



Watson

Simplicity brings success at Savers

Kruidvat new MDs

New Fortress unfolds in Taiwan

Watsons Water Champions Challenge

A.S. Watson

The retail and manufacturing group of
Hutchison Whampoa Limited



savers
• TOILETRIES • HEALTHCARE •

Contents



Dear Colleagues,

I would like to take this opportunity to wish you all a very healthy and prosperous 2004 as well as "Kung Hei Fat Choi" for the Year of the Monkey.

2003 was a groundbreaking year for the A.S. Watson Group as our family got bigger. We expanded significantly, particularly in Europe with our acquisition of Kruidvat. More than 300 new stores opened in different parts of the world, and we introduced innovative new concepts in store design and products.

We also reached a major milestone in the company's history when we celebrated the 175th anniversary of the Group and the centenary of Watsons Water.

As we look back on our recent successes, we should also look forward. We are still working within an uncertain global economic environment. The variation of economic circumstances in the American, European and Asian markets presents challenges. Our aim is to be competitive and resilient and to perform outstandingly, whatever the market conditions.

Expansion is very much on our agenda in 2004 across Europe and Asia, and we are actively considering new start-ups and acquisitions.

Unlike many large retailers around the world, which are very corporate, and unlike many traditional Chinese companies, which have a very top-down approach, at A.S. Watson we run our business like a family. Each staff member is a highly valued part of this team with a vital role to play, and we are all dedicated to helping each other to bring ongoing development and success.

Another year brings another challenge but your Group is in a strong position to make substantial progress.

Ian F. Wade
Group Managing Director

- 01 World news
- 10 Focus
Simplicity brings success at Savers
- 14 Family matters
*HWL Sports & Family Day
Christmas Executive Dinner – HK & Shenzhen*
- 17 Lifestyle
Children's eye problems
- 18 Special
Watsons Water Champions Challenge 2004
- 21 Your story
Beautiful mind in Miss Holland
- 22 Community
- 24 Live the moment / Superquiz
- 25 HWL hutch
Joint venture with Tongrentang



Cover story

Strength in simplicity
Building on its core values of simplicity and low prices, Savers is growing fast. With new sourcing and merchandising strengths since its acquisition by A.S. Watson in 2000, the future is bright.

About A.S. Watson Group

With a history dating back to 1828, the A.S. Watson Group (ASW) has evolved into an international retail and manufacturing business with operations in 16 countries and regions across Asia and Europe. Today, the Group operates over 3,500 retail stores running the gamut from health & beauty chains to its food, electronics, general merchandise and airport retail arms. 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 55,000 staff and is a member of the world renowned Hong Kong-based conglomerate Hutchison Whampoa Limited, which has major interests in ports, telecommunications, property, energy and retail with businesses in 41 countries.



Recognition for caring

A.S. Watson Group (ASW), together with PARKNSHOP, Fortress, Watsons Water, Watson's Wine Cellar and Great, has been awarded the Caring Company logo by The Hong Kong Council of Social Service.

The award is in recognition of contributions in the areas of volunteering, employing the vulnerable, being family friendly, mentoring, partnering and giving.

ASW is particularly proud to receive the award in light of the SARS crisis, one of the most challenging periods in Hong Kong's history. Numerous companies did their utmost to build community spirit, donating money to support the battle against SARS and showing appreciation to those working in the front-line.

"Caring Company" awardees demonstrate how successful community investment programmes strengthen their relationships with employees and customers, develop employees' skills, encourage commitment and enhance company reputation.



Second year in a row

Nuance-Watson has once again achieved great success at this year's Raven Fox Awards for Travel Retail Excellence in Asia/Pacific.

Held for the sixth time at the TFWA show in Cannes, Nuance-Watson scooped the top prize as Asia/Pacific Travel Retailer of the Year for the second year running and again won in three other categories: Best Fragrances and Cosmetics Travel Retailer in Asia/Pacific, Best Fashion, Leathergoods and Accessories Travel Retailer in Asia/Pacific, and Best Food and Confectionery Travel Retailer in Asia/Pacific.

Nuance-Watson was also highly commended in the category Best Gifts Travel Retailer in Asia/Pacific.



Alessandra Piovesana, Managing Director of Nuance-Watson (HK), proudly accepts the "Asia/Pacific Travel Retailer of the Year" award from the organiser.



Toasting the future with Badaracco

Three hundred exceptional bottles have been created to celebrate Badaracco's 125th anniversary this year. Hand-blown in transparent crystal by a master glass-maker of Bohemia, each bottle contains 17 litres of fine wine produced by some of the most renowned Bordeaux Chateaux. The same vintages will be uncorked and tasted at special Badaracco events in the future.

Each bottle comes in a wooden case artistically imprinted with an original numbered etching. The cases also contain a book, numbered from one to 300, narrating the history of Badaracco since its formation in 1879.

The limited edition bottles will be offered by subscription on a one bottle per person basis. *Badaracco*

Coming out tops

Fortress and Watsons have won The First Hong Kong Merchants of Integrity Award (2003 – 2004) organised by *Guangzhou Daily* in China, based on votes cast by readers (70%) and judges (30%). Meanwhile, **PARKNSHOP** and **Fortress** have been awarded Superbrands 2004.



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Watsons Water wins at Macau Grand Prix

Dutchman Duncan Huisman claimed a third consecutive victory in the SJM Guia race at the 50th Macau Grand Prix on 16 November in his Watsons Water-sponsored BMW 320i.

The SJM Guia race is considered to be one of the most beautiful and challenging street circuits in the world.

Watsons Water became a sponsor of the event in 1985 and its car has won the Guia race category on many occasions. [watsons water](#)



Double the fun

In the Netherlands and most of Belgium the Christmas season is somewhat different to that in other countries. The children usually receive their presents on the birthday of Saint Nicholas, in Dutch "*Sinterklaas*", on the evening of 5 December. Families celebrate the evening with singing special *Sinterklaas* songs, reciting funny poems and giving presents to each other.

For our three chains, Kruidvat, Trekpleister and ICI PARIS XL, this means that a major part of the present-giving season takes place before 5 December.

In the last twenty years, families have also started giving presents around Christmas time, influenced by American television and strong retail advertising. This all means that our stores now have present-seasons before *Sinterklaas* as well as before Christmas.

ICI PARIS XL, our perfume chain, achieved amazing sales before *Sinterklaas* and was also very busy before Christmas. Despite difficult economic conditions in Europe, consumers apparently did not cut back on perfume products.

Kruidvat and Trekpleister in the Netherlands were very successful with general merchandise products (mainly from Chinese suppliers) in a wide variety, from DVD-players to digital telephones, mobile telephones, baby-textile, toys, CDs etc. With an established reputation in the health & beauty retail market, Kruidvat and Trekpleister are emerging as serious competitors for non-food retailers.

Driven by increased international co-operation within A.S. Watson, the performance forecast of these stores in 2004 is high.




