markets, ahead of the Middle East (1.1%), Taiwan (0.9%) and Hong Kong (0.8%).

DEMAND FOR LUXURY WATCHES IN CHINA | REGIONAL SEARCHES.

Share of Searches by Administrative Division

Rank	Administrative Division	Share of searches
1	Beijing北京	6.6%
2	Shanghai上海	6.1%
3	Zhejiang浙江	5.8%
4	Guangdong广东	5.8%
5	Jiangsu Province江苏	5.3%
6	Liaoning Province辽宁	4.4%
7	Shandong山东	4.3%
8	Henan河南	3.8%
9	Fujian Province福建	3.6%
10	Hebei河北	3.6%
11	Tianjin天津	3.6%
12	Hubei湖北	3.5%
13	Sichuan Province四川	3.5%
14	Heilongjiang黑龙江	3.4%
15	Anhui安徽	3.2%
16	Shaanxi陕西	3.0%
17	Jilin吉林	3.0%
18	Hunan湖南	2.9%
19	Shanxi山西	2.9%
20	Chongqing重庆	2.6%
21	Guangxi广西	2.5%
22	Jiangxi Province江西	2.4%
23	Inner Mongolia内蒙古	2.3%
24	Yunnan云南	2.2%
25	Guizhou贵州	1.7%
26	Xinjiang新疆	1.7%
27	Hong Kong香港	1.6%
28	Hainan海南	1.6%
29	Gansu Province甘肃	1.4%
30	Ningxia宁夏	0.9%
31	Qinghai青海	0.5%
32	Tibet西藏	0.3%



DEMAND FOR LUXURY WATCHES IN CHINA | REGIONAL SEARCHES.

- **A multi-faceted market**

Composed of three major regions and 56 ethnics groups, China's diversity requires an in-depth understanding of local culture and clientele preferences.

- **Inner China's growth potential**

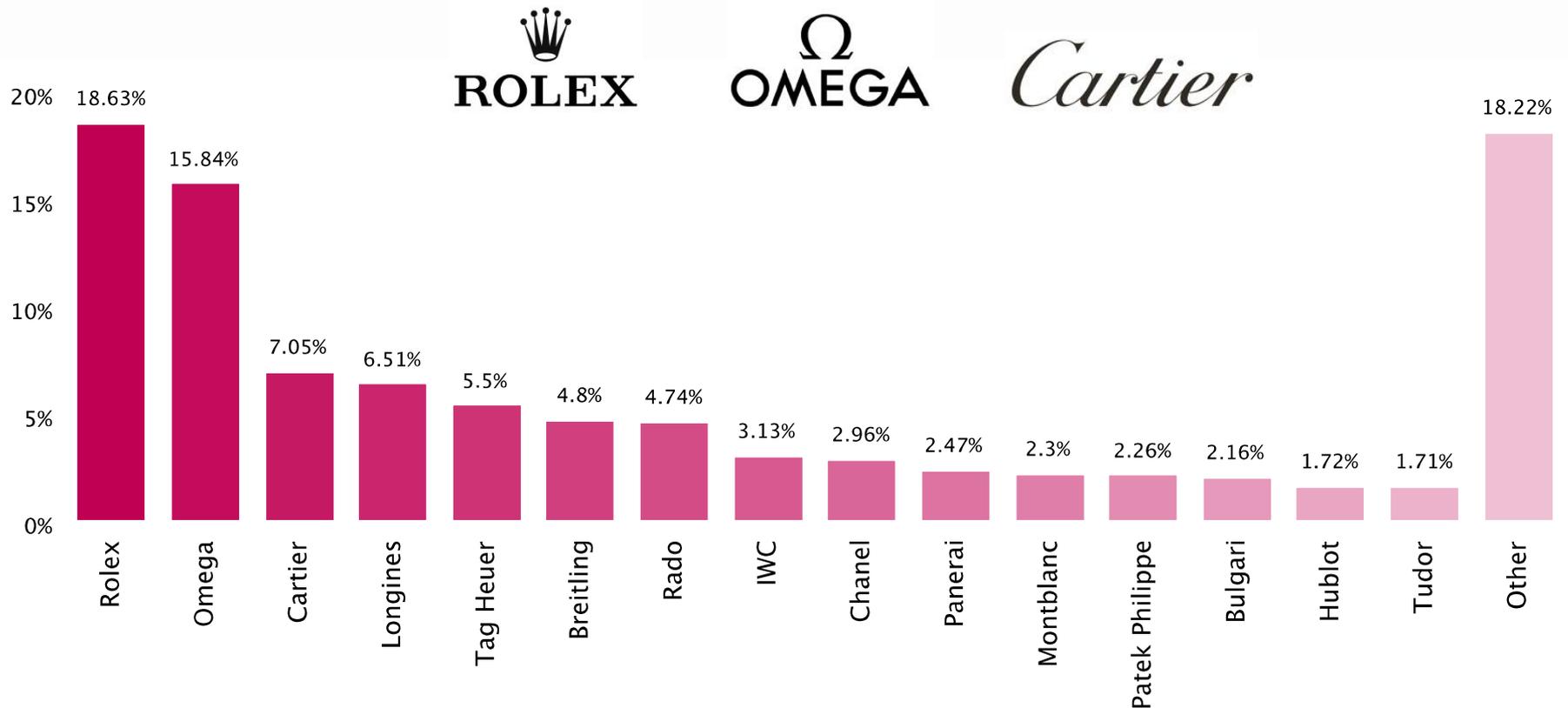
Large coastal region cities such as Beijing, Shanghai, Hangzhou, and Dalian, gathered 57% of the nation's share of searches for luxury timepieces, highlighting the opportunity for brands to tap into developing central China.

