

Watson105N

Customer Connectivity

Strengthening bonds that span
the online and offline worlds



CUSTOMER CONNECTIVITY

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Market-leading digital innovations are helping A.S. Watson Group build deeper, stronger and more lasting connections with our customers around the world. We have committed to investing HKD1 billion between 2012 and 2020 in the digital transformation of our business, linking online and offline (O + O) to build the retail network of the future.





This is an important strategic decision, because customers expect now that retail brands should connect closely with them and truly understand their needs, at every stage and in every interaction. As customers move seamlessly between the digital and physical worlds, they are increasingly making their shopping decisions based on how a retail brand makes them feel – not just the products and deals they offer.

Customer connectivity is how we're working to make A.S. Watson's retail brands the most-loved brands of our customers.



“ The idea of digital transformation isn't something we just came up with a week ago or even a year ago. This is a process we've been implementing since 2012, and this early focus is what has helped deliver growth and profitability for us since then, and we continue to put customers at the heart of the business as we take our digital transformation a step on. Now, we're leveraging our physical stores as a strategic advantage in a new way – linking them with social, mobile, websites, loyalty programme – to achieve true connectivity with increasing number of customers. ”

Dominic Lai
Group Managing Director
A.S. Watson Group

Ready, Set, Change!

The digital transformation of our business is well under way, as we anticipated several years ago just how much technology would change the way customers shop – in fact, the way they live. Through the best and latest technology available, we're building customer connectivity that helps us deliver on our DARE promise (to be Different, Anywhere, build close Relationships, and offer outstanding Experiences).

A.S. Watson Group reaches a potential 2.4 billion people (32% of the world's population) every day via 14,500 stores, under 12 brands, in 24 markets. We are growing our physical presence by opening a new store at the rate of one every seven hours.

But it's not just about physical stores; our goal is to build customer connectivity so that our retail brands are the go-to place – both online and offline (O + O) – for billions of customers around the world.



O for Online, Offline and Opportunity

A.S. Watson Group is working hard to make O + O a seamless experience. This is not just so that customers can shop using whichever format best suits them, but because the people who shop with us both online and offline are huge drivers of business.

On average, O + O customers spend 2-3 times what an online-only or instore-only customer will spend with us. They visit our stores twice as often, and they are deeply loyal.

When customers click and collect (buy online and pick up their items in a store), 20-30% of the time they will buy something else in the store while they're there. Already, customers can pick up online orders from over 10,500 of our stores – in as little as half an hour in some markets. This capability is being developed all the time.

We've ushered into the whole new era of O + O. Gone are the days of simply offering people things to buy at store; we're offering them great times, and helping create fun, shareable memories via integrated online and offline platform.



Digital Transformation

For retailers, technology is a game-changer. It is a critical enabler for successful retailing both today and in the future. That's why we're using innovative retail technology to reinvent the customer experience. The rollout of these technologies is tailored to the needs and customer preferences in each market.



StyleMe

StyleMe service uses augmented reality (AR) technology to instantly - and virtually - show customers how they would look like when applying different makeup products



Digital Shelf

A touch screen that allows customers to buy digitally



RFID Self-checkout Counter

Customers can simply checkout by placing their shopping baskets on counters that automatically scan and tally up the total



Live Chat

A device enables customers to contact customer service directly in a store



Scan & Go

Customers can simply take their products, scan the barcodes with their phones, and pay at self-checkout counters

[Go to A.S. Watson's YouTube Channel!](#)

Data - The Deep Thinker

In the past, retailers had to wait for manufacturers to tell them what the trends were, and then used that information to plan for next year. Now, we don't need to wait for them.

Social listening enables us to understand trends in real time and respond fast. Our retail brands are connected with over 80 million social media followers. Deep data analysis means we can see which products and key words are trending in real time, and adapt the range and the marketing right away.

We're also crunching the numbers generated by our shopper data and loyalty programmes. Globally, we have 4 billion customers every year, and over 130 million loyalty members. In the past 3 years alone, we've accumulated 4,300 terabytes of data. This gives us a rich seam of information to mine as we predict who is likely to buy what in future.

