

Watson¹¹⁸N

A.S. WATSON EYES O+O AS THE NEW STANDARD FOR RETAIL



Quarter 2 • 2021





A.S. WATSON EYES O+O AS THE NEW STANDARD FOR RETAIL

O + O (Offline plus Online) is the new standard for retail. It empowers us to be truly customer-obsessed, building even stronger customer connectivity and engagement.

A.S. Watson Group has put its O + O strategy at the heart of the business and is serving over 5.9 billion customers from all around the world via its O + O platforms anytime, anywhere, empowered by technology and AI.

Here, we explain exactly what O + O means, why it's so important right now, the ways in which we're already seeing O + O in action, and how it shapes the future of retail.



What Does O+O Mean?



Forget physical versus online. O+O is not about either or. O+O is the new standard for retail. Put simply, O+O reflects how customers shop today. The customer journey almost always involves offline plus online, often at the same time.

The traditional O2O strategy drove customers from one channel to another, but O+O is totally different. It has been developed to benefit customers by focusing on and fitting into their lifestyle. O+O strategy creates an integrated experience to better meet customers' needs, and enables them to shop across any channel, anytime, anywhere.

The new O+O standard is not just about having physical stores and also an online store. It's an entire ecosystem that is powered by technology, big data and AI.

Just as importantly, it means a cultural change within the organisation. O+O has to be at the heart of managing the business and deciding what to prioritise.

“Some say retail is dead but that's simply not true; retail just needs to be different and better. O+O is the new standard for retail and, since COVID, it has become more important than ever before in terms of keeping customers engaged and ensuring a seamless retail experience.

Dominic Lai
Group Managing Director
A.S. Watson Group

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Why Is O + O So **IMPORTANT** Right Now?

The pandemic proved to be an accelerator of change that was already under way. No longer is O + O seen as the way retailing will be in future. It is the way retailing must be right now.

Over the past year, O + O has become more crucial than ever. We doubled our development of digital assets and content to keep our customers engaged. We also doubled our fulfilment capacities to cope with surging online orders by picking in stores. This enables us to deliver within hours, which is what customers need.

O + O is not just better for customers – it's also better for our business.

A.S. Watson's customer research shows that 70 to 80% of customers will research online or via social channels before making a purchase in stores, and customers of all generations are now increasingly mobile-savvy and digitally connected. When customers shop using O + O services, there is no cannibalisation of customers' in-store spending. In fact, O + O customers spend 3 times what an in-store-only customer spends with us.

So, O + O is about creating a bigger share of wallet and higher customer lifetime value.



How Does It Work In Practice?

We believe that “Customer is King” is at the heart of the O + O model we have created for our business. All customers want what they want, when they want it. They want things to be easy for them. They also want the human touch and to be part of real relationships. They want differentiation in the products and services we provide.

Delivering true O + O to meet customers’ demands is a combination of our 16,000+ extensive physical store network as core touchpoints, 140,000-strong customer service team who serve customers instore as well as online, integrated with 100+ online platforms, and very importantly, the customer connectivity with our 140 million loyalty member base, powered by AI and big data capabilities.

All of the Group’s physical stores are connected to digital platforms, meaning the product offering is never limited by shelf space. In a few clicks, store teams can order products for delivery or pick-up by customers. Our loyalty members are also digitally connected with social media and digital platforms, so they can shop online not only on our mobile apps and websites, but also via WhatsApp, WeChat and phone.



O + O is at the heart of a range of digitised experiences in stores and online. These include:

O+O PAYMENT OPTION

WatsonsGO:

This allows customers to buy in store and make payment on a mobile app. First launched in Watsons China, and it's now available in Watsons Hong Kong and Singapore.



O+O EXPERIENCES

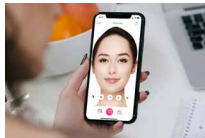
Go-In-Store:

Customers who browse online can speak to an in-store beauty or health advisor via video link for a personalised consultation.



ColourMe:

Using AR, it allows customers to virtually try out makeup and hair colours products.



MyStore:

Customers can seek personalised advice from in-store beauty advisors via MyStore on WeChat.



Skin Analyser:

Analyse skin types and conditions, and offer product recommendations.



O+O EXPERIENCES

Foundation Finder:

NEW!