- **Brand preferences vary across regions**

While Omega and Longines hold the top 2 positions in most provinces, Guangdong province shows a preference for Rolex, Cartier's highest interest level is in Shanghai, Patek Philippe is most favored by Beijing and Guangdong provinces, and Vacheron Constantin captures the lion share in Zhejiang and Jiangsu.

LUXURY WATCHES BRAND MARKET SHARE | WORLDWIDE.

Top 15 Most Searched For Luxury Watch Brands



January to December 2011

LUXURY WATCHES BRAND MARKET SHARE | WORLDWIDE.

■ **Rolex, Omega, Cartier undisputed leaders**

The top 3 worldwide luxury watch brands outshine the other brands, gathering 41% of the total global market share for consumer interest.

■ **Weight of China as a growth factor**

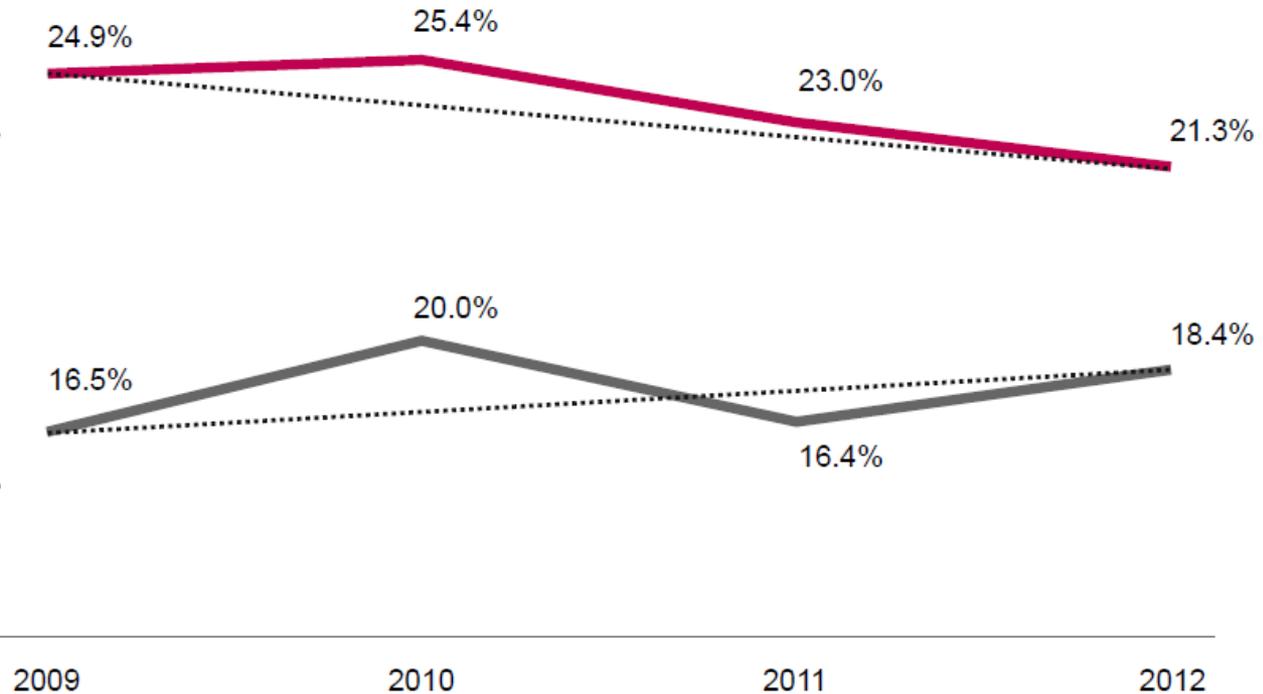
Highest year-over-year increases were seen for Omega (+1.78 percentage points) and Longines (+1.35 pp) – where China counts for 30% and 66% of total demand, respectively. Breitling (-2.1 pp) and Rolex (-1.6 pp), on the other hand, are losing share of the total global interest - two brands for which China accounts for 2.5% and 13% of total searches, respectively.

■ **Impact of Newcomers**

Among the 15 newly tracked brands in the study, three appeared in the Top 15. Fashion brand Chanel, Richemont-owned Panerai, and Rolex's sister brand Tudor ranked highly, evidencing their position as key industry actors.

GLOBAL MARKET SHARE EVOLUTION OF TWO INDUSTRY LEADERS.

Rolex vs. Omega



Historical search market share evolution at constant perimeter (25 brands, 10 markets)

FOCUS ON ROLEX VS. OMEGA.

■ **Rolex reinforced its foothold in the West**

By gaining +2 percentage points in market share in the US (the 2nd largest market) and recording an increase of 20% to 38% in the European markets, Rolex has been able to maintain its position as the most searched for brand in the luxury watch industry in 2012.

■ **Omega ahead in the race for China**

Accelerated by the Beijing Olympic Games in 2008, Omega's development in China reached a new peak this year (+4 percentage points), by becoming the most searched brand in China, with 20.2% of total searches. Longines follows with 18.9% of total searches and Rolex in third position with 10.5%.

■ **Hard to predict**

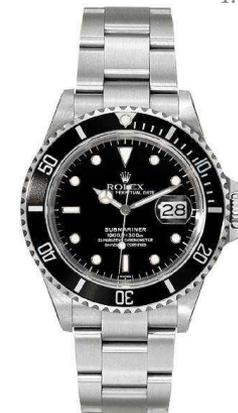
The trends observed show that there very well could be a shift in leadership in the coming years. Something to watch for...

TOP 10 MOST SEARCHED MODELS | WORLDWIDE.