By linking CRM, customer insights, data science, artificial intelligence and machine learning, we can identify complex patterns from thousands of data points at the same time. This generates vital, evidence-based business insights, which guide us towards introducing the right innovations, in the right places, at the right time and make the shopping experience more personalised and unique, and ultimately, enhance customer connectivity.





Transforming for the Future

In this world of constant change, there's just one thing that remains unchanged: A.S. Watson Group's determination to be our customers' favourite shopping destination, both online and offline, now and in the future.

Our commitment to ongoing digital transformation will enable us to remain ahead of competition in the long term. We are relentlessly working to stay at the forefront of innovation in both physical and digital retail – and, crucially, integrating the two.

Customer connectivity – to the best brands, products, services, offers and rewards – is our driving force to shape the future of retail.



A.S. Watson, Yonghui and Tencent Announce a Joint Venture to Create the Largest Grocery Retailer in Guangdong

A.S. Watson Group & Yonghui, two leading retail pioneers, and Tencent, the world's leading internet service company, jointly announced the agreement to form a joint venture to redefine grocery retail in Guangdong, China.

The joint venture will be named as "PARKnSHOP-Yonghui" which combines ASW's current **PARKnSHOP China** supermarket asset with Yonghui's portfolio in Guangdong to give a store network of over 70 stores and 2.2 million loyalty member base. PARKnSHOP has operated in the Guangdong Province for 34 years and brings an extensive store network and brand recognition, whilst Yonghui's stores are experiencing strong growth through their innovative pursuits. The objective of the partnership is to capitalise on the complementary strengths of both companies to accelerate growth and expand the business.

Moreover, the investment of Tencent will bring additional technology and big data analytical capabilities to enable the power of "PARKnSHOP-Yonghui" which will become the largest grocery retailer in Guangdong.



Dominic Lai (left), Group Managing Director of A.S. Watson Group, Zhang Xuanning (middle), Founder of Yonghui Superstores, and Tian Jiangxue (right), Deputy General Manager of Tencent Smart Retail sign the contract of the joint-venture, regarding the establishment of PARKnSHOP-Yonghui



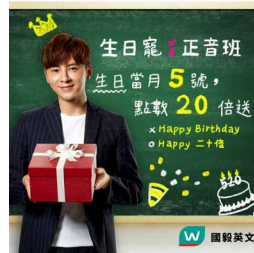
Dominic Lai (4th from left), Group Managing Director of A.S. Watson Group, Zhang Xuanning (middle), Founder of Yonghui Superstores, and Tian Jiangxue (4th from right), Deputy General Manager of Tencent Smart Retail, Henry Li (3rd from left), General Manager of PARKnSHOP China, Lin Liquan (3rd from right), General Manager of Yonghui Guangdong and staff from both the supermarket chains toast the launch of PARKnSHOP-Yonghui

Double **HAPPINESS**

Watsons Thailand celebrated its 22nd anniversary with a star-studded event with the theme of “Reflections on Beauty”. Celebrity guests took part in a charity auction of plush toys, to raise money for the Association for the Promotion of the Status of Women. Also, Watsons has recently reached the milestone of opening its 500th store in Thailand. Glamorous fashion show and exclusive mini concert were organised to thank customers’ continuous support.



Rod Routley (3rd from left), Regional Managing Director (Asia) officiates at the Watsons 500 stores celebration event



INNOVATING sensation

Watsons Taiwan is celebrating the 10th anniversary of its immensely popular membership programme, iMember, by rewarding its members with fantastic rebates and access to exclusive events. Watsons has also updated its mobile shopping app, with highly personalised offer, the launch of an official Watsons LINE account, and the option to pay via mobile using the new Watsons Pay service.



SHOPPING festival!

Watsons this year launched an international festival of online shopping on 8 August. The 8.8 Shopathon presented hot, super discounts and special offers, with promotional material urging shoppers to get in fast or risk missing out.

Many markets used the number 8 in their promotions. **Watsons Taiwan** offered 8 online-exclusive deals, including the chance to win concert tickets by spending more than TWD888. The event led to a jump in sales growth compared to the same period last year. **Watsons Indonesia** offered flash discounts of up to 88%, and bundled promotions where people buy 8 items but pay for only 4.

