# **Wats@N**

A.S. Watson's 180 Years of Love

Season's Greetings from A.S. Watson!











## A.S. Watson's 180 Years of LOVE

## **Interview with Group Managing Director**

As it has grown from a small dispensary to the world's largest international health & beauty retailer, A.S. Watson has weathered challenging times over its 180-year history.

Now, A.S. Watson Group is not only one of the longest-standing companies in Hong Kong, but also the world. Our Group Managing Director Dominic Lai reflects on A.S. Watson's 180 Years of Love, and looks ahead to the next chapter of our story.



## As you reflect on an amazing 180 years in business, what do you think have been the key elements of success for ASW?

It's a combination of two main factors – intense focus on customers and agility.

Since the very beginning, when this business was just a small dispensary, there has been a strong sense of focus on the needs of the customers. Obviously, those needs have evolved over time, and they vary from market to market, but the same strong passion to serve has always been there.

But good intentions and even good deeds don't necessarily make for a successful business, particularly in the intensely competitive retail industry. So, what has been an essential element of continued growth has been agility – a willingness to be in a state of constant transformation, being innovative and being at the forefront of retail development and meeting consumer needs. Agility also means making big, bold decisions and responding quickly to changing conditions.

Today, we still focus on putting a smile on our customers' faces, but the way we do that is always changing. That's not just good business, it's also incredibly exciting!

to put a smile on our Customers' faces





So much has changed in 180 years. What are some of the most significant changes in consumer behaviour that have brought about an evolution in how ASW operates?



Well, the only constant has been that customers' expectations just keep on rising, and we've played a part in that by constantly refreshing what we offer and leading the innovation in retail over the years.

By innovation, I don't just mean making the shift from physical stores to online stores, and integrating the two. I also mean making the shopping experience more convenient, more fun, more exciting and even more memorable.

The focus on the experience is a subtle but important shift. Shoppers can get just about any product they want now from anywhere in the world, but what they can't easily get from just anywhere is the way a retail brand makes them feel.



We see our stores as a "third space" that offers a unique and engaging shopping environment.

We've always worked to improve the in-store shopping experience, through our displays,
demonstrations, themed zones and advisory services. We're delivering all-important human
interactions as well as setting up transactions. And we're constantly refreshing stores so they match
the way customers not only want to shop, but want to feel.

Physical and online stores are perfectly complementary in our business. The integration of our online plus offline (O + O) strategy is a big part of that – making shopping easier and quicker, yes, but also more tailored to the needs of individuals at any given time.

Our loyalty programmes now have over 138 million members worldwide. That's a great pride to me, but also a rich source of consumer insights that can help us not just anticipate customers' needs and preferences, but also adapt to them. Loyalty schemes, including our VIP programmes, are also a great way to say "thank you" to our customers in a way that's meaningful to them and helps them see how much we value them.



## COVID-19 has obviously presented some huge challenges. What has ASW done to get through difficult times with its customers?

As you can imagine, over 180 years we've been through many trials and challenges. But 2020 has been a year like no other. The conditions we and our customers faced have been incredibly demanding, but we've turned the crisis into opportunities and established an even closer relationship with our customers.

What we've done everywhere in the world is to focus on being relevant, caring, and showing people we understand what they're going through. The pandemic has definitely led to a change in lifestyle so we've swiftly adapted to meet people's changing needs.

Our O+O strategy has been more important than ever. We've used technology to stay close and connected to our customers. Most markets have seen a surge in eCommerce, so we've accelerated the digital transformation that has been under way since 2012.

In fact, our survey with over 22,000 customers showed that all of them would go back to physical stores to shop. This really underlines people's desire for a human connection. So, while we're improving our online offering, we also understand the role in people's lives of friendly faces they know and trust.



## The business now has over 140,000 colleagues. Each of them plays a part in the success of the company, what would you like to say to them?

Well first, after a year like we've had, I'd like to take this opportunity to say a heartfelt, enormous thank-you to each and every one of them. Our 140,000 colleagues all around the world have represented us to love our customers and helped keep the wheels of business turning.

There's no instruction manual for how to lead at a time like this, and we're fortunate that what we believe in - loving our people and customers, which have helped us through this time of crisis.