2012	2011	2010		Brand	Models	Total
1	1	1	=	Omega	Seamaster	5.02%
2	2	3	=	Rolex	Submariner	4.89%
3	3	4	=	Rolex	Daytona	3.86%
4	6	5	↗	Tag Heuer	Carrera	3.56%
5	5	7	=	Rolex	Datejust	3.15%
6	4	2	↘	Omega	Speedmaster	2.80%
7	21	27	↗	Rolex	Day Date	2.04%
8	18	18	↗	Rolex	Explorer	1.81%
9	7	8	↘	Cartier	Tank	1.73%
10	8	-	↘	Rolex	Oyster Perpetual	1.69%
SUB-TOTAL						30.55%
OTHERS						69.45%
TOTAL						100.00%



1. Seamaster
Omega



2. Submariner
Rolex



3. Daytona
Rolex

January to December 2011

TOP 10 MOST SEARCHED MODELS | WORLDWIDE.

■ Substantial market share for the leaders

Among the 1,300+ specific watch models tracked by the WorldWatchReport™, the top 10 models account for 30% of the total global interest.

■ An unchanged trio

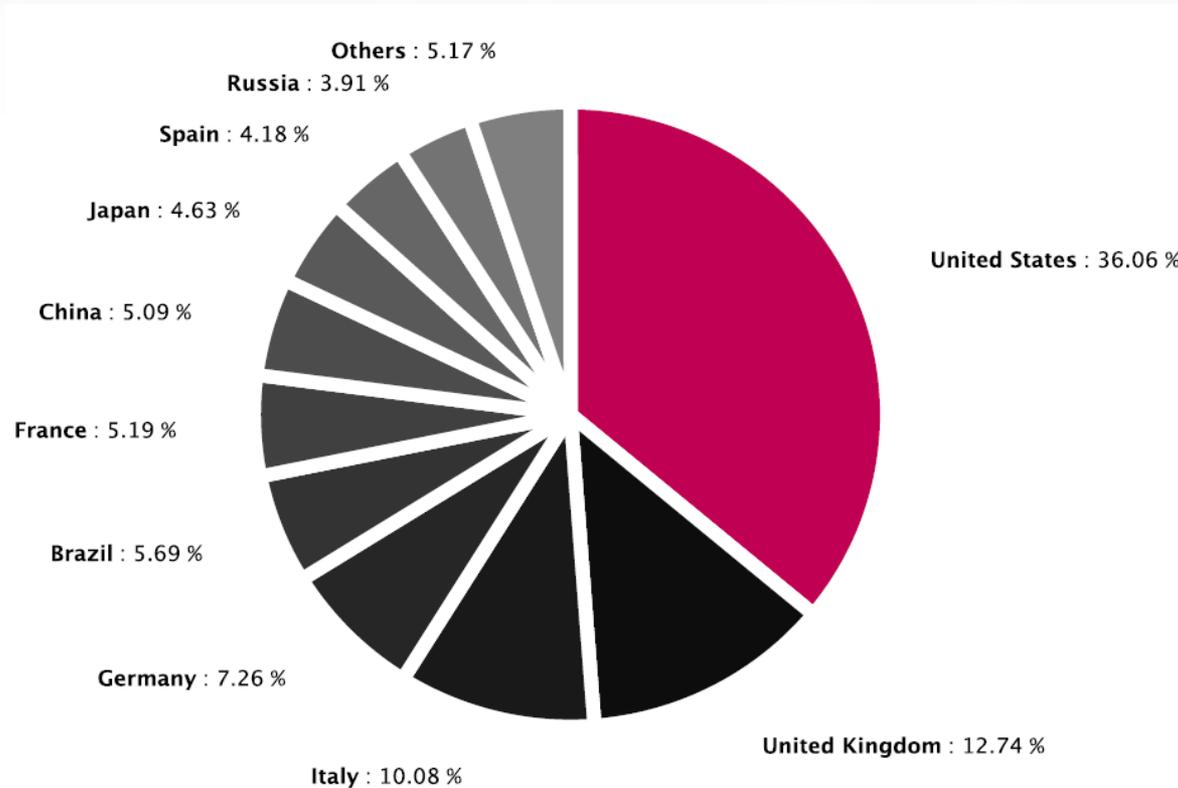
For the last 3 years, Omega's Seamaster, Rolex's Submariner and Rolex's Daytona have held the top three positions. This year, Omega's Speedmaster fell two places, while Rolex's Day Date and Explorer models jumped up in the rankings.

