

March 2018

Watson¹⁰²N

Rolling Out the Red Carpet for VIPs



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Back in 2011, A.S. Watson Group launched its first-ever ASW Customer Strategy, and in doing so gave a huge boost to the development of loyalty programmes in all key operating markets in Asia and Europe.

These pioneering efforts have powered us to become a 130 million strong membership worldwide. Through a range of CRM programmes, we've been able to create more targeted communications and offers to customers, boosting retention, basket size and loyalty to our retail brands.

Now, we're stepping it up a gear, with the rollout of our VIP Programme, which rewards our most loyal customers, boosts attachment to our brands, excites high spenders and encourages them to shop more often for even better rewards.



Getting Even Closer

When ASW started its various CRM programmes, it was with the understanding that scale alone – and of course great products, prices and service – were not enough to ensure we remain close to our customers. Customers are increasingly making decisions based on how a retail brand makes them feel, not just the products and deals they find there.

Now, ASW is launching VIP programmes around the globe to reward and retain our top spenders. We're defining "VIP Members" as those people who contribute the top 25% of all member sales for each business unit. VIP programmes for these special customers provide all the rewards and benefits of existing membership schemes, but with an extra layer of advantages, including many that are personalised to the individual.

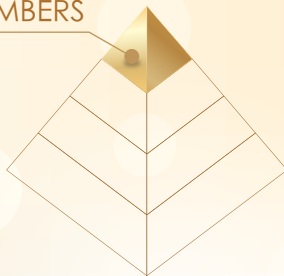
This is a global programme that will roll out firstly in Watsons Hong Kong, Taiwan, Singapore, Malaysia and Thailand, PARKnSHOP Hong Kong, FORTRESS, Superdrug, Kruidvat, and ICI PARIS XL. Gradually, VIP programmes will be extended to all markets.

“ We now have 130 million loyal customers, which is a remarkable achievement, but we need to take these relationships to another level – make ourselves customers' most loved brands. With that in mind, we're rolling out VIP programmes. Focusing on our best customers is not just about increasing sales – it's far deeper than that. It's about intensifying our relationship with them, fostering their emotional attachment to us, and promoting brand advocacy.”

Dominic Lai

Group Managing Director
A.S. Watson Group

VIP MEMBERS



Because You're Special!

Our CRM programmes already offer a great range of rewards to encourage customer loyalty, so why are we doing something different for our biggest-spending customers? The reason is that our VIPs spend up to eight times more than average members each year.

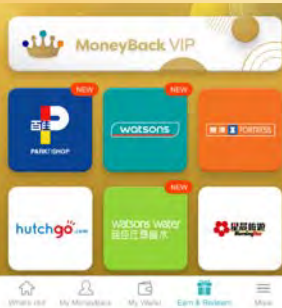
VIPs' shopping habits are different to those of other consumers, so we want to show our recognition and appreciation with some special treatment.

Analysis of our existing CRM programmes shows we can do more to keep these VIP customers happy. On average, only 50 to 60 percent of people who are VIP members one year remain so the next year. Through the new focus on VIPs, we want to help all business units do more to understand these highly valuable customers – not just cater to their needs but also anticipate them.



VIP Programmes in Action

The VIP programmes involve multi-channel implementation including CRM, Store Operations, Trading, eCommerce and Marketing. They will vary by market and business unit, so that local customers' needs are met in the most appropriate way. The result is a new package of rewards and experiences.



In Hong Kong, members of **MoneyBack** VIP Club can have access to VIP zone on website and app, including exclusive special offers, experience, and a birthday surprise on their birthday

Watsons Taiwan, Singapore, Malaysia and Thailand's elite members will enjoy birthday treats, extra bonus points, and invitation to exclusive workshops



In the Netherlands, the **Kruidvat** Topklant VIP programme offers members early access to major online events, such as Black Friday discounts and special delivery offers

At **Superdrug**, there're different tiers of My Reward benefits. These include birthday treats, free treatments and the chance to win a holiday



At **ICI PARIS XL**, the new Xclusive VIP programme will help the brand stand out in Benelux markets with benefits such as exclusive gifts and personalised offer

Stepping into a Data-centric Future

To refine and further improve VIP programmes across ASW – as well as optimise our broader CRM programmes – we're coordinating new ways to deploy all the data that our businesses generate.

In 2018, we've launched DataLab, which unites over 100 CRM experts from ASW around the world. It links colleagues from the Group's central CRM team as well as selected business units' CRM and data teams, in what will be called DataLab Centres of Excellence.