All in good taste

Kruidvat has pioneered the concept of selling wines through drugstores and online, believing it to be a viable business formula in Holland, which is enjoying strong growth in wine retail sales.

Men have traditionally been the alcohol buyers in Holland, but this is changing as they spend more time at work and travelling. Drugstores are, therefore, becoming an interesting sales platform.

All wines are selected for offering good value, in the same way as customers in France get good wines without paying for marketing and branding. Then there is a fine wine section, supplied by Badaracco, which offers a focused selection of fine and famous wines so consumers do not have to negotiate a mind-boggling array of vintages. Attractive wine combination packs also offer great gift ideas.

Kruidvat has built strong links between its offline and online business. Sales have been launched at 30 Kruidvat outlets offering a limited assortment of wines (which will be extended later in the year) while broader selections are available at [www.watsonswine.nl](#), where customers can also learn more about specific wines and tastings. 



Kruidvat new MDs

We are pleased to announce that Ignace van Poecke, now Managing Director of Kruidvat Belgium (118 stores), has been promoted to Managing Director of Kruidvat in the Netherlands (554 stores).

Meanwhile, Jan Derek Groenendaal, previously Senior Buyer in the Netherlands, has been promoted to Managing Director of Kruidvat Belgium.

Both gentlemen have long-standing experience within A.S. Watson Continental Europe. Ignace van Poecke says, "I intend to give priority to the possibilities within ASW for products to be obtained from China and other Asian countries. Bringing in more general merchandise products means more focus on stores with greater shelf-space and increased efficiency in logistics."

Jan Derek Groenendaal sees his appointment as an opportunity to broaden his scope to commercial and operational activities in the very successful Kruidvat Belgium chain. "In the short term, I intend to get to know the organisation by visiting all 118 stores. In the longer term, I will pay special attention to the development of stores in the promising French speaking part of Belgium, where Kruidvat started three years ago." 



(From left) Ignace van Poecke and Jan Derek Groenendaal

Centennial exhibition

To mark the success of the "Year of Hong Kong Creativity", Watsons Water held an exhibition at the LifeStyleAsia Design Fair 2003 from 6-9 December at the Hong Kong Convention and Exhibition Centre.

Watsons Water exhibited a three-metre-high installation art piece made from over 800 bottles. In addition, three sets of three-dimensional bottle-shaped panels were erected to showcase the 12 centennial bottle labels, as well as to introduce the artists behind this campaign.

Several of the centennial artists attended the exhibition to share their creative concepts. [Watsons Water](#)



We have inserted the four final centennial bottle designs randomly throughout this publication. Flip through the pages to see if you can spot them.

Three cheers

Watsons Water's "Wats Next" re-launch campaign has won a Certificate of Merit in the "HKMA/TVB Award for Marketing Excellence 2003".

Already in its 18th year, the event is organised by the Hong Kong Management Association and is sponsored by Television Broadcasts Limited. It aims to recognise outstanding marketing campaigns in Hong Kong, thereby raising industry standards.

Campaigns are judged on a variety of criteria, ranging from the rationale behind the marketing campaign and strategic intent, to the originality of the campaign and results as measured against objectives.

The "Wats Next" relaunch campaign summarized Watsons Water's changing corporate identity through launching new consumer bottle designs and various other activities. The award reflects the hard work of its staff in helping to sustain Watsons Water's market-leading position. [Watsons Water](#)



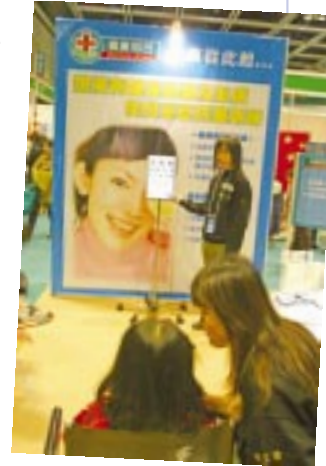
September
Created by Lai Tat-tat-wing, the design incorporates a student's happy smiles and joyful expressions. Adding to the sense of fun, the letter "A" in WATSONS WATER pops out from a schoolbag.

PRODUCTION Wats Next

Health for the whole family

Following the SARS outbreak health has become a top concern among Hong Kong people of all ages. To address these concerns, Watsons participated in Hong Kong's first "Mom, Baby and Family Health Expo", offering a wide range of health tests, free consultations by pharmacists and health information to all members of the family.

Health tests offered by Watsons included body mass index measurement, body fat monitoring, sit and stretch test, blood pressure, ultraviolet skin colour and UV analysis, blood cholesterol, skin colour tone evenness test, and many more. [Watsons](#)



Miss Watsons–Femacare 2003



Watsons Thailand and Femacare teamed up in a nationwide search for a beautiful woman with healthy skin to be crowned Miss Watsons-Femacare 2003. Thai women between the ages of 25 and 40 flocked to Femacare counters at 71 Watsons outlets in Thailand to fill out forms for the contest.

The prestigious title went to Sasikarn Akarabhram, who was selected by a panel of judges for her radiant complexion and impeccable appearance. She won a trip to France, home of the French Maritime Pine Tree from which the key ingredient in Femacare products is derived. [Watsons](#)

Lucky customers rewarded

Watsons Thailand marked its 7th anniversary with a lucky draw jointly held with Nivea, the leading skin care brand. The lucky draw gives fortunate customers fabulous gold prizes and package trips to seven delightful destinations. [Watsons](#)



Watsons heroes shine

Every year selected members of staff who deserve special thanks are awarded Watsons Hero badges, and for the first time a gold badge has been presented.

Management unanimously agreed to award Wing Tsui of the Sheung Tak store, a gold pin for winning a Service & Courtesy Award (supermarket and convenience store category) in the Hong Kong Retail Management Association's competition.

Bronze awards were also given to ten outstanding staff who took part in the same competition including Mandy Lai (Fanling Town Centre store), who put forward a creative idea of putting promotion leaflets in her neighbour's mail box. [Watsons](#)

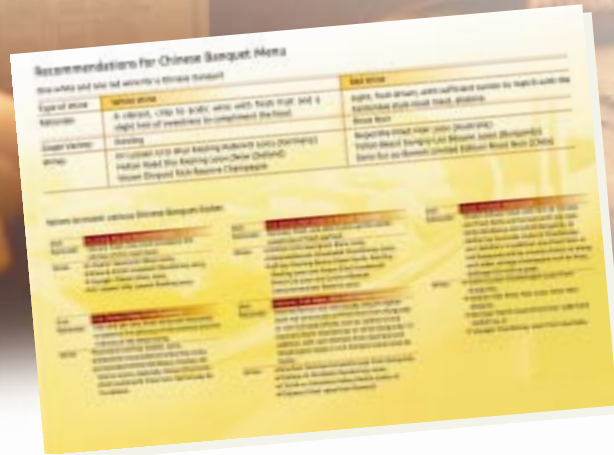


Watsons heroes joined the management at the presentation ceremony. Front row from left - Mandy Wong (Jordan Road), Alan Chung (Maritime Square), Mandy Lai (Fanling Town Centre), Sammi Cheung (Lung Cheung Mall), Aggie Tung (Telford Garden), Wing Tsui (Sheung Tak), Eddie Choi (Wellington Street), Louisa Chu (New World Centre), Danny Chan (New Town Plaza), Cheung Yuk-man (New Town Plaza). Back row 4th from right - Fanny Cheng (Ap Lei Chau)

October
Designed by Seeman, the bottle depicts a gift from a little girl to illustrate how people care for each other. The dress worn by a flying fairy represents the "T" in WATSONS WATER.