■ Carrera and Tank gain coveted status

Iconic brands such as TAG Heuer and Cartier saw their highly popular collections Carrera (4th) and Tank (9th) featured in the top 10 ranking of most-searched models – placing these brands in the league of heavy-hitters like Rolex and Omega.

TRENDS IN SEARCHES FOR COUNTERFEITS.

Share of Replica Searches per Market



1.85% of the global watch searches are related to counterfeits (vs. 4.5% last year)

TRENDS IN SEARCHES FOR COUNTERFEITS.

■ **Internet users less interested by replicas**

Overall study results show a decrease of replica related searches, representing 1.85% of total searches compared to 4.5% last year.

■ **China's clientele stay distant from counterfeits**

China is now the 6th ranked market for replica related searches compared to its 4th place ranking last year. In 2011, 2.1% of total luxury watch searches in China were linked to an interest for counterfeits, but this year the figure has dropped to 0.51%. This underlines a Chinese consumer appreciation for genuine products.

■ **Rolex, Breitling and Tag Heuer the most desired**

Among the 40 brands analyzed, the demand for replica sport watches is the highest, with Rolex representing 51% of the total demand for counterfeits worldwide, followed by Breitling (9%) and Tag Heuer (5.3%).

AVAILABLE IN 3 EDITIONS.

FULL EDITION

The most comprehensive edition, tracking the performance of 40 brands in 20 markets



FOCUS EDITION

Country specific segment. Detailed insights of the brands available for each of the 20 markets.



HIGHLIGHTS EDITION

Executive summary, featuring the highlights of the Full Edition for 40 brands in 20 markets



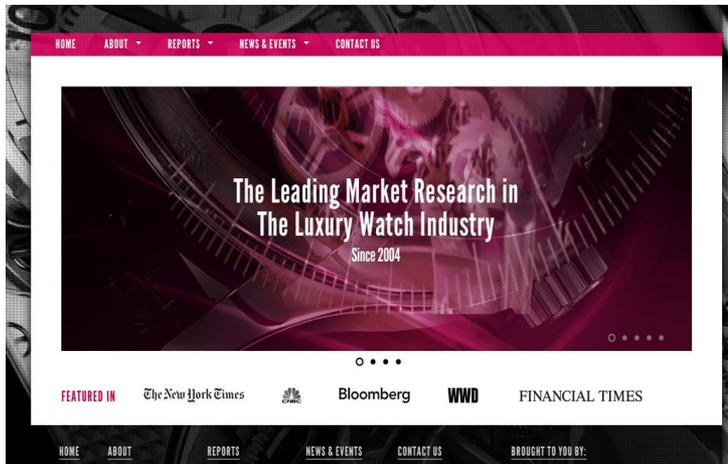
For more information on the contents of each edition and how to pre-order, visit:
www.worldwatchreport.com

WHO ARE WE?

Digital Luxury Group.

About Digital Luxury Group

Digital Luxury Group, DLG SA, is the first international company dedicated exclusively to the design and implementation of digital communication strategies for luxury brands. Since 2004, DLG has been publishing the WorldWatchReport™ a baseline market study for the watchmaking industry in partnership with EuropaStar and with the precious support of the Fondation de la Haute Horlogerie.



Visit our website to get detailed information:

www.worldwatchreport.com or www.digital-luxury.com

Contact:
Nicolas HANSSENS
Research Manager
nhanssens@digital-luxury.com

Florent BONDOUX
Business Unit Manager
Strategy & Intelligence Business Unit
fbondoux@digital-luxury.com

Digital Luxury Group, DLG SA
7 Avenue Krieg
CH-1208 Geneva
Switzerland