In **Watsons Malaysia**, there were deals priced as low as RM0.88, and great prizes for the top 8 spenders on the day. And in **Watsons Thailand**, strong communications to support the day helped make the sales higher than the most recent promotion. In many markets, the fun and great deals continued in the week that followed 8 August.



Let's CELEBRATE!

Watsons Hong Kong and China partner with Meitu, a leading image processing and social sharing platform. "Magic Mirror", beauty cam app with product recommendations and joint membership eCard will be launched to bring an interactive online and offline shopping experience to customers. Meanwhile, Robot Bonnie is the latest team member to join **Watsons China**. This futuristic-looking humanoid can guide customers to the items they're looking for on the shelves, and provide expert health and beauty advice.



GOLDEN moments

ICI PARIS XL celebrated its 50th anniversary by holding Beauty Awards and collaborated with several specialist magazines; 50 prominent women featured in a special report talking about their favourite products, and readers were able to vote for their favourite products across categories ranging from best women's fragrance to best skincare product.

ICI PARIS XL

SURPRISE!

The Perfume Shop took its van to Brighton, UK to celebrate Pride. The visit included appearances by Britney Spears and disco legend Nile Rodgers, and gave customers the chance to win great prizes. **Superdrug**, meanwhile, marked the 2nd anniversary of its Shades of Beauty campaign, designed to make more suitable beauty products available to men and women of colour.



Natural TOUCH

Kruidvat has launched the Kruidvat Originals Body Cream #DIY Body Kit in the Netherlands and Belgium. The kit brings the luxury of a spa experience into home. **Drogas Latvia** has gone online to guide its youngest customers as they head back to school this year. It is working with vloggers on its own YouTube channel to create videos on makeup, skincare, hair care, and provide other health and beauty tips.



Beauty **WITHOUT** bias

Superdrug has opened a makeup pop-up shop in London as part of its Beauty without Bias campaign to make products more accessible to everyone, no matter how they identify themselves. The store responds to the rise in men's grooming and growing demand for gender-neutral products that offer greater choice. It features Superdrug's exclusive makeup brands and a selection of bestselling vegan products.

Superdrug ☆



Great mass **FERVOR**

MoneyBack loyalty programme in Hong Kong was given a boost with the “App, App, App” campaign which linked viral videos, downloadable coupons and street-side giveaways, leading to double-digit growth app downloads. Also, **Watsons Hong Kong** used the Mid-Autumn Festival celebrations to launch a series of collectables, including a Tru Niagen chocolate gift set and Watsons x OR TEA? tea box sets. Customers could earn these premium gift items through promotions at designated stores.

Kicking GOALS

Having healthy, good-looking hair unlocks that vibe of confidence, and **Watsons Philippines** is using its #Hairgoals campaign to help women experiment with the colours and styles that will make them feel great. It's empowering shy women to "go for it", to try a new cut or colour, using its wide selection of hair care products from colour to treatment, and getting them to think about treatments as a way of keeping their hair looking healthy, rather than waiting until they have a problem to fix.



WINNERS' Delight

A total of 80 lucky **Watsons Malaysia** members and their friends were treated to an all-expenses paid holiday to the beautiful islands of the Philippines. Travellers were winners in the "Switch, Save, Win" contest, which encouraged customers to switch and save money with Own Brand products. Meanwhile, **Watsons Ukraine's** staff were invited to video-blog about their favourite product on Facebook or Instagram with the hashtag #WatsonsSuperBlogger. The top winner was rewarded with a new smartphone.



SUMMER delight

food le parc at CKC18 has become a lively music venue. Customers can dance or simply chill out at Friday Jazz nights and Summer Busking event. Meanwhile, **FORTRESS** has launched an exclusive range of electrical items for beauty use, ranging from cleansing, skin revitalisation and eye care appliances, to dental care products and devices to improve skin on the hands and feet. Now, customers can treat themselves to affordable, spa-style experiences at home.



THIRSTY work

Mr. Juicy has launched a collectable range featuring Disney Tsum Tsum characters. The juices have also been given a health boost thanks to added vitamins C and B6. **Sunkist**, meanwhile, has launched a range of new taste sensations. The new Sunkist Gold Juice series features two fruity flavours and the classic Sparkling Juice Drink Series offers the same refreshing taste as always, but with new, super-sunny packaging.