As we look back at how the company has grown over its 180-year history, we can see that so many people have played a role in making the business what it is today. Our colleagues all around the world are making history right now. They are putting our vision into practice, helping



us put a smile on customers' faces every day and most importantly, shaping the future of A.S. Watson. So they're truly amazing and I'm deeply proud of what we've been able to achieve together.

## ASW sees itself having a role in the broader community. How important is that, and how ASW is making the corporate mission a reality?

Right from the very beginning, A.S. Watson has been about more than just a business. It realised its mission is to care for people's wellness so it offered free medicines to the needy when it was small dispensary. We see ourselves as not just being present in communities, but playing a role in them, and we take that responsibility very seriously and want to do MORE for our customers, communities and the planet.

Our Global CSR committees were established 10 years ago, with ambassadors in each market, to ensure that our global priorities are applied in ways that can make the biggest difference to each community. More recently, we've set up a Global Millennials CSR Committee. Young people are the future of our world, and this is a way to make sure their voices are heard. The 13 millennials from Asia and Europe help us bring fresh ideas and accelerate along our CSR roadmap. They are doubling as Chief Smile Officers, leading our Global Smile Campaign to boost global happiness by encouraging everyone to smile.

We've just announced A.S. Watson Smile Community to collect cheerful photos worldwide to mark our 180<sup>th</sup> birthday and aim to reach the 1.8 million smile index target by March 2021, to coincide with the United Nation's International Day of Happiness.

Click & upload your smiley photos!





## As you look ahead, what will be ASW's strategy in the years to come?

A willingness to adapt to the world in which we work – while retaining our mission to care for our customers, people and communities – will continue to underpin everything we do.

We're investing in the best technology so that moving between online and offline experiences of our brands becomes truly effortless for customers, and they can enjoy the best of both worlds, wherever they are.

We're also investing in our incredible team of people, because we know that it's the human connections that can really make the difference to customers' lives

Over 180 years, so much has changed, and it's impossible to imagine what A.S. Watson might be like 180 years from now. But I'm confident that guided by the same strong principles that have helped us grow to where we are today, we will be at the forefront of retailing and play a vital role in our customers' lives all over the world. And we'll still be putting a smile on our customers' faces.



## Double Celebration

A.S. Watson Group celebrated its 180<sup>th</sup> Anniversary on 8 December by hosting a 5G-enabled virtual cocktail event, gathering CEOs of the world's top consumer goods companies and over 300 business partners and charity partners from all around the world.

The occasion is a double celebration as we have reached just another significant milestone of 16,000 offline and online stores which are serving over 5.3 billion customers every year.

During the virtual cocktail, the invited guests unveiled together a giant heart-shaped photo mosaic to celebrate the 180 years of love, representing A.S. Watson has received from its billions and billions of customers around the globe.

To thank for the support of our customers and people who have played an important role in our growth story. In the coming year, A.S. Watson Group and its businesses will launch a variety of celebration activities to engage our employees, customers and to give back to communities.



Dominic Lai (middle), Group Managing Director of A.S. Watson Group officiates at the A.S. Watson Group 180<sup>th</sup> Anniversary Virtual Cocktail, joined by Malina Ngai (left), Group Chief Operating Officer of A.S. Watson Group and CEO of A.S. Watson (Asia & Europe), and Alan Heaton (right), Group Finance Director of A.S. Watson Group

## The Evolution of A.S. Watson Group

#### 1841 - A Humble Beginning

In the early 1800s, Hong Kong is a small fishing village, Hong Kong Dispensary is formed in 1841 as the first drugstore in Hong Kong to offer western medicines to customers.



#### 2000s - Expansion into Europe

A.S. Watson enters the European market in year 2000 with our first acquisition of Savers health & beauty retail chain in the UK, followed by a number of acquisitions across Europe, bringing Kruidvat, Superdrug, Trekpleister, Drogas, Rossmann, ICI PARIS XL, Marionnaud and The Perfume Shop into our family.



#### The Future - Our Commitment Continues

In 2021, A.S. Watson Group is celebrating its 180 years as one of the longest standing retailers in Hong Kong and in the world. Much has changed over 180 years, for us and our customers. But one thing hasn't changed: our purpose to put a smile on our customers' faces remains.