Raising a toast to the Chinese new year



It has been a busy season for the buying and wine training team at Watson's Wine Cellar, who spared no effort to come up with wine recommendations to match traditional dishes served at Chinese New Year banquets.

An exclusive wine tasting was held for 40 VIPs and the media from 12-14 January where the guests were able to savour some of Hotel Mandarin Oriental's Man Wah dishes with wines selected from Watson's Wine Cellar. Wine experts also gave tips on wine tasting and choosing the right wine to go with Chinese food. Watson's WineCellar

Ribbon recognition

If you see a Watsons employee festooned with ribbons, you have met a service star. Under the Ribbon Ambassador scheme – part of Watsons' recent Christmas promotions – staff members were given ribbons in recognition of customer service. Stores also took part in the grooming game, competing for the best-looking outlet with staff dressed in purple accessories and make-up.



Promotion offers leisurely lift-off

As part of its Christmas promotion theme "Prices that make gift giving easy", Fortress customers who purchased any Plasma/LCD TV valued over HK\$30,000 received a free 12-minute helicopter ride for two worth HK\$1,600.

Other offers in Fortress's first lifestyle giveaway promotion included gift coupons from I.T. fashions for customers who purchased selected digital products.



Discover the new Great at Pacific Place

Great Pacific Place has undergone a major renovation and now offers an even more varied and exclusive food experience in an enhanced store layout complete with new furnishings.

New offerings include Italian Vismara Deli counter, Canadian White Spot Triple 'O Burger, MingCha tea bar, and extensive organic range of over 4,000 items.



Canadian White Spot Triple 'O burgers now exclusively available at Great Pacific Place



New breed of megastore

PARKNSHOP China's first 2nd Generation Megastore opened at Ju Fu Luxury Garden, Dongguan on 9 January.

The new 2nd generation store offers a vibrant environment, with bright colour schemes and circular layouts in each department, backed by a strong discount concept.

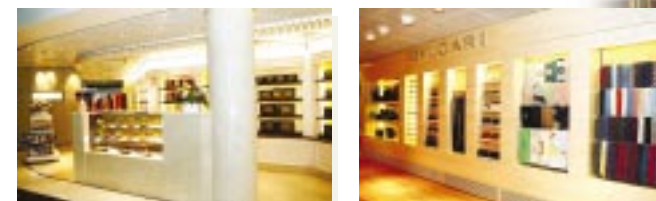
Nuance-Watson strengthens its presence at the airport

The successful opening of six new boutiques in December and three new megastores in January marks a milestone for Nuance-Watson (HK).

The new megastores are The Atrium, a "One-Stop Luxury Store" for world-class brands of high-end designer watches, diamond jewellery, fashion and accessories, fine food and teas; and two Temptation Duty Free shops featuring a dazzling array of the world's leading perfumes, cosmetics and skincare products.

The Atrium and Temptation stores are located in the airport's newly expanded East Hall area, where Nuance-Watson (HK) also recently opened seven new boutiques - Bally, Bvlgari, Hugo Boss, Ermenegildo Zegna, Longchamp, Omega and The Peninsula.

In this second concession period, the venture now operates a total of 34 outlets at the Hong Kong International Airport making it by far the largest retailer there. Nuance-Watson
WORLD CLASS DUTY FREE



New Fortress unfolds in Taiwan



Fortress is re-positioning its image in Taiwan, foreseeing remarkable growth in the digital product market. In January, the first New Fortress retail concept store opened in Taipei, specialising in audiovisual equipment and home entertainment.

The re-launch follows a similar campaign to introduce the New Fortress concept in Hong Kong in 2003. All outlets will be transformed under three concepts Fortress World, Fortress Digital and Fortress Vision.



Watsons reaches for the stars at 101 Taipei

Watsons Taiwan has its first 3rd generation store in one of the world's most talked-about locations – 101 Taipei, the highest building on earth, which opened its doors on 14 November 2003.

More than a thousand customers visited the new store in the first five hours of operation on opening day, ringing up sales turnover of more than NT 1 million.

The new store, located on UG1, features a strong customer services team, with an emphasis on professional health & beauty services. In-store beauty consultants and pharmacists are also on hand to consult with customers.



Store openings (Nov 2003 to Jan 2004)



Hong Kong
Hungghom Bay
Mongkok Nullah Road

China
Xi Dan Beijing, Beijing
Metro Mall, Zhongshan

Malaysia
Jalan Genting Kelang
Wisma Merdeka

Thailand
Pratunam Complex, Bangkok

Philippines
Baguio Mall (SM), Benquet Province
Baguio Department Store (SM), Benquet Province
Marilao Mall (SM), Bulacan Province
Marilao Supermarket (SM), Bulacan Province
Marilao Department (SM), Bulacan Province
Greenhills, Manila
España, Manila
Oranbo, Pasig

Taiwan
Taipei 101, Taipei City
Chang Geng, Taipei City
Hu Kou, Hsinchu County
Ho Li, Taichung County
Yung Kang II, Tainan County
Bei Dou, Tainan City
Wu Fong, Taichung County
Nan Kan, Taichung City
Hsin Feng, Hsinchu County



Hong Kong
Whampoa - Fortress World
Melbourne Plaza - Fortress World

Taiwan
Chungshaio East Road, Taipei - Fortress Vision & Fortress Digital



Hong Kong
Bonham Road - Freshmarket
Royal Terrace - Supermarket
Fortune Estate - Supermarket
Princeton Tower - Supermarket
Fairview Heights - Supermarket

China
Bao Li Feng Garden, Guangzhou - Superstore
Ju Fu Luxury Garden, Dongguan - Megastore



United Kingdom
Ashton-Under-Lyne
Stockton-On-Tees



United Kingdom
Stockton-On-Tees
Ashton-Under-Lyne
Sutton (Re-fit)
Godalming (Re-fit)



Netherlands
Nijmegen, Leuvenbroek 1006
Dordrecht, Van Eesterenplein 236
Hengelo, Raadhuisstraat 51
Den Haag, Parijsplein 1
Blaricum, Dorpsstraat 5
Vught, Moleneindplein 8
Vlijmen, Burgemeester van Houtplein 19
Wormer, Dorpsstraat 44
Zwolle, Dobbe 6,
Klazienaveen, Langestraat 106
Aarle-Rixtel, Dorpsstraat 29
Helmond-Hout, Hoofdstraat 146
Chaam, Brouwerij 25
Ede, Keesomstraat 3-7