A.S. Watson Group

PR Awards 2018 Best PR Campaign (Retail) - Silver Award

(by [Marketing Magazine](#))

Sustainable Business Award 2018
Sustainable Leadership Award

(by [World Green Organisation](#))

9th Hong Kong Outstanding Corporate Citizenship Awards

- Enterprise Category - Silver Award
- Volunteer Category

(by [Hong Kong Productivity Council & Committee on the Promotion of Civic Education](#))

watsons

Malaysia

Marketing Excellence Awards 2018 -
Excellence in Loyalty Marketing - Gold Award

(by [Marketing Magazine](#))

Thailand

Lisa Beauty Choice Awards - Best Cotton Sheet
(Watsons Side Sealed Facial Puff)

(by [Lisa Guru](#))



Hong Kong

HKMA/TVB Awards for Marketing Excellence 2018 -
Top 10 Finalist

(by [The Hong Kong Management Association](#))



#DDP05 Award - 1st in the Chemists Category

(by [Goud Uberconnected](#))

Belgium

Best Buy Kruidvat Solait SPF 30 400 ml

(by [Belgian Consumer Association](#))

Netherlands

Best Buy Kruidvat Solait High Sunspray SPF 30
(by [Dutch Consumer Association](#))

Best Online Drugstore in Netherlands

(by [ABN AMRO](#))



#DDP05 Award - 3rd in the Chemists Category

(by [Goud Uberconnected](#))

Drugas

1st in Outstanding Employer DNA Award for
Project Digitalisation in Human Resources

(by [Eiro Personāls](#))

ICI PARIS XL

Best Perfumery
Best Online Perfumery

(by [ABN AMRO](#))

August to October



FORTRESS – Beauty Lab by fortress



Watsons Hong Kong – 7 new stores



Watsons China – 155 new stores



Watsons Taiwan – 5 new stores



Watsons Thailand – 13 new stores



Watsons Malaysia – 15 new stores

August to October



Watsons Philippines – 39 new stores



Superdrug – 7 new stores



Kruidvat – 8 new stores



ICI PARIS XL Netherlands – 2 new stores



Drogas Latvia – 2 new stores



Savers – 8 new stores



“ I first went to Australia in 1991, having grown up on Marmite, which is what everybody does in the UK, but I adapted. I was 23 and had a year there, and as a young guy I loved the culture and embraced everything ‘Aussie’, including Vegemite.

We lived in Australia when our daughter, Mikaela, was growing up. It’s one of those products that appeals to youth (she ate it from when she was a baby), is still cool for teenagers, and is seen as healthy and attractive to adults.

There’s been no messing around with the Vegemite recipe over the years. I understand about innovation and progress, but in my line of work, I see that some of the strongest wine brands on the planet have never changed – people recognise them for what they are and they’re very strong because of that. Lafite has had the same label for 200 years and is still desired, while some new-world brands change every two years.

My daughter lives in London now and whenever I go to see her, I always bring her two jars of Vegemite. ”

*Extract from WPP Brand Stories Book

Jeremy Stockman
General Manager
Watson’s Wine



“ I joined as an administration specialist 7 years ago and never imagined I'd be working in PR. The opportunity of job rotations across different departments has enabled me to develop my potential in different areas. I am so grateful for the coaching from my managers and the support of my colleagues. My advice is to grasp every opportunity and be brave enough to step out of your comfort zone. ”

Rachel Liu

Public Relations Supervisor
Marketing Department
Watsons Taiwan



“ It was Valentine's Day 2004 when I was interviewed for the Watsons Operations Management Trainee Programme. Everyone was excited about the peak sales season, and I knew then that I wanted to be in a job that enabled me to work with customers on a daily basis. As the business has transformed, I've been involved in setting up a new beauty advisor model, and training professional advisors and staff. And I love it! ”

Jessie Cui

National Operations
Development Controller
Watsons China



“ I love the dynamic nature of a retail business, and the excitement driven by its fast pace and being challenged with some rather complex problem to solve and handle. I certainly love to work in retail sector and especially in Watsons. This position has taught me how I can solve in best way to communicate with different kind of people and handle different kind of questions. This is definitely the best part of my job! ”