#### 1970s - Asia Rising

Our entrepreneurial spirit motivates us to continue expanding the business. From 1987, we start our expansion journey overseas to all across Asia, helping people Look Good, Feel Great.



#### 2010s - Building Customer Connectivity

We stay leading since then and never want to stand still, the Group embarked on our journey of digital transformation since 2012 to stay relevant to customers, providing seamless offline plus online integrated experience 24/7, we call if 0+0.



Click here to read our History Book online!



Watsons, the flagship health and beauty brand of A.S. Watson Group, has reached the phenomenal milestone of 100 million loyalty members in Asia. Having grown rapidly since its launch, the Watsons membership programme is now available and well-established in 14 markets worldwide, connecting beauty and wellness lovers and helping them to Look Good, Feel Great.

This is a strong global community of 100 million beauty and wellness enthusiasts, and Watsons is dedicated to introducing a healthier and more sustainable lifestyle. By always staying connected with the members, Watsons strives to inspire them to do good, feel great together as a powerful movement.





## Let's Smile Inside Out!

**A.S. Watson Group** got smiles all around. Global Smile Campaign, the kick off event to mark its 180<sup>th</sup> Anniversary, was rolled out across 27 markets around the globe to promote a culture of happiness and raise awareness of mental health and wellbeing.

We believe that smiling is one of the most powerful ways of influencing others and spreading happiness. We teamed up with our business units and business partners to launch a series of Smile Inside out activities and social media feeds focusing on the three main wellbeing aspects: Get Active, Think Positive, and Love Yourself & Others. Over 500 social media posts were published, reaching over 760 million customers.











■ Wats○N 14

### **FESTIVE** season

Through its #nopeakthischristmas campaign, Kruidvat urged customers to make their holiday purchases a little earlier. to reduce crowds doing last-minute Christmas shopping and in turn reduce the risk of another peak in COVID-19 infections. Meanwhile Trekpleister added to the magic of Christmas with its lucky draw, in which all customers spending a certain amount can stand a chance of winning a big prize.









## **SPOOKY** strateau

Superdrug created a range of engaging Halloween activities and content to work around the fact that physical gatherings weren't possible. A virtual make-up masterclass included a demonstration of Halloween trends, while influencers and media attendees could follow along at home using products they had been sent in goody bags. The virtual event was well-received by makeup lovers, with a total social media reach of 15.7 million.





## **TEAM** spirit

The Perfume Shop pulled together a diverse team of influencers to spread the world about its latest deals, new launches, awards and campaigns. The Scent Squad has a reach that's already topped 1.4 million. ICI PARIS XL meanwhile ran a December campaign around the theme "A gift to remember". The beauty advisors were at the heart of communications telling a story to reflect current consumer sentiment, and there were special advent calendar-style daily deals.













## New reason to **SMILE**

The regular in-person lecture series hosted by **Drogas** went online in 2020 due to COVID restrictions, and was able to reach a much larger audience of customers as a result. The Customer Forum event focused on smiling and minimalism advocate Laura Arnicāne proved a hit with the online audience, as she urged people to make themselves happier by clearing their homes and their mind at the same time.

Drogas



## **SUPER** service

Watsons China is encouraging customers to come into stores to try out new looks with its Try No Delay! Get Effortless Beauty campaign. The Winter campaign is using viral videos and coupons to promote the value of trying before you buy and the in-store beauty services available from Watsons. The activity followed pop-up activity ahead of the annual 11.11 shopping festival.









### **PARTY** time!

Celebrity ambassador Lego Lee joined 100 lucky customers in celebrating Watsons Taiwan's 12th anniversary of its loyalty programme. Delicious refreshments and customised gifts were all part of the fun. Adding to the excitement were engaging games that rewarded customers for how well they knew about Watsons. The result was plenty of fun as well as social media buzz.



WatsON 116 . Quarter 4 . 2020

## **PERFECT** partnership

Building on a successful collaboration in 2019, **Watsons Taiwan** again worked with VOGUE, this time to promote its #youth consultation room, where customers could try out divinia skincare products. Together they created an eye-catching feature where leading products could be demonstrated and tried out, with customers encouraged to share posts on social media while they experimented with the divinia range.