It will be launched to help customers find the right foundation that best suits their skin tone, right within an app.



Endless Aisle:

A digital shelf in stores that allows customers to shop and choose either to collect products in store or have them delivered to their home.



O+O DELIVERY OPTION

Our extensive global store network helps us make fulfilment flexible. Using our stores as hubs, we're able to offer click-and-collect services in as little as 30 minutes, and click-and-deliver within an hour.




The FUTURE of Retail

O + O is not only the new standard for retail now but is also shaping the future of retail.

To stay at the forefront of O + O retailing, we need to deliver experiences that meet or exceed customer expectations – from convenient locations and high product quality to the digital experience, beauty and health services, delivery options (instore or deliver to home), and payment options.

Converting members to shop O + O is our focus to drive growth in 2021 and beyond. We will be laser focused on customers' lifestyles, anticipating and surpassing their expectations of what shopping can be.

While much will change in the years ahead, we will continue to bring the same simple mission to life: to put a smile on our customers' faces. Happy customers mean happy shareholders and a strong, sustainable business.

 Watch the Video about ASW's O + O Strategy!



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This unique O + O strategy will be a key differentiator for A.S. Watson. Physical stores will continue to play a significant role in creating our integrated O + O experience for our customers and making us their most-loved brand.

Dominic Lai
Group Managing Director
A.S. Watson Group



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HEROIC efforts

To celebrate the wonderful milestone of **A.S. Watson Group's** 180th Anniversary, the Group has launched a campaign to share love with all our colleagues and acknowledge the heroes who work among us. The Love Hero Campaign invited everyone in the Hong Kong head office to nominate their heroic colleagues on staff social app WatsUp. The response was overwhelming with an amazing 11,000+ nominations were received in just two weeks. From thousands of nominations, 18 Love Heroes were selected. Each Love Hero was rewarded with HK\$1,800 in shopping coupons. Let's pay tribute to our unsung heroes, and continue to bring more smiles and love to ASW together!



All ABOARD

To say a huge thank-you to mums, **Kruidvat Belgium** teamed up with L'Oréal to drive a beauty bus around the country, giving magnificent mothers a chance to have a makeover on board. Customers could nominate their mum for a makeover via Facebook or using the Instagram filter. Meanwhile, **Trekpleister** is rewarding customers of great-value Own Brand goods with the chance to win an electric bicycle.



Seeding an IDEA

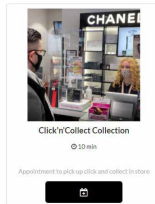
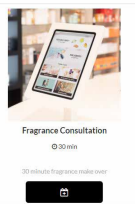
Superdrug has partnered with leading gynaecological cancer charity The Lady Garden Foundation, aiming at raising awareness of five gynaecological cancers, as well as promoting cervical cancer screening attendance. The partnership is endorsed by actress and comedian Emily Atack, who encouraged women to book in for screening. Superdrug nurses and pharmacists are trained in symptoms to look out for, and offer advice and a symptom tracker to concerned customers.

Superdrug ☆

SAFE and secure

The Perfume Shop has launched a trial of a new instore appointment system for customers. By combining digital solutions with real-world experience, the brand provides personalised O + O retail service that puts customers' minds at ease as normal shopping resumes. For customers who prefer one-to-one service without the crowds, an appointment can be booked online for either a 10-minute Click & Collect pick-up slot, or for a dedicated 30-minute personal consultation.

THE PERFUME SHOP



Hot NEW LOOKS

ICI PARIS XL is delighted to be offering the Armani Beauty range, which fuses elegance and simplicity through products that are light, long-lasting and easy to apply. The range is now available online and in physical store. It has also launched the Wanderlust Collection from BE Creative Make up, tapping into the urge to travel to dreamy destinations with new makeup products. The range is all vegan and cruelty-free.

ICI PARIS XL

Staying **CONNECTED**

Watsons Hong Kong has launched the #WatsFun member festival to ensure customers can get their favourite Japanese and Korean products without travelling abroad. With hundreds of products, many exclusives and prizes up for grab, Watsons is making sure the fun continues. The brand has also teamed up with 3HK to launch SoSIM prepaid SIM cards, available at Watsons' online and physical stores.