DataLab teams will use the latest technology to extract vital consumer insights from our massive database. This will help us better understand our VIPs, and provide more personalised, exclusive offers, and deliver a unique, tailored shopping experience.

In future, we'll be able to drive best practices across all our business units, and strengthen customer loyalty by both meeting and exceeding VIPs' expectations. DataLab will enable ASW to make smarter decisions, blending science, experience and intuition.



Let's Celebrate!

**A.S. Watson Group****14,000 Stores**

The number of **A.S. Watson Group** stores worldwide has now exceeded 14,000. This new grand total comes thanks to a series of milestones around the world. **Superdrug** opened its 800th in Liverpool, UK. This is one of the biggest stores which enables Superdrug to showcase its full range of products. Also, **Savers** opened its 400th store in north

watsons

China

3,200 Stores**Superdrug**
UK
800 Stores

London. The store offers a comprehensive range of health, beauty and household items at affordable prices. And **Watsons China** recently opened its 3,200th store. Watsons China has been upgrading the shopping experience, energising the brand with modern touches that keep the brand relevant in times of evolving consumer expectations.

savers
HEALTH HOME BEAUTY

UK

400 Stores



The second **A.S. Watson Group Innoteam** began their collaboration with a three-day event in Hong Kong. The Innoteam programme is aimed at developing talents by establishing a global pool of high performing managers within the company. The new ASW Innoteam comprises 26 colleagues from different functions and different business units across Asia and Europe who will work together for 18 months. They are assigned specific projects and work as a team to develop, define and package fresh ideas, turning challenges into opportunity. Members have the opportunity to travel to other countries for different exposure and development programmes, as well as presenting to senior management.



Dominic Lai (4th from left on the first row), Group Managing Director of A.S. Watson Group, and Malina Ngai (1st from left on the first row), Group Chief Operating Officer of A.S. Watson Group and the sponsor of ASW Innoteam, meet the new Innoteam in Hong Kong

{A.S. WATSON} HACKATHON

Non-stop Innovation

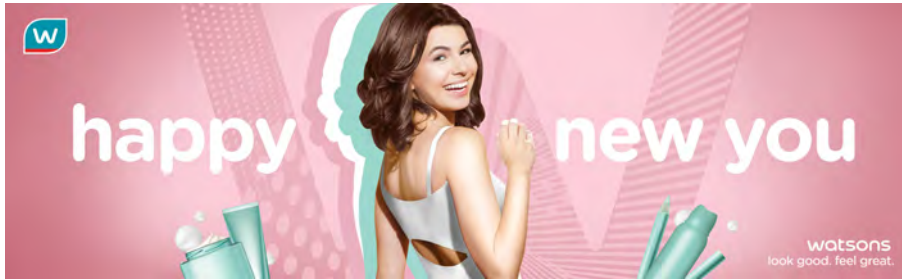
A.S. Watson Group hosted the first ever retail-themed Big Data Hackathon in Hong Kong. The 36-hour non-stop Hackathon attracted over 110 professionals in technology and data science to solve real-life business problems in retail and recommend how to enhance customer experience.

During the two-day Hackathon, the 110 participants were grouped into 16 teams. The challenge they were given was how to detect certain imminent health incidences, develop algorithm for prediction, assortment planning, pricing and personalisation of offers to customers. The winners were decided based on three judging criteria, including innovation of the technical solution, business impact and quality of the pitch. Through the Hackathon, these talented young people were able to demonstrate their entrepreneurial spirit and awareness of an ever-changing market, whilst unleashing their creativity and imagination.



Malina Ngai, Group Chief Operating Officer of A.S. Watson Group (second row, 5th from left) takes a group photo with the winning teams





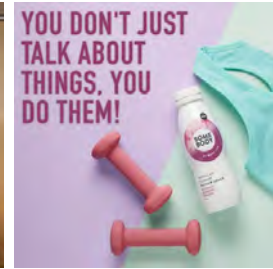
Happy **NEW** Year!

The party mood was in full swing at **Kruidvat**, **Trekpleister** and **Watsons Philippines**, with celebratory special offers and campaigns to get our customers to a brilliant start in 2018. At Kruidvat, the BAM! campaign hit the market with a bang, with super-aggressive price discounts that encouraged customers to come to Kruidvat for all their favourite products. At Trekpleister, all the joy of the festive season continued into the new year with deep discounts across a wide range of products. And at Watsons Philippines, it was time to say “Happy New You”, with tips to help customers nail their New Year and a boatload of awesome products to help them. Whether it was a fitness, beauty or general wellness goal, Watsons had great deals to suit.