## A **HELPING** hand

Watsons Malaysia didn't let the pandemic get in the way of its annual #WatsonsGetActive Move Your Body Challenge, using TikTok to reach people digitally with a message about staying active for good health. The campaign generated 27.8 million views, with 12,900 videos created. Meanwhile, Watsons Thailand focused on facial care in its M.A.S.K. campaign, helping people take care of their skin at a time when they are required to wear facial masks for much of the day.

■ Wats○N 18

## Sharing the **LOVE**

**Watsons Philippines** has been generating excitement around the new normal times we're living in, with a Most Loved campaign to celebrate customers' favourite products. Stores were dressed up and influencers shared stories about their most loved Watsons products. The campaign also highlighted the many ways customers can now shop, and linked to the Watsons e-catalogue.







### New **IDEAS**

Watsons Singapore jazzed up its store for Halloween, enticing passers-by to check out what's new in store. Meanwhile, Watsons Indonesia shone a spotlight on its new Naturals by Watsons mosaic limited edition range, which contains all natural ingredients and excludes paraben and colourants. The campaign also showed how writing names on the packaging could turn products into perfectly personalised presents.



## Makina the impossible, **POSSIBLE!**

PARKnSHOP Hong Kong has launched the Impossible Beef to 100 grocery stores across Hong Kong. This is the first time Impossible Beef made from plants have been available for home chefs outside of the United States. Also in Hong Kong, the annual **FORTRESS** Thanksgiving Campaign wowed customers with surprising super deals on 11.11 and exclusive extra discounts for members.







### CHEERS!

Watson's Wine has released a set of four Hong Kong-themed postcards for customers to share as they prepare for a Christmas that's a little out of the ordinary. **Sunkist** is also lifting the festive mood with its newly launched Shake Shake Jelly Soda, made with real lemon juice and a chewy jelly cube. Give the can a vigorous shake and give your taste buds a treat!

Watson's Wine Sunkist





Social Capital Builder Awards -Outstanding Social Capital Partnership Award (Corporate)

Social Capital Builder Logo

(by Labour and Welfare Bureau)

#### 豐澤 🏋 FORTRESS

2020 Top 10 Quality E-Shop Awards - Gold (by Hong Kong Retail Management Association)

#### PARKINSHOP

#### **Hong Kong**

2020 Top 10 Quality E-Shop Awards - Silver (by Hong Kong Retail Management Association)

#### Watson's Wine

2020 Top 10 Quality E-Shop Awards - Top 10 Award (by Hong Kong Retail Management Association)

Asia's Best E-Tailing Awards 2020
(by The Best Practice of eCommerce Alliance)

#### watsons

#### International

Asia eCommerce Awards 2020

- · eCommerce Marketplace/eRetailer of the Year 2020
- · Best eCommerce Fulfillment Gold
- · Best eCommerce Campaign (Influencers) Gold
- · Best Use of AI Gold
- · Best eCommerce Innovation Silver
- · Best eCommerce Campaign
- (Cross-border/Multi-market) Bronze

(by Marketing Magazine)

#### **Hong Kong**

2020 Top 10 Quality E-Shop Awards - Silver (by Hong Kong Retail Management Association)

#### China

2020 Performance Marketing Effie Awards (Digital Assets Development) - Gold

(by Effie Awards Greater China)

#### Taiwan

2020 Performance Marketing Effie Awards (Retail) - Gold (by Effie Awards Greater China)

#### Thailand

Twitter Thailand Award 2020 - Best #OnlyonTwitter Launch (by Twitter)

LINE Thailand Awards 2020 -

Best LINE TODAY in FMCG, Retail & Ecommerce (by LINE)

#### Indonesia

Indonesia Content Marketing Awards 2020 The Best Content Marketing Implementation in Retail Category - 2<sup>nd</sup> Place

(by Grid Story Factory Indonesia)

#### Drogas

#### Latvia

Ranked 13<sup>th</sup> in Top of Most Loved Brands in Latvia 2020 (by Brand Capital Research)

#### **⊗Kruidvat**

#### **Netherlands**

Effie Awards 2020 - Covid-Leffie
(by Association of Communication Consultants and

Association of Advertisers)

## Recent Awards

Dutch Interactive Awards 2020 - Silver

Best Buy 2020 - Kruidvat Diapers Maxi 4 (by Consumers Association)