Belgium
Moeskroen
Blankenberge
Torhout
Beringen
La Louvière



Netherlands
Leusden, 't Plein 23-27
Geldermalsen, Geldersestraat 2B
Ter Apel, De Kruier 7
Culemborg, Markt 10
Lochem, Bierstraat 28-30



Netherlands
Alkmaar, Langestraat 60

Belgium
Heist op den Berg
leper
Lommel

Luxembourg
Mersch



Poland
Łódź, Zielona 4
Wołomin, Wilenska 29 A
Szczecinek, 9 Maja 14-18
Olsztyn, Wilczyńskiego 23
Poznań, Półwiejska 42
Cieszyn, GLeboka 25
Puławy, Centralna 5
Malbork, Sienkiewicz Za 5
Warszawa Sawa Park, Placprzymierza 6
Mińsk Maz, 3 Maja 7
Gdynia Batory, 10 Lutego11
Żary, Chrobrego 20
Wrocław, Ruska 37-38
Brzeg, DLuga 21
Łódź, Zamenhofska 1-3
Warszawa, Marszałkowska 78/80
Poznań, Dabrowskiego 30/32
Warszawa, Al. Jerozolimskie 65/79 Lim

Czech Republic
Blansko, Wanklovo náměstí 3
Tábor, 9. kvetna 828
Karlovy Vary, Sokolovská 47-49
Litomerice, Mírové náměstí 161
Náchod, Kamenice 142
Praha 3, Konevova 108
Trinec, Dukelská 1137
Cesky Tešín, Hlavní 32
Zlín, Dlouhá 4216-17
Ostrava, 28. října 45
Varnsdorf, Národní 514

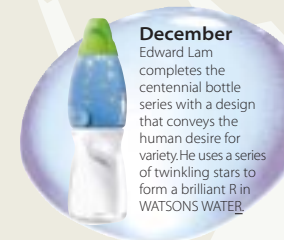
Hungary
Kiskunfélegyháza, Kossuth L. Strasse 1
Abony, Kossuth Platz 5
Tata, Ady E. Strasse 3
Komárom, Igmandi Strasse 14
Vác, Szechenyi Strasse 3-7
Kalocsa, Szent István Király Strasse 59
Hajdúböszörmény, Kossuth L. Strasse 5
Pásztó, Fo Strasse 73



Hong Kong
Bally
Hugo Boss
Ermenegildo Zegna
Longchamp
Amazing Grace
Temptation Duty Free
The Peninsula
The Atrium
Bvlgari



November
Artist Chi-hoi depicts a kitten swishing its tail to create a vivid "E" in WATSONS WATER.



December
Edward Lam completes the centennial bottle series with a design that conveys the human desire for variety. He uses a series of twinkling stars to form a brilliant R in WATSONS WATER.

Simplicity brings success at Savers



Established success story

Savers mega-discount health & beauty retailer was acquired by A.S. Watson (ASW) back in 2000. That same year it purchased the 100-store chain "Supersave", gradually taking over and converting the stores between January and September.

The chain has since grown in leaps and bounds and today has 330 stores and more than 4,000 staff throughout the UK, with profits growing at an impressive 40% year on year.

Founded in the UK in 1988, Savers soon made a splash in the marketplace with its focus on fast-moving toiletries products. The company's name was changed to Savers Health & Beauty in September 1996, reflecting an enhanced product range and more contemporary image than the original Savers Drugstores.

Savers aims to be the most competitively priced retailer of health & beauty products and household goods on the high street. Its clean, crisp store settings with friendly, well-trained employees focus on selling high-quality brand-name products. The company also provides photo processing services and accessories from modern photographic counters. Most stores now also have fine fragrance counters, selling high quality, good value fragrances for men and women.

Savers' expertise in store operation gives it a competitive edge in offering value and quality to the customer. Stores are carefully laid out to provide an ideal retail environment, focusing on tidiness, cleanliness and consistency.



Fresh impetus

At the time of the acquisition, ASW felt it could add value and expertise to a business that had performed well historically.

"It was a simple, well-focused operation with an ever-more-important value and price ethic," says Philip Ingham, CEO of ASW Health & Beauty UK.

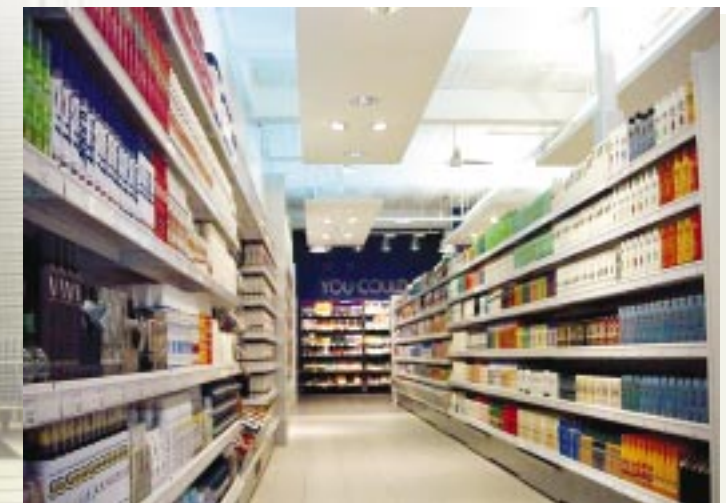
"The two businesses displayed several synergies, with Savers' 'mega-discount' format accentuated by simple store design, strong logistics and low operating costs in keeping with ASW's values," Ingham adds.

With ASW as a parent, Savers has had new impetus to grow its business. Hundreds of new stores have opened since the deal was signed, extending the chain's reach throughout England, Scotland and Wales from its historical base in the North East of England.

Successful retail recipe

The chain's strengths are its simplicity, price and the ease of the shopping experience it offers customers.

It is distinguished in the busy UK market by a pared-down product range, which means customers have only about





3,000 products to choose from, compared with the complicated offerings of more than 10,000 products at other key specialist health & beauty retailers.

"Savers focuses on offering better prices than its competitors," says Ingham. "It only buys on promotion and works on lower margins than other operators, translating to discount prices every day."

Its stores are set apart in the crowded UK market by their simple layout and wide aisles, which simplify the shopping experience. Payment counters are always at the front of stores, with perfume and film developing areas behind. Bold merchandising with a contained range of stock-keeping units make everything easy to find and access.

Broadening choice for customers

Despite the success of its past strategy, Savers is always looking to improve its business model and what it offers the customer. In the UK market, supermarkets account for 40% of health & beauty spending, with Boots taking 30% and sister company Superdrug 10%. Discount operators account for only 10% of spending, and Savers sees significant opportunities for growth in this area.