Season for **SHARING**

It was the perfect time to learn style tips and party etiquette for guests at the **Drogas** Customer Forum ahead of the party season. Local celebrities gave lectures on how to stay ahead of the latest trends for 2018. **Superdrug**, meanwhile, kicked off the new year with Compliments Campaign which encouraged people to pay compliments to others. Press, social media and CRM were used to suggest compliments and highlight the importance of giving others a confidence boost.



Reasons to **SMILE**

15 January is known as Blue Monday, the day of the year when bleak weather and post-holiday melancholy tends to kick in. But for **ICI PARIS XL** customers, there were 60,000 reasons to be cheerful. Users of the ICI PARIS XL app could download a discount coupon applicable to almost the entire range. Afterwards, ICI PARIS XL started to get customers ready for Valentine's Day by offering great deals.

ICI PARIS XL

QUEEN for a day

Watsons China held a Cosmetic Queen event across 10 Chinese cities, a contest to engage millennial customers and position Watsons as a brand with a fresh, young image and plenty of advice on makeup techniques. Five makeup artists presented their techniques at each event, with a runway show judging the artists on their skills and runway presentation. The most talented makeup artist became the Cosmetic Queen.



PARTY time

More than 1,500 people danced their way to fitness at the **Watsons Taiwan** fourth annual giant Zumba party. This event has proved a hugely popular way to help customers look good and feel great, releasing everyday stress with a blast of exercise and fun. This year, Watsons organised a retro-style Zumba party where instructors led the crowd along to hit retro music.



LUSTROUS hair

The HASK collection of haircare products has arrived at **Watsons Malaysia**. Selected stores are now offering the HASK range of shampoos, conditioners and shine oils based on the key ingredients, such as Argan Oil, Monoi Coconut Oil, Charcoal Citrus Oil, etc. All of them are also free of sulphates, parabens, drying alcohols, phthalates and gluten.



Street of CELEBRATION

Staff at **Watsons Thailand** led a festive parade along Silom Road, Bangkok, to welcome in the spirit of Christmas. The Watsons Happy Christmas Army, dressed in festive costumes such as Christmas trees, gave away candy canes as gifts to passers-by. The parade has become an annual event for Watsons Thailand, and marks the start of the holiday season in flamboyant style.



Shopping with **EASE**

FORTRESS has revamped its eStore, turning it into a one-stop shopping destination. The store lists thousands more products, many of them exclusive to the eStore, as well as exclusive discounts. The new eStore allows customers to check which stores have their item in stock in just a single click. With a focus on convenience, it has connected online and offline services with the Click and Collect feature, and deliveries can be tracked online.

豐澤 **FORTRESS**



Visit the eStore ▶



HYDRATION stations

More than 130,000 litres of bottled water and over 70,000 litres of Watson's 100% Natural Sports Drink were sponsored to the runners in the 2018 Hong Kong Marathon. Watsons Water also worked with Nike to launch co-branded packaging that linked **Watsons Water's** "Drops of Fun Reward" CRM programme with rewards from Nike, such as running gear and training courses.

Watsons water



A.S. Watson Group

Ranked 51st in Global Powers of Retailing 2018
(by Deloitte)

Benelux

Top Employer in Netherlands
(by Top Employers Institute)



China

Excellence in HR Management Team 2017

Employer Excellence of China 2017
(by 51 Job)

Best Companies to Work For in Asia 2017
(by HR Asia)

Taiwan

Ranked No.1 in Best Consumer Brands - Health & Beauty Store Category
(by *Management Magazine*)

Thailand

The CLEO Beauty Hall of Fame 2017
(by *CLEO Magazine*)

Philippines

The Investors in People - Best Newcomer 2017
(by Investors in People)

Turkey

The ONE Integrated Marketing Awards - Most Reputable Loyalty Programme of The Year
(by *Marketing Turkey* and *Akademetre*)

Ukraine

Drogerie Store of the Year
(by Choice of the Year)

Ranked 24th in TOP 100 Best Ukrainian Companies - Financial Performance
(by Visnuk)



Top 10 Employers in the Retail Sector in UK
(by Sunday Telegraph)



Ranked No.7 in 25 Best Big Companies to Work For 2018
(by *Sunday Times*)



Poland

No.1 Brand in Poland in the Superbrands Award 2018
(by Superbrands)