#### Belgium

Best Buy 2020 - Kruidvat Diapers Maxi 4

(by Test Purchase)

IAB MIXX Awards Best Influencer Campaign - Gold (by Belgian Association of Marketing, *Inside Magazine* and

(by Belgian Association of Marketing, *Inside Magazine* and Digimedia.be)

#### Superdrug 1

Ranked 10th in the Financial Times Diversity Leaders 2021 (Retail)

(by Financial Times)

International Performance Marketing Awards -Best Retail and eCommerce Campaign

(by PeformancelN)

#### ICI PARIS XL

#### **Belgium and Netherlands**

Best of Content Awards Best Data-Driven Strategy - Bronze (by Association of Communication Companies)

Belaium

Best of Content Awards Best Distribution Strategy - Gold (by Association of Communication Companies)

· · · · ·

Retailer of the Year - Best Perfumery in Belgium

Retailer of the Year - Best Webshop in Belgium

(by ABN-AMRO)



## New Store Openings

### November to December



## New Store Openings

## November to December











■ Wats○N 23



66 99

Seeing someone holding a Watsons bag in the street makes me proud to have contributed to people's lives.

> Patrick Shaun Yu Marketing Manager Watsons Philippines



66 99

I take great pride in presenting Italian wine as an Italian myself. The best part of my job is making customers happy.

## **Centanni Concetta**

Wine Specialist Watson's Wine



66 99

A.S. Watson has been, and is still like a family for me, that follows the most important phases of my life.

## Laura Lombardo

Digital Service Specialist eLab Milan



66 99

I have been promoted a number of times and had the opportunity to experience a range of roles.

## **Sharon Bishop**

Head of Store Operations
The Perfume Shop

## Connecting Customers

A regular customer recently lost her pet dog. She told me that she regretted never having had a family picture taken with the dog.

I remembered that we took a photo of her — with her daughter and beloved dog — during our Smile Campaign. I searched my mobile and finally found that photo, and she cried with joy.

#### Man Ma

Senior Customer Advisor FORTRESS

When I showed a commuter that he was eligible for a free item with the one he'd chosen, he was delighted and then signed up for the Health and Beauty card. He said that travelling was usually a stressful experience because of COVID, but that this had made his journey much more enjoyable.

I love being able to put a smile on our customers' faces.

Karan Virgincar Team Leader



#### Be the reason someone SMILES!

The COVID-19 has changed the way people live. However, it has not stopped **A.S. Watson Group** from giving love and smiles to our communities. This year, A.S. Watson Group's volunteer teams from all around the world explored new ways to serve their local communities and bring smiles to people in need.

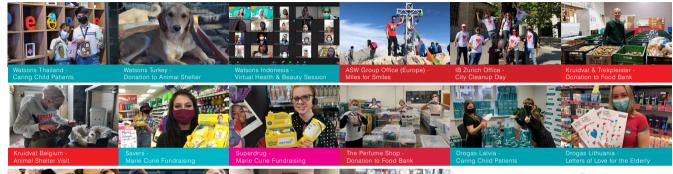
More than 10,000 volunteers collectively spent over 70,000 hours to make positive impact on their communities. Let's take a look at the stories that over 240,000 people worldwide were served in just two months.







## Our Responsibility





Served 240,000 to Volunteers

70,000<sup>+</sup> Service Hours

28 BUs 227 Activities



## Our Responsibility

## **GIRL** power

**Watsons Hong Kong** is teaming up with Procter & Gamble on the #LikeAGirl campaign to encourage girls and young women to be ambitious and proud. Donations will be made to Make-A-Wish for every selected product purchase made from Watsons over a two-month period, so children living with illness can see their wishes come true.











## Going **GREEN**

watsons water encouraged recycling with its Go Green City campaign, which rewarded customers on the Drops of Fun mobile app for discovering recycling points and recycling plastic bottles. watsons Singapore has been promoting the message "Less Plastic, More Love for Mother Earth", urging customers to bring their own bags or buy one of Watsons' attractive new reusable bags. Plastic bags will be charged at 10 cents on every Tuesday, with all money collected going to the World Wide Fund for Nature.