Special **FRIENDS**

Watsons China has recently invited singer-songwriter Cai Xukun as brand ambassador and launched the Beauty on Demand thematic stores in four cities, attracting huge numbers of customers. Meanwhile, **Watsons Singapore** has partnered with LINE FRIENDS to promote co-branded products, limited-edition premiums, gift cards and more. A pop-up event to build excitement was hosted, offering daily deals and prizes for the best photos shared via social media.



Living **BETTER**

Watsons Taiwan has launched the Drive To Be Better campaign which is built on the insight that customers are pursuing not just a better material life but also the development of their mind and soul as a result of the pandemic. Also, 30 elite members were treated to an exclusive experience created with L'Oréal in which they were able to experience the new product range.



[Watch the video!](#)



INNOVATION sensation

Watsons Thailand and the Oab's skincare brand have launched a collection of three skin treatments. Made from natural ingredients and suitable for all skin types, the products are exclusive to Watsons physical and online stores. While **Watsons Malaysia** has launched a Money Back Guarantee initiative, enabling customers to return any Watsons product they are unhappy with to get a full refund. The campaign shows how Watsons provides high product quality through its good-value exclusive range, which extends to more than 1,000 products.

Reason to **CELEBRATE**

Watsons Philippines is celebrating the reach of 3 million members. To thank for their continuous support, Watsons is offering bonus points, free delivery and the chance to win amazing prizes. Watsons is also celebrating the launch of a product for our youngest customers. Watsons Baby Diapers are the most affordable quality diapers in the market, and are now available from Watsons online.



'SOMETHINC' NEW

Watsons Indonesia's customers seeking top quality Halal-certified skincare and makeup need look no further than the new exclusive brand SOMETHINC, which is designed for customers who want products that match their active lifestyle at an affordable price. Meanwhile, **Watsons Turkey** has linked the beauty brand Revolution with the hit TV series Friends. A Revolution x Friends collection has been launched, with O + O communications.



CONVENIENCE is calling

FORTRESS is taking its mobile phone trade-in service across its O + O platforms for greater customer convenience. As well as trading in their handset at physical stores, customers can get a valuation online, have a courier collect their old phone, and get an eVoucher to spend on their next purchase. Meanwhile, fans of anime characters from Demon Slayer can head to **PARKnSHOP Hong Kong** for a collection of home products that are available exclusively to MoneyBack members.



FRESH up

Watson's Wine has recently upgraded its My Cellar function of the website and app. It's now easier and more fun for wine lovers to build their own collection of favourites! Besides, **Sunkist** is introducing a range of Korean-inspired drinks including Sunkist sparkling pineapple flavored cider and Sunkist artisée earl grey tea latte. And new **if** seasonal drinks include refreshing pineapple juice and longan juice, which are freshly made in Thailand.





A.S. Watson Group

Ranked 34th in Top 100 Retailers in Asia
(by Euromonitor)

QF Gold Star Employer Certificate
(by Qualifications Framework)



A.S. Watson Group



Watson's Wine

Sport-Friendly Action - Awarded Corporate
(by Chinese YMCA of Hong Kong)



A.S. Watson Group



Web Accessibility Recognition Scheme - Silver
(by Office of the Government Chief Information Officer
and Hong Kong Internet Registration Corporation Limited)



Web Accessibility Recognition Scheme -
Friendly Website Recognition
(by Office of the Government Chief Information Officer
and Hong Kong Internet Registration Corporation Limited)



Hong Kong

Ranked 1st in Most Popular FMCG Retailers
(by Wisers)

Indonesia

Indonesia WOW Brand 2021 (Chain Pharmacy) - Bronze Champion
(by Markplus Inc)

Turkey

Most Admired and Preferred Brands in Shopping Malls
(Self Care & Beauty Category) - Grand Prize
(by Shopping Centers and Investors Association)

Social Media Awards Turkey - Silver
(by Marketing Turkey Magazine & BoomSonar Social Media Agency)

April to May



Watsons China – 46 new stores



Watsons Malaysia – 6 new stores



Watsons Thailand – 3 new stores



Watsons Philippines – 10 new stores

April to May



Trekpleister – 1 new store



Kruidvat – 4 new stores



The Perfume Shop – 3 new stores



ICI PARIS XL Belgium – 1 new store



“ One afternoon a customer came to the store but couldn't really communicate with our store staff due to a language barrier. I helped her find what she wanted and was able to explain how to use it. The customer praised our good service and left with a smile, which gave me a great sense of pride. ”