Hazel Çakırca
Senior Non-Trade
Procurement Specialist
Finance Department
Watsons Turkey



“ I joined Watsons with an interest in online learning but I've also been part of developing the @lifewatson Instagram channel to raise our profile as an employer. I'm now one of the channel's managers, and my work is my passion! It includes everything I enjoy: art, writing, communication, and staying up-to-date with new trends. ”

Irina Danevich
Junior T&D Specialist
HR Department
Watsons Ukraine



A.S. Watson Group formed a global, long-term partnership with Operation Smile, a charitable organisation providing corrective surgery to children born with facial disfigurements. A.S. Watson Group teamed up with its business units around the world to launch the "Give a Smile" campaign and support Operation Smile. The campaign targets to fund surgery for around 1,000 children with cleft palate or cleft lip by the end of 2019, giving them new smiles and fresh hope for a brighter future.





A.S. Watson Group HK Office –
Collective Art and Crayon Donation



A.S. Watson Group HK Office –
Make-up Class



Watson's Wine – Sales Donation
and Social Media Game



PARKnSHOP Hong Kong –
Colouring Book Charity Sales



Watsons Hong Kong – Staff Donation



MoneyBack – Point Donation



FORTRESS – Social Media Game



Watsons China – Charity Game



Watsons China – Smile Cafe



Watsons Taiwan – Charity Sales



Watsons Taiwan –
Social Media Game



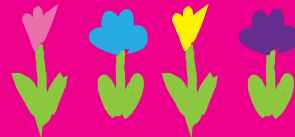
Watsons Philippines – Medical Mission



Kruidvat Netherlands – Point Donation



ICI PARIS XL – Charity Sales



Lending a **HAND**

Volunteers from **FORTRESS** and the Hong Kong Family Welfare Society brought some summer cheer to elderly people living alone in Hong Kong, with their annual Summer Care Visit. 20 elderly people were given FORTRESS appliances and shown how to use them. Volunteers from **PARKnSHOP Hong Kong** and Knorr, meanwhile, joined forces to promote Food Rescue and visit Food Angel for the City Food Drive volunteer day.



Making a **SPLASH**

Watson's Wine staff enjoyed a Happy Fun Day with children with special needs at the playhouse in Hong Kong. Through the visit, the children had a fun social experience and prepared a Father's Day gift for their Dads. Meanwhile, **Watsons Malaysia** and Colgate were proud to bring water to the villagers of Hulu Tamu Village, Hulu Selangor, by building a gravity-fed water system. Now, the village can get a reliable water supply.

Watson's Wine 

LKSF x Hospital Authority x Two Faculties of Medicine HK\$100 million “Love Can Help” Medical Assistance Programme

While the poorest of the poor in Hong Kong qualify for government subsidy for medical procedures, some exist on the border of eligibility where accessing the best medical care poses significant financial and emotional hardship. Through a new programme, “Love Can Help”, the Li Ka Shing Foundation (LKSF) will provide HK\$100 million to, as Mr. Li puts it, help “a friend in need”.

The programme will provide cash subsidies to people at risk of cancer to receive PET-CT scans and PCI Stents, establish a new PET-CT centre, and help patients to gain access to novel drugs or medical devices.

Donation will also be made to the Chinese University of Hong Kong and the University of Hong Kong respectively to help patients suffering from autoimmune diseases, such as Crohn’s disease, acute severe ulcerative colitis or disabling autoimmune encephalitis; and support patients with cancer and other chronic or autoimmune diseases that do not respond to traditional treatments.



Mr Li Ka-shing (second from right) initiates the “Love Can Help” programme to offer financial assistance to patients falling outside of Government subsidy programmes at a meeting with the management of the Hospital Authority and two universities

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 14,500 retail stores running the gamut from health & beauty, luxury perfumeries & cosmetics to food, electrical & electronics and fine wine. Also an established player in the beverage industry, ASW provides a full range of beverages from bottled water, fruit juices, soft drinks and tea products to the world's finest wine labels via its international wine wholesaler and distributor.

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

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