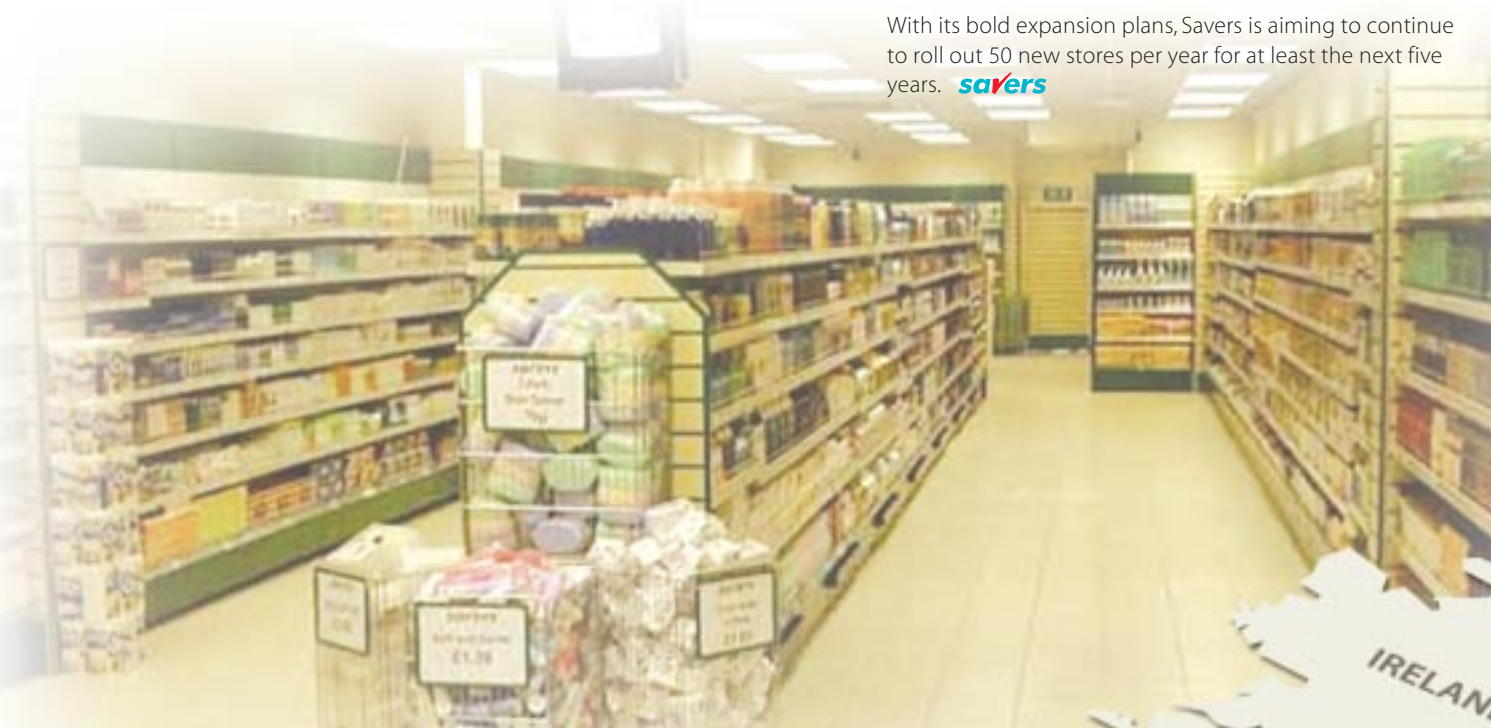
As part of its expansion strategy, Savers has been gradually increasing its product range, from 1,700 items in January 2001 to 3,100 by January 2004. New products include merchandise from Asia, such as umbrellas, luggage, socks and towels that fall outside of the health & beauty category. Such products now account for 3% of sales and are sold at higher margins, boosting profitability.

Savers has been able to learn a great deal from parent ASW, particularly during twice-yearly sourcing trips at trade fairs in China.

Savers aims to continue incrementally increasing its product range over time as the average store size increases. At the same time, it is constantly reviewing price strategies, mindful that keeping prices low becomes more complex with more products on offer.

Savers has traditionally targeted women and, due to its price and location, has historically attracted slightly older than average, less-affluent customers. New store designs introduced in 2002 aim to widen Savers' appeal.

Until last year, Savers did not produce advertising or point-of-sale reading material. It has recently begun to raise its profile with shelf pamphlets, window posters and a new television campaign, which has shown early success.



High-quality staff

Savers believes in the value of its employees. Staff are well-qualified to deal with the public, benefitting from well-designed and comprehensive training courses.

In keeping with its no-frills approach, Savers has a small Human Resources team, comprising two members of staff, and an even smaller IT team, which has one full-time employee.

The company has recently been awarded the "Investor in People" status by Investors in People UK.

On the ground strategy

When it comes to opening a new store, Savers looks for inexpensive rentals in secondary locations for primary towns, or prime locations in secondary towns.

"Turnover depends on the size and level of competition in each location, particularly among other discounters, so rent paid needs to match sales potential," says Ingham.

Growth in the past few years has been achieved by opening stores in new locations, except for one transaction, which involved purchasing 10 stores at once.

Savers plans to keep growing by focusing on its simple strengths and striving constantly to improve. Its strategy involves re-addressing its target audience in new and fresh ways, offering the right store design to boost sales and implementing marketing plans to keep the public abreast of developments.

With its bold expansion plans, Savers is aiming to continue to roll out 50 new stores per year for at least the next five years. *savers*



INVESTORS IN PEOPLE



Philip Ingham, CEO of Health & Beauty UK, is leading Savers into a new era of growth in an exciting marketplace.





HWL Chairman Li Ka-shing tours the ASW booths on Family Day.

Sharing good times

Hutchison Whampoa (HWL) staff from all divisions got together for the annual Sports & Family Day on 16 November, held at Wu Kai Sha Youth Village.

It was a day of fun and smiles, highlighted by an address from HWL Chairman Li Ka-shing who inspired all staff for the coming of Year 2004. Mr Li then toured the booths put together by different subsidiaries of the company.

A.S. Watson Group excelled in the competitive activities. We were first runner-up in the tug of war and did very well in the mini cross-country run, both on an individual and team basis.

Achievement of ASW

TUG OF WAR	MINI CROSS-COUNTRY RUN				
1st runner-up ASW	Individual		Team		
	Ladies		Ladies' Category		
	Champion	Ron Lam	ASW – Watsons Athletic Club	Champion	ASW
	1st runner-up	Chen Shun-ling	ASWI – Finance		
	Men's Open		Men's Category		
	1st runner-up	Wong Kai-tung	PARKSHOP Southern China	1st runner-up	ASW
	2nd runner-up	Benny Lai	ASW – Watsons Athletic Club		
	Men's Senior				
	Champion	Lai Wai-man	HKWB– Sales		
	1st runner-up	Mak Lin-nang	ASWW – Distribution		
	Men's Veteran				
	Champion	Cheng Hin	CGI – Sales		





Double dose of festive spirits

The A.S. Watson executive dinner was a double whammy this year, held on 13 December in Hong Kong and 15 December in Shenzhen.