Zada Lai

Pharmacist
Watsons Taiwan

“ To help families do something fun at Easter this year, we have invited families to an Easter bunny hunt in Wijhe. Hidden bunnies provided clues along a route that led families to our store, where children were rewarded for solving the puzzle and parents could shop. We are very happy to see everyone enjoyed themselves during the event, especially the kids! ”

Esther Mol-Keizer

Store Manager
Kruidvat Netherlands





“ ”

Social media has helped us continue to deliver best-in-class customer experiences and drive O+O customer connectivity despite the pandemic.

Mil Chong

Assistant Education Manager (Beauty)
Watsons Hong Kong

ASW People



“ ”

A highlight of my 28 years with the company was joining a trip to Yunnan Province as a volunteer of the Give a Smile campaign to help children regain their smiles.

Alice Leung

Senior Reward Specialist
A.S. Watson Industries



“ ”

I was delighted to have a chance to visit the patients in breast clinics during Breast Cancer Awareness Month. A few kind words can make a big difference.

Wendy Steegen

Store Manager
ICI PARIS XL Belux

ASW People



“ ”

I have found my second family in Drogas Latvia, the place where I can grow as a person and as a professional.

Vadim Polhleb

Assistant Category Manager
Drogas Latvia

SUSTAINABLE (CHOICES)



To reduce its environmental footprint and help make the world a better place to live, **A.S Watson Group** is developing sustainable choice products that inspire customers to lead to a sustainable lifestyle.

LOOK GOOD
DO GOOD
FEEL GREAT

Watsons puts sustainability at the core of brands development and sourcing, from packaging to ingredient choices, offering more sustainable choices to customers and helping them “Look Good. Do Good. Feel Great” together.



Watsons Hong Kong has partnered with P&G to launch Plastic Reborn, a territory-wide plastic container recycling campaign. By collaborating with local recycling firm The Loops Hong Kong, Watsons supports local plastic waste reclamation and recycling, and takes the lead in driving circular economy from retail market.

[▶ Watch the video!](#)



While **Watsons Indonesia** also launched the #PlasticReborn recycling programme. Working with brand partners, Watsons has been issuing vouchers to customers who recycle their plastic packaging.



Watsons Malaysia has launched a range of products that can be refilled, to reduce the amount of packaging being produced and disposed of. There are now 6 eco-refills available for best-selling Naturals by Watsons products. These eco-refills use up to 58% less plastic than a regular bottle, and can save more than 138 tons of plastic each year.



Earth Day in **Watsons Singapore** was celebrated as part of a two-week campaign promoting sustainable consumption. A Bring Your Own Bottle event was held at a flagship store in collaboration with Dr. Bronner's and Love Beauty And Planet, offering exclusive deals and free samples to customers who got on board and traded in used bottles.



Drogas Latvia has been spreading the message that 'Recycling is Natural!', setting up plastic drop-off points in stores and working with brands to offer vouchers to customers who bring in their used packaging. Drogas is also promoting refillable aluminium shampoo bottles as part of the Good Refill system being rolled out by P&G.



The Perfume Shop has extended its perfume bottle recycling service. As well as offering customers special discount on the day they bring in a used bottle, to mark Earth Day, The Perfume Shop offered voucher, and pledged to donate the cost of planting a tree to a charity.



And **ICI PARIS XL** held its annual Bring Your Bottle Back campaign, providing great offer to customers who return empty packaging, and passing on all returned products for recycling.

It's **TEAM** spirit!

The **A.S Watson Group** Hong Kong Student Sports Awards have been running for 16 years, providing inspiration and recognition for some of the amazing sporting talents in Hong Kong's primary, secondary and special schools. Since 2005, more than 13,000 students have won the awards, and we are proud to have been able to continue with the programme this year, despite the limitations on gatherings as a result of the pandemic.

This year's Leadership Workshop was held online rather than in person, but interest was just as strong as usual, and attendance was as high as ever. In two hours, participants completed a range of activities to sharpen their communication skills, improve cooperation and hone their problem-solving abilities. Their team spirit and commitment showed that despite the challenges they face, their motto remains "Yes I Can!".