Ranked 106th in Global Powers of Retailing 2018
(by Deloitte)

Germany

Beauty Box 2017
(by BoxenWelt24.de)

January to February



PARKnSHOP Hong Kong – 3 new stores



Watson's Wine – Citylink Plaza, Shatin



Watsons Hong Kong – 5 new stores



Watsons China – 56 new stores



Watsons Thailand – 9 new stores



Watsons Taiwan – 2 new stores

January to February



Watsons Malaysia – 8 new stores



Watsons Philippines – 11 new stores



Watsons Turkey – 4 new stores



Watsons Ukraine – 2 new stores



ICI PARIS XL – 1 new store



“ Thanks to Superdrug & Savers where I met my wife! We’ve now been married for 15 years and met whilst she worked for Superdrug. I’ve been fortunate enough to work with some fantastic people and learn lots of things. Developing and moving along with the business is a wonderful thing. ”

Gary Neaves
Regional Manager
Savers



“ I’m lucky to work in an industry I have genuine passion for: beauty and cosmetics! I started here as a content marketing specialist. When an opportunity to step into a more senior role arose, I grabbed it. I now look after our social media channels across Europe, which is a super exciting challenge. ”

Edita Lozovska
Social Media Specialist
eLab London



“Watsons has given me many opportunities and many “first times”. It was my first job after graduating college, first promotion, first salary increase, first store opening, first campaign and PR event and has taken me to many first-time-travelled places in the Philippines. Thank you Watsons for giving me so many opportunities.”

Dharell Fontanilla
Marketing Officer
Watsons Philippines



“I work with many overseas business units on how to improve eCommerce performance. I’ve also taken on a role as an ASW Social Media Ambassador. I help to engage our colleagues in company activities and spread the word on social media about what it’s like working here. So far, I’ve received quite a bit of positive feedback.”

Nelson Ho
Assistant Finance Manager – eCommerce
Health & Beauty Asia & Eastern Europe
A.S. Watson Group



Jumpers for **JOY**

Fun, fashion and festive celebrations were at the heart of a staff Christmas Jumper Day to raise money for a leading children's charity. **A.S. Watson Group** head office staff took part in a DIY jumper workshop, transforming old clothes into lively Christmas outfits, prizes were awarded for the Best Dressed and for the Top Fundraiser, and there was lots of laughter on the day. Donations all went to Save The Children, a charity which helps improve children's lives around the world by providing food, essential healthcare, education and protection.



Watch the highlight video! ▶



Spreading **CHEER**

PARKnSHOP Hong Kong teamed up once again with the Hong Chi Association to arrange workshops for Hong Chi school students. PARKnSHOP volunteers helped students unleash their creativity and make colourful “ocean bottles”. Meanwhile, **Watsons Hong Kong** sold charity bears and collected donations to support the Hong Kong Single Parents Association which provides valuable family support services, psychological counselling and employment training to single parents.



KINDNESS to kids

Watsons Ukraine's volunteers delivered tasty treats to young people at the Brovary Children's Rehabilitation Centre. The team joined their party and spent time with the children so as to support for those facing tough challenges and bring smiles to them.



Chinese Wonder Women Conquer the Atlantic Women rowing team champions set world records

At 8:13am on January 18 (HK time), Kung Fu Cha Cha, the Mainland China entry in the Talisker Whisky Atlantic Challenge 2017, comprising four Shantou University female students—Cloris Chen Yuli, Amber Li Xiaobing, and Tina Liang Mintian from Guangdong and Sarah Meng Yajie from Henan, became the first team ever from China to complete the grueling cross-Atlantic race. The rowing challenge was sponsored by Li Ka Shing Foundation. In conquering the “world’s toughest ocean rowing challenge” across 3,000 miles (approximately 5,000 km), they set the following world records:

1. First team from China to row across the Atlantic Ocean.
2. First team from Asia to row across the Atlantic Ocean.
3. With an average age of 23.5, they became the youngest team ever to row across the Atlantic Ocean.
4. Their time of 34 days, 13 hours, 13 minutes shattered the previous record of 40 days, 8 hours, 26 minutes set two years ago. The women are now the fastest team to have ever accomplished the challenge as a four-woman crew.



LI KA SHING FOUNDATION
李嘉誠基金會





About A.S. Watson Group

With a history dating back to 1841, the A.S. Watson Group (ASW) has evolved into the world's largest international retail and manufacturing business with operations in 24 markets worldwide.

Today, the Group operates over 14,000 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 130,000 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.

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