It was the first time the event has been held in China, recognising achievements across the border and also the warmth and friendship we have all developed over the past few years.

Group Managing Director Ian Wade began with a business update from across all ASW's operations in 16 countries and painted an optimistic picture for 2004, giving a good start to the festivities.

The theme of the evening was Magical White Christmas and Santa Claus, his elves and even a few angels created a festive atmosphere.

More than 500 ASW executives were in attendance, exchanging their work outfits for glamorous ensembles in black, silver or red to echo the Christmas theme. They played cashless casino games using ASW chips that could be redeemed for fabulous prizes. Steve Rawlings added some comedy to the evening with his show, with other performances including

ReelinandaRockin', Watsons' Panto-Parody, Frankie Goes to Hollywood and the Penthouse Experience.



Children's eye problems

Source:

Eyes are a precious part of our body which deserve great care. It is possible for parents to be unaware that their children are suffering from eye problems. Early detection of the problem is vital to avoid irreversible damage to the eyes, as well as hindrance to the growth of the children.

What are the common children's eye problems?

Type	Cause(s)	Symptom(s)	Treatment
Lazy eye (Amblyopia)	<ul style="list-style-type: none"> Inadequate use of eyes in childhood One eye focusing better Squint eye 	<ul style="list-style-type: none"> Reduced vision in affected eye 	<ul style="list-style-type: none"> Treat the cause Eye patch Prescription eye drops or ointment
Squint eye (Strabismus)	<ul style="list-style-type: none"> Imbalance/fault in the eye muscles May occur in injury or cataract 	<ul style="list-style-type: none"> Eye turns in, out, up or down so both eyes aren't pointing in the same direction (common in babies over four months old) Prominent if child is tired, stressed or ill 	<ul style="list-style-type: none"> Corrective glasses Prescription eye drops or ointment Eye muscle surgery
Nearsightedness (Myopia)	<ul style="list-style-type: none"> Image focused in front of the retina Long eyeball Common in children over six years old and those with family history 	<ul style="list-style-type: none"> Unable to focus on distant objects Image appears blurred 	<ul style="list-style-type: none"> Corrective glasses
Farsightedness (Hyperopia)	<ul style="list-style-type: none"> Image focused behind the retina Short eyeball Family history 	<ul style="list-style-type: none"> Unable to focus at close range 	<ul style="list-style-type: none"> Corrective glasses
Astigmatism	<ul style="list-style-type: none"> Irregular shaped cornea 	<ul style="list-style-type: none"> Images appear blurred at any distance 	<ul style="list-style-type: none"> Corrective glasses
Colour blindness	<ul style="list-style-type: none"> Defect in eye nerve cells that help to see colour Family history 	<ul style="list-style-type: none"> Unable to identify some colours or shades 	<ul style="list-style-type: none"> Prescription tinted glasses No treatment for hereditary colour blindness
Pink eye (Conjunctivitis)	<ul style="list-style-type: none"> Inflamed membrane covering the white of the eye and inner eyelid Bacterial infection Allergy 	<ul style="list-style-type: none"> Redness in the white of the eye or inner eyelid Watery eyes Eye discharge Sandy, gritty, burning eyes 	<ul style="list-style-type: none"> Depending on the cause, appropriate eye drops or ointment may be used. Ask your doctor for advice

When should my child see a doctor?

If any of the following happens to your child, you should take him/her to see a doctor.

Abnormal behaviour	Appearance	Complaints
Shuts or covers one eye	Crossed or misaligned	Eyes itch, burn or feel scratchy
Tilts or thrusts head forward	Red-rimmed, encrusted, inflamed, watery eyes or swollen eyelids	Dizziness, headaches or nausea following close-up work
Difficulties in reading or other close-up work	Recurring styes on eyelids	Cannot see well
Holds objects close to eyes		Blurred or double vision
Blinks more or is irritable when doing close-up work		Blurred or double vision
Distant things are seen unclearly		
Squints eyelids together or frowns		



watsons water Champions Challenge

Jan 8 - 10, 2004 • Victoria Park 屈臣氏萬國水世界網球冠軍挑戰賽



Elena Dementieva World no.8 Chanda Rubin World no.9 Max Mirnyi World no.1 in Doubles Maria Sharapova World no.32 Martin Verkerk World no.19

Watsons Water scores an ace on centre court

A **Watsons Water** title-sponsored tennis event served up the new year with the most exciting quality tennis seen in Asia for many years.

The Watsons Water Champions Challenge took place at Victoria Park Centre Court from 8-10 January and was a dream come true for tennis enthusiasts. This year's star-studded lineup was believed to be the strongest ever seen in Hong Kong with renowned players giving their best with energetic support from fans.

In its fifth consecutive year as sponsor of this spectacular tournament, Watsons Water is reaffirming its commitment to the Hong Kong community.

The three breath-taking final matches were staged on 10 January. Juan Carlos Ferrero won the Men's Singles title and Venus Williams the Women's Singles. Roger Federer partnered with Martina Navratilova to win the Mixed Doubles.

Players Roger Federer, Maria Sharapova, Max Mirnyi, Martin Verkerk and Chanda Rubin also coached 100 students at a Tennis Clinic co-organised by Watsons Water in conjunction with the Leisure and Cultural Services Department.

Alongside the event, Watsons Water created excitement around town through its high profile advertising campaign and a series of promotional activities. Over 140 positive news articles were generated for the brand. [watsons water](#)



Martina Navratilova
Holder of 58 Grand Slam Singles, Doubles and Mixed Doubles titles



Juan Carlos Ferrero
World no.3, 2003 French Open Champion



Roger Federer
World no.2, 2003 Wimbledon Champion

Venus Williams
World no.11, 2001 Wimbledon Champion



Ilan Wade, ASW Group Managing Director, presents the Men's Singles trophies to Juan Carlos Ferrero (left) and Roger Federer.



Donald Tsang, HKSAR Chief Secretary (centre), presents the Ladies' Singles trophies to Venus Williams (left) and Maria Sharapova.

RESULTS

LADIES SINGLES	
CHAMPION	Venus Williams
FINALIST	Maria Sharapova
MENS SINGLES	
CHAMPION	Juan Carlos Ferrero
FINALIST	Roger Federer
MIXED DOUBLES	
CHAMPION	Roger Federer & Martina Navratilova
FINALIST	Max Mirnyi & Venus Williams



A rare combination of mixed doubles players thrilled spectators at the Victoria Park Centre Court. (From left) Max Mirnyi and Venus Williams; Roger Federer and Martina Navratilova.



