



HARNESSING DIGITAL AND SOCIAL MEDIA



Innovations in Internet and network communications technology have changed the business landscape on a global scale, thrusting companies forth into a new age of digital media. Consumers are now spending more time online searching, surfing, socialising and comparing services and products through electronic platforms such as Apps and social media networks. This trend will only accelerate as more people continue to acquire “smart” mobile devices. Therefore, to both better serve customers and stay ahead of competitors in brand-building, it is essential that companies incorporate digital media in their business models and increase investment in digital media technologies.

THE HUTCHISON WHAMPOA GROUP is renowned for its commitment to development, innovation and technology in many different sectors. As a brand leader in most of the business categories it operates in, the Group recognises the importance of digital media technology and the ever increasing role digital media plays in brand promotion. The approach applied to the development of its digital media technology is aimed at knowing, understanding, and serving customers. By gaining a deeper understanding of customers and by empathising with them, the Group believes it can more directly address customer needs and deliver the right products to them. By empowering creative talents both within and outside its organisation, Hutchison is continuously innovating cutting-edge digital media solutions and harnessing the technology to serve and support customers globally, thereby driving growth and enhancing profits.

Hutchison group companies' ability to harness creative talent from its business units and external partners has been a key strategic driver for the application of digital technology to its businesses worldwide. Enthusiastic and professional individuals dedicate themselves to developing the best digital media technology, specifically aimed at serving their customers, enhancing their experience and directly engaging them. Strategic collaboration between the Group's information services department and external partners has led to the development of countless innovations in digital media technology for numerous businesses. For example, 3 Hong Kong provides a mobile security and protection service called "3 Super Safe", developed to defend against the loss of devices, data and privacy by providing data backup, lock and alert triggering, and device tracking. Likewise, Power Assets Holdings, the Group's electric utility company also in Hong Kong, launched a Hongkong Electric Low Carbon App which features low carbon recipes, information on eco-friendly home products, energy saving tips, and with a carbon footprint estimator function.

Another innovative digital media solution produced by another subsidiary is evident in its property arm. The Hutchison Whampoa Property Group's IT Department recently developed a Car Park Assistant App at one of the largest shopping, dining and entertainment centres in Kowloon, Hong Kong. Stretching over 1.4 million square feet and boasting

over 300 shops, Wonderful Worlds of Whampoa is located in a popular commercial and residential district. The App is powered by GPS tracking, which records parking locations to provide convenience and instant access to motorists trying to locate their cars. The App incorporates a Vehicle Intelligent Search System which can guide customers from their current

location along the most direct route to their vehicles. Immediate updating of the number of parking spaces available and information on the latest store promotions are some other added features. It is this kind of customer-centred digital media innovation that has secured Wonderful Worlds of Whampoa as a premier shopping destination.

A key member of the Hutchison group of companies, A S Watson, is the world's largest health, beauty and lifestyle retailer. With over 11,000 retail stores worldwide, A S Watson serves over

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27 million customers a week across 20 retail brands in 33 markets. One of the main drivers of A S Watson's success has been its extensive digital media platform, which operates a total of 92 social media touch points and 16 smartphone Apps all aimed at enhancing the customer's experience.

A S Watson's popular health and beauty store, Watsons China, launched the Watsons App with specific versions available country-to-country. The App updates customers on promotional offers and introduces newly launched or exclusively-branded products, and includes the popular "share" feature to allow interaction with popular social media platforms such as Sina Weibo and RenRen in China. A Members' Zone for checking point balances and transaction records also allows customers to register for lucky draws; the App also makes shopping at Watsons a pleasure by providing a store locator to select the nearest shop to customers. The company has pushed the capacity of its App even further towards mobile-commerce, which allows customers to shop on-the-go while providing exclusive offers to those who buy via the App.

Realising the changing behaviour of customers, the Watsons brand in Ukraine has expanded its digital media platform by integrating its existing Customer Relationship Management (CRM) loyalty programme with its social media presence. This

strategy rewards extra member points to existing Watsons' customers who interact with its Facebook fan page. The resulting increase in traffic by "sharing" and "liking" ultimately enhances the customer experience by involving them in a direct dialogue with Watsons, thereby setting the retailer apart from its competitors and fuelling a boost in sales performance. Creating a link between CRM and Facebook also allows access to data regarding customers' preferences, which, additively, leads to more customised and more popular promotions. According to one estimate this innovation has been three times more effective than the initial CRM loyalty programme. For creating the first social CRM initiative in Ukraine, Watsons was awarded "The PROpeller Digital Internet Award", Silver Mercury's "The best strategic solution of direct-marketing or CRM programme" Gold Award, and Direct Hit's "Silver Awards - Digital Direct Interactive Marketing: CRM".

Fortress, an electronics and electrical retailer in Hong Kong, is another A S Watson brand that has utilised digital technology to improve convenience to customers. With the launch of its Fortress App, users have access to a store locator, promotions, exclusive offers and product information at their fingertips. Members can also check loyalty points, register for members' lucky draws and explore the latest loyalty point redemption prizes. Fortress also has a social media presence which it uses to broadcast promotional offers and helpful tips on using digital gadgets.