## Our Responsibility

## **BIG** decisions

**Watsons Indonesia** is making it easier for customers to help the environment through its Sustainable Choices programme, which promotes clean beauty products, refills, more environmentally friendly packaging and natural ingredients. A Sustainable Choices section on the website and mobile apps makes these products quick and easy to find.















### **HELPING** hands

Watsons Ukraine is raising money to help children with congenital heart disease. The Watsons Angels project funds surgery for children from low-income families. Watsons Malaysia's focus has been breast cancer awareness. Its Xtra OKtober campaign offered the chance to buy limited-edition bags with proceeds donated to the Breast Cancer Welfare Association Malaysia. A film created with social media star was viewed over 1.5 million times





## **LOVE** is in the Hair

@Austric

Marionnaud Austria is focusing on giving customers healthy, beautiful hair during 2021, promoting existing brands as well as new and exclusive brands and products, including Elènature and Sturmayr.

The eStore will have a special haircare zone, and there will be hair-focused blog posts and social media activities.





## **BEAUTIFUL** thoughts

2Romania

To celebrate its anniversary month, Marionnaud Romania launched a campaign with the message that beauty exists within everyone, as well as the Give With Us project to help fund electronic equipment for children who needed to switch to online learning.

## Marionnaud News

## And the **WINNER** is...

Marionnaud France is proud to announce that five products from its Skin Système range, developed and launched in 2020, have been awarded at the Victoires de la Beauté, the first cosmetics award decided by consumer juries.







| WatsON 31



# CK Hutchison inks €10 billion tower asset deal with Cellnex

CK Hutchison has agreed to sell its interests in its European tower assets and businesses for €10 billion in six transactions to Cellnex Telecom, Europe's leading operator of wireless telecommunications and broadcasting infrastructures.

These transactions will unlock the underlying value of CKHH's telecommunications division and realise a number of strategic and financial benefits for the Group, including acceleration in rolling out 5G across all of CK Hutchison Group Telecom's networks as well as forming long-term ties with Cellnex that will serve the Group's future passive infrastructure needs. Austria, Denmark and Ireland will complete their transactions by December with the remaining countries looking to complete in 2021.





- 1. Which milestone that A.S. Watson Group will reach in 2021?
- 2. When was the Hong Kong Dispensary founded?
- 3. How many loyalty members does Watsons have in Asia?



#### Answers to Issue 115

1) 180 Years of Love

2) 10 years

2) Orange blossom favour

#### **Super Prize (Facial Cleansing Brush)**

Name Company & Department Watsons Taiwan - IT Department Vinny Huana

#### Gold Prize

(Portable Necklace Negative Ion Air Purifier)

Name **Company & Department** Lieven Herman ICI PARIS XL Belgium -

Digital & eCommerce Department

#### Silver Prize (Ultrasonic Cleaner)

Name **Company & Department** 

Funice Tse A.S. Watson Group - Group People

## **About A.S. Watson Group**

With a history dating back to 1841, the A.S. Watson Group has evolved into the world's largest international retail and manufacturing business with operations in 27 markets worldwide.

Today, the Group operates over 16,000 retail stores running the gamut from health & beauty, luxury perfumeries & cosmetics to food, electrical & electronics and fine wine. Also an established player in the beverage industry, ASW provides a full range of beverages from bottled water, fruit juices, soft drinks and tea products to the world's finest wine labels via its international wine wholesaler and distributor.

ASW employs over 140,000 staff and is a member of the renowned multinational conglomerate CK Hutchison Holdings Limited, which has five core businesses - ports and related services, retail, infrastructure, energy and telecommunications in over 50 countries.

Editorial committee

Adviser : Dominic Lai

Editor : Malina Ngai

. Health and Beauty

Editor Members

• Group Office : Clare Forrester, Teresa Pang, Hanks Lee

• Luxury Perfumeries & Cosmetics:

Cathy Newman, Marjolein Geenjaar

: Nuanphan Pat Javanama. Jose Mes

• Manufacturing : Kim Siu

Published by A.S. Watson Group

Watson House, 1-5 Wo Liu Hang Road, Fo Tan, Shatin

New Territories, Hong Kong Website: www.aswatson.com Email: WatsOn@aswatson.com © Copyright A.S. Watson Group