Mr Wade presents a special Chinese antique to Martina Navratilova for what was possibly her last professional appearance in Hong Kong. During the tournament, Martina announced her decision to retire at the end of this year.



ICI PARIS XL

A beautiful mind

A.S. Watson (ASW) is proud to count charming Miss Holland, Sanne de Regt, as part of our extended family. The 21-year-old beauty queen is an employee of ICI PARIS XL in the Netherlands where she has been perfectly placed to pass on her beauty tips to others.

Sanne participated in the Miss World Beauty Pageant staged at Hainan Island, China and recently visited Hong Kong as a guest of the Group.



Wats On caught up with her for a chat.

- 1. How would you describe yourself as a person?**
I am caring, open-minded, outgoing and optimistic. I am always ready to learn new things and always believe that I can solve problems in a positive way.
- 2. What is your job with ICI PARIS XL?**
I am a make-up artist and skin advisor. I give advice to customers on choosing the right skin products, cosmetics, sunscreens, and perfumes.
- 3. What do you like the most about the job?**
I meet many different people. Job satisfaction comes from "loyal" customers. At first, some customers have doubts about their choices, but they come back again and seek more advice. I will never forget how happy I was the first time a customer came back and thanked me for giving her advice.
- 4. As Miss Holland, what are your roles for the coming year?**
I will promote the Netherlands as well as my sponsors in the best way I can (and ICI PARIS XL is one of them). Moreover, I would like to spend some time involved in charity activities for children.
- 5. What roles do you see for yourself as the ambassador of Holland and ICI PARIS XL?**
I will do the best I can to promote my country, and be a good ambassador. As I am 21 years old, I represent the new generation, especially "new women" of Holland. I would like to be a good presenter and spokesperson for ICI PARIS XL.



- 6. What was your most memorable moment in the Miss World Beauty Pageant?**
The smiling faces of the children. Their smiles were so sincere and true! Also, the warm-hearted courtesy and hospitality I received in Hong Kong and China was wonderful.
- 7. What is your impression of China?**
China is HUGE! And I was impressed by the high technology and the buildings in Hong Kong. Both places have an inspiring culture; I am so impressed that this culture has been maintained for five thousand years and people still respect their traditions.
- 8. What is your definition of beauty?**
Beauty comes from inside, from your heart. You need not be very beautiful but you are already very pretty if you are kind-hearted. Smile everyday, and every morning have a self-talk to the mirror by saying: "I am trying not to judge anyone, just do your very best!" Be positive about everything and you can see the beauty of the world. Also, don't forget to take good care of your skin; drink more water!
- 9. What is your definition of perfection?**
No one is perfect in this world. Always learn from mistakes and believe that you can do better the next time. Never lose your "hunger for learning" even when you are 90 years old. See changes as challenges.
- 10. What tips will you give to modern women (and men) on charisma?**
Believe in yourself and be open-minded. Learn to praise and treasure the things you have now. Accept and respect each culture. Smile always. It does not cost you anything, but a smile can be a precious gift to someone.

Off the court...

Watsons Water and sports

Many people know that fitness, training and diet are essential for athletes' physical conditioning. Equally important is the role of water - widely known to be the ideal replenishment for all sports activities. Indeed, water and sports have such a close association that they are simply inseparable. Over the years, Watsons Water has sponsored numerous sporting events and youth programmes in Hong Kong and Asia. Through such sponsorships, we hope to contribute to the development of sport in the community and at the same time enhance our corporate citizenship image. [watsons water](#)





Watsons volunteers spearhead health drive



Watsons took an active role in the first programme initiated by the Hutchison Volunteer Team, delivering talks to kindergarten pupils and their parents about food and health.

Trained by Watsons pharmacists, the HWL volunteers spoke as "Health Ambassadors" in late November to pupils and parents, stressing the importance of healthy eating habits. More talks along this theme are being scheduled this year. Other activities being planned include visits to hospitals and elderly homes.



Performance enhancing

A.S. Watson sponsored the Watsons Water Athletic King Championships, Hong Kong's highest level athletic competition, for the sixth consecutive year. To excite local talent, Watsons Athletic Club (WAC) invited Asian champions Liu Xiang (110 metres hurdler) and Gu Yuan (hammer thrower) to Hong Kong to host school demonstrations and competitions.

- 1-2 Liu Xiang and Gu Yuan going all-out to compete in the Championships.
- 3 Liu Xiang coaches a student in stretching techniques at the school demonstration.
- 4 When two hurdle kings meet – Liu Xiang and Hong Kong record-holder Tang Hon-sing.



Caring for the children

Watsons took on various charity initiatives over the Christmas season to show their care for the community.

In Hong Kong, Watsons launched the "Watsons Charity Bear Christmas Campaign" in support of the Children's Cancer Foundation. There was encouraging response from the public with almost 50,000 bears sold.

Watsons Taiwan joined hands with the Child Welfare League Foundation to launch the Charity Garfield campaign, promoting children's mental health with local artistes' support in various donation activities.

In China, Watsons raised funds for China Children and Teenagers' Fund in the Spring Bud Plan to help children with financial difficulties continue their education.

Kids' stuff

Fortress has donated HK\$100,000 to the Hong Kong Society of Protection of Children (HKSPC). The funds were raised from the successful crazy sale celebrating the re-launch of Fortress World Wai Fung Centre in Mong Kok in mid October 2003.

Peter Dove, Managing Director of Fortress, visited the children's centre to present the cheque. Children who attended were delighted to receive exclusive Japanese Mikan Bouya environmental bags brought by Mr Dove as gifts.



- 1 Canto-pop singer Karen Mok joins Children's Cancer Foundation Vice Chairman Eleanor Morris and Chris MacKreth, Operations Director of Watsons Hong Kong, at the launch of "Watsons Christmas Charity Bear Campaign".
- 2 Love Ambassador Garfield and artistes in Taiwan took part in Watsons' charity events.

PARKNSHOP team on a roll for Helping Hand

PARKNSHOP raised HK\$25,810 in the "Roll for Funds Charity Bowling Evening" organised by Helping Hand in November 2003. With 40 teams competing, PARKNSHOP emerged as the "Winning Team", the "Best Fund Raiser" and won prizes for "Guess the Champion Team". The money goes towards caring for the elderly in Helping Hand homes.

- 1 Poon Cho-fai, Implementation Manager of Store Renewal (left), receives the Men's Individual High Game award.
- 2 Joined by management, the PARKNSHOP team receives the "Winning Team" award. (From left) Poon Cho-fai; Chan Man-hang, Receptionist of SSDC; and Patricia Wong, Trading Merchandiser.



Superdrug collects toys for charity

Superdrug collected over 200,000 toys (more than double the number of other retailers in previous years) for needy children this Christmas through supporting the 2003 Pass the Parcel Toy Appeal (17 November – 14 December).