[Watch the video!](#)



A **HELPING** hand

This year marks the 8th annual City Food Drive hosted by **PARKnSHOP Hong Kong**, held in partnership with Food Angel, providing meal boxes for people in need. Customers can donate food from 8 essential categories at collection points in all stores while enjoying special offers. Also, **Watsons Water** has launched the PATHWATER aluminum pack, which is made from 70% recycled content and is 100% recyclable and BPA-free.



Gifts from the **HEART**

During a new wave of COVID-19 infections earlier this year, **Watsons Ukraine** donated household goods and personal care products to four hospitals in the worst-affected part of the country. There were generous gifts from **Drogas Latvia**, too. The brand celebrated International Women's Day with an inspiring card and fresh tulips as well for every woman who shopped in store.



PREMIUM pampering

@Switzerland

Marionnaud Switzerland is proud to bring iconic British brand Molton Brown to its customers, with a range of premium perfumes, shower gels, body lotions, candles and hand care products that blend style and innovation with a fine pedigree that sees it feature in top hotels, luxury department stores and even win a Royal Warrant from Queen Elizabeth II.



Watson 118 • Quarter 2 • 2021



STYLISH Mamas

@Italy

To celebrate Mother's Day this year, Marionnaud Italy launched a makeup collection called My Flamboyant Mama. Six digital influencers were able to showcase the products – and at the same time celebrate the way mothers can combine femininity, sensuality and motherly love.



Marionnaud News

SWEET sharing

@Romania

Marionnaud Romania has been drawing on the power of influencers to spread the word about some of its favourite products. Influencers with a niche following were sent PR boxes featuring Nina Ricci Rouge, while macro-influencers helped spread the word about new women's perfume Dolce Gabbana Rose.



LKSF Donates HK\$30 Million to CUHK to Upgrade Research Facilities in the Li Ka Shing Institute of Health Sciences

The Li Ka Shing Foundation (LKSF) has announced a donation of HK\$30 million to the Faculty of Medicine at The Chinese University of Hong Kong (CUHK) to upgrade the research facilities in the Li Ka Shing Institute of Health Sciences.

The enhancement project of the Institute, expected to be completed by the end of 2022, includes optimising the research space to provide 14 additional laboratory benches and 84 bench spaces. At the same time, the new animal facilities not only will triple the murine capacity, but also use individually ventilated cages which would greatly enhance the ability to control cross-animal transmission of infectious agents.

LKSF Chairman Mr Li Ka-shing remarked, “I have long believed that Hong Kong can play an important role in Asia’s fast evolving life sciences economy and build a catalytic force to our city’s future. But to succeed, it requires Hong Kong’s strongest undertaking to improve R&D environment and investment in our medical and relating fields.”



SUPER QUIZ

1. What is the name of Watsons Taiwan's recent brand campaign?
2. How many loyalty members does Watsons Philippines have?
3. What services can customer register online on The Perfume Shop's website?
4. Which four platforms in O + O shopping are mentioned at 00:17 in the "Are you ready for O+O" video?
(Hint: Watch the video on P.8 or go to this link: <https://bit.ly/34Hq62u>)

Super Prize (1)

Rechargeable Cordless Blender



Gold Prize (1)

Smart Exercise Dumbbell



Silver Prize (1)

Snack Box



Answers to Issue 117

- 1) To put a smile on our customers' faces
- 2) Superdrug pharmacies deliver vaccinations to patients selected by NHS
- 3) Reduce electricity intensity by 30%/Reduce greenhouse gas emissions by 40%/Eliminate unnecessary packaging and PVC/Use 20% recycled plastic in packaging/Use 100% rPET water bottles in Hong Kong/Restore 10,000 perfect smiles with Operation Smile

Super Prize (Smart Jumping Rope)

Name	Company & Department
Robbie Evans	Superdrug - Commercial

Gold Prize (Simple Use Film Camera)

Name	Company & Department
Vicky Shih	Watsons Taiwan - Marketing

Silver Prize (Boomerang Spinner)

Name	Company & Department
Edlyn L. De Guzman	Watsons Philippines - Store Development

Deadline: 1 July, 2021

You now have the chance to win Superquiz by sending both your answers and contact information to WatsOn@aswatson.com

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 four core businesses - ports and related services, retail, infrastructure and telecommunications in over 50 countries.

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