Launched in conjunction with the Salvation Army and ITV's *This Morning* TV programme, the appeal asked customers to drop off a new toy at their local Superdrug store. The local Salvation Army then collected the toys and distributed them to needy children in their area. The appeal was featured live on TV every day and was supported by extensive regional newspaper coverage and marketing support, including a strong point-of-sale promotional package, consisting of eye-catching column posters, shelf edge strips and four million in-store leaflets.



Live "the moment"

Our staff members continue to be on the alert for entries in "Live the moment" photo competition, with recent submissions showing our retail bags in some interesting places.

How to enter:

Simply take along one of our retail bags whenever you travel, and pose for a photo with an interesting background and smile. It's as simple as that. You can win the equivalent of a HK\$100 cash coupon. And if you are the Star of Stars in that issue, meaning your photo is the most interesting amongst the submissions, you can win HK\$500. Act now! (E-mail: WatsOn@asw.com.hk)



Pissamai Sittirach of Watsons Thailand took her Watsons' bag on holiday. Her cheerful entries include a photo of herself at a picturesque waterfall in Ranong province, Southern Thailand, and another on a grassy plain in the same area.



Dressed in bright orange to match the Fortress logo, Miss Holland paints a pretty picture while buying a digital camera during her visit to Hong Kong.

Superquiz (Issue no. 60)

Super Prize (20)

MingCha gift set

Great presents the Four-Sampler Pack of MingCha authentic premium Chinese tea produced in the traditional method from pedigree tea trees. (Sponsored by **great**)



1. Name any TWO tennis players who participated in the Watsons Water Champions Challenge 2004.
2. Which company does Miss Holland work for?
3. Name TWO companies that were awarded the "Caring Company 2003/2004" logo.

Gold Prize (2)

"Watsons Water Champions Challenge 2004" autographed souvenir

Watsons Water is giving away two sets containing programme, polo shirt and cap with the signatures of renowned tennis players Roger Federer, Martin Verkerk, Elena Dementieva and Max Mirnyi. (Sponsored by **watson's water**)



- Answers to Issue no. 59:**
1. Product quality, a vote of confidence from staff
 2. Kruidvat, Trekleister
 3. Health & Beauty

Silver Prize (5)

Trekleister travel bag

Take this travel bag with you on all your journeys. It comes with shampoo, body lotion, and toothpaste. Don't miss it! (Sponsored by **Trekleister**)



Bronze Prize (14)

Perfume CD-ROM

This encyclopedia of perfume is an essential reference for perfume lovers. (Sponsored by **ICI PARIS XL**)



- The box includes:
- Perfume CD-ROM
 - 18 vials of 2.5ml perfumes
 - 60 smell strips

Super Prize :

Name	Company & Department	Name	Company & Department
1. Julianna Lai	ASW – Group Finance	12. Pong Pui-po	ASWI – Information Services
2. Lau Tan-man	ASW – Group Finance	13. Candy Liu	ASWW – Customer Care
3. Wong Pik-wa	ASW – Group Finance	14. Lam Yat-keung	ASWW – Engineering
4. Cheng Yuk-chun	PARKNSHOP – Trading	15. Cheung Chi-yan	ASWW – Production
5. Pang Hung-choi	PARKNSHOP – Information Technology Services	16. Cindy Wong	CGI – Sales
6. Ng Kam-ho	PARKNSHOP – Accounts	17. Lau Kwan-ying	Watsons – Shipping
7. Leung Lai-ling	PARKNSHOP – Accounts	18. Gloria Cheung	Watsons – China Development
8. Lau Wai-kiu	PARKNSHOP – Accounts	19. Yvonne Lee	Watsons Taiwan
9. Tsang Yim-fong	ASWI – Garage	20. Margo Bastiaans	Health & Beauty Europe
10. Le Siu-mun	ASWI – Human Resources		
11. Wong Siu-ling	ASWI – Finance		

Gold Prize :

Name	Company & Department	Name	Company & Department
1. Patricia Cheung	ASW – Group Human Resources	8. Yip Pui-ye	ASWW – Business Information
2. Betta Cheung	ASW – International Buying	9. Cheng Fung-yam	Watsons – Human Resources
3. Leung Pui-ki	PARKNSHOP – Accounts	10. Lock Yee-shun	Watsons – Merchandising
4. Chan Wai-keung	PARKNSHOP – Sheung Shui Distribution Centre	11. So Lai-on	Watsons – Merchandising
5. Hui Hong-ning	PARKNSHOP – Sheung Shui Distribution Centre	12. Yo Yo Cheng	Nuance-Watson – Human Resources
6. Yang Oi-ye	ASWI – Finance	13. Claire Chen	Watsons Taiwan
7. Kwok Yin-fung	ASWI – Finance	14. Jeffrey Heng	Watsons Singapore – Buying
		15. Carole Shaw	Superdrug

Send your completed entry form to :

Recreation & Welfare Section
A.S. Watson Group
8/F Watson House
1-5 Wo Liu Hang Road
Fo Tan, Shatin, Hong Kong

or Email to WatsOn@asw.com.hk

Deadline : 31 March 2004

Name of Staff: _____ (Eng) _____ (Chi)

Company & Department: _____ Country: _____

Employee No: _____ Contact Tel No: _____ Signature: _____

A1: _____ A2: _____ A3: _____

Healthy prospects

Hutchison Whampoa Limited has long seen the potential of Chinese medicine, and its latest deal with established Chinese brand Tongrentang makes the business prospects even healthier.

In December, Hutchison Chinese Medicine Investment Limited (HCML), a wholly owned subsidiary of Hutchison Whampoa (China) Limited, signed a joint venture agreement with China Beijing Tongrentang (Group) Company Limited to develop and invest in traditional Chinese medicine (TCM).

Each partner takes a 49 per cent stake in the new company, to be named Beijing Tongrentang Hutchison Pharmaceutical Investment Company Limited, for a total of investment of around US\$239 million. A third party will take the remaining 2 per cent.



Tongrentang is a trusted household name in China, dating back more than 300 years. It produces patented Chinese medicines, drinks, health products, medical food and cosmetics.

"We hope that China's pharmaceutical business will expand further, with the expertise and experience of Tongrentang on one hand and Hutchison Whampoa's global network on the other," said Simon To, Managing Director of Hutchison Whampoa (China).

For Tongrentang, Hutchison's expertise in business development presents an opportunity for robust global expansion. For the Group, the deal is a great opportunity to further expand into Chinese medicine, which is fast catching on outside of Asia.

The Group has already taken TCM to the West, under wholly owned subsidiary Sen Medicine Company in Britain. Sen's flagship store opened in London's trendy, upmarket South Molton Street a year ago, offering high-quality Chinese teas, juices, over-the-counter medicines and therapies to stressed-out city dwellers in a contemporary Chinese setting. For more information, you can visit www.senhealth.com

As the rest of the world begins to wake up to the benefits of traditional Chinese medicine, the Group is in fine shape for the next step forward.