PARKnSHOP, A S Watson's popular supermarket brand in Hong Kong, is beginning to utilise digital solutions to popularise and promote its wine segment's commitment to source selections of wines from around the globe. To proactively improve the experience for wine enthusiasts, the PARKnSHOP Wine App was designed to keep users informed of exclusive offers, latest promotions, wine industry news, and promotional event schedules. The App also features information on over 400 wines from around the world and includes a Wine Search function whereby customers need simply to enter keywords or select a combination of search criteria (price range, wine type, grape type, region, food pairing or occasion) to locate what they want in an instant. Ratings, tasting notes and suggestions can also be shared by other users of the App and through integrated social media platforms. A built-in feature allows customers to capture the barcode of any wine with a smartphone camera to either make a purchase or simply access product information. To add to customers' convenience, App users can create and save wine shopping lists or order their favourite labels for direct home delivery, whilst the App also allows users to add their favourite wine labels into a virtual wine cellar where their own ratings and tasting notes can be stored and later "shared" across social media networks.

The Group believes that a good digital strategy should be able to bring customers closer to our brands. The Perfume Shop, acquired by A S Watson in 2005, is a UK perfume retailer that had launched a CRM club quarterly magazine called "Scents" dedicated to perfume. The Scents App comprises an interactive e-version of the magazine aimed at informing users of the hottest new launches, exclusive celebrity interviews, and information on perfumes. The App also offers customers an additional touch point besides online or physical stores. With just two issues in circulation, so far, there have already been over 10,000 App downloads. In Hong Kong, the new mobile

App of Compass Visa, a joint-venture of Hutchison and DBS Bank (Hong Kong), will enhance the function from being just a tool to enter lucky draws to enabling customers to check their Compass Dollar balance, redeem Asiamiles and over thousands of gadgets with home delivery, mobile coupon (QR code) for redemption and register personalised campaign with result tracking function.

The Group aims to continue to harness technology and innovation to drive its businesses forward into the digital age by continuing to develop its digital media technology and expand on its social media presence. Watsons China has been able to achieve over 1.7 million fans on Weibo, making it the only health and beauty brand in the "Top 100 Annual Weibo Influence Power" chart. Such a dominant social media presence, when used to communicate with customers, allows for extremely efficient conversion of "fans" into customers with the simple broadcasting of the latest product and promotional information. In fact, Watsons China has discovered that approximately eight to 10 per cent of customers become aware

of promotions via Weibo, further demonstrating the positive impact that digital and social media have had on the Group's businesses.

Furthermore, the combination of interactive advertising and social media has also proven to be a particularly effective means of promotion in the digital era. As part of its innovative 2012 "Life Bottled" advertising campaign, The Perfume Shop asked Facebook fans and Twitter followers to upload video clips of their most memorable moments. The success of the "Life Bottled" campaign captures the importance that social media are playing in the business world today. Hutchison's continued emphasis on the exploration and development of innovative digital media technologies will continue creating opportunities to truly connect customers to its brands. 

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What's in China? Digitally-Inspired Retail Strategy

To maintain its position as a market leader in each of its businesses, the Hutchison group of companies have developed a keen awareness of each local market it serves, in order to stay in touch with customers. Its ability and flexibility to incorporate innovative digital media technologies into its business model includes extensive use of e-commerce platforms for trade.

As part of this organisational strategy and in view of the ever-changing retail environment, Watsons China has implemented a digitally-inspired retail strategy that improves service to customers by encouraging online purchases. To this end, Watsons China has launched various online digital touch points that also serve to increase customer contact and involvement. They include a dedicated e-commerce website, Apps on mobile devices, and third-party online trading platforms such as Tmall, a Chinese-language “virtual mall”.

Watsons China’s business to consumer (B-to-C) platform is built around the integration between the brand’s social media presence and these newly established digital touch points, allowing for a much wider coverage of customers, and moving past the traditional approach to retail sales. Though physical retail stores still operate in 216 cities in Mainland China, this innovative, high-tech B-to-C approach provides Watsons China access to additional markets, such as regions without access to physical stores like Tibet and Xinjiang.

A major aspect to e-commerce convenience comprises the carry-over to mobile devices. Since the Watsons China App was launched in October 2012, over 400,000 downloads to Apple iOS mobile devices have been logged. The App is designed to provide customers with the convenience of online purchasing and allows members to check accumulated loyalty points for future redemptions of additional products. To broaden its reach, Watsons China also launched an Android version of the App in February 2013.

While Watsons-brand products and selected health and beauty brands have sold particularly well online in Mainland China, the Group as a whole now offers over 1,000 different products on numerous e-commerce platforms. For example, ESDlife, a Hong Kong commercial website initially launched in 2001 as an Hutchison-HP joint venture, boasts over one million visitors and seven million page views monthly and over 600,000 members. While it is the number one wedding media in Hong Kong, the site also offers advertising and marketing services, web and Internet solutions, and a popular e-commerce platform carrying a diverse range of products including health checks, wedding products, computer and digital equipment and home electrical appliances.

Hutchison-Priceline, an online travel service subsidiary operating in Hong Kong, Singapore and Taiwan, has likewise become a leader in the region due to its e-commerce strategy. The site collaborates with more than 400 airlines and 74,000 hotels globally and aims to provide travellers with convenience, value for money, and a secure environment for online transactions. Hutchison-Priceline now sees over a million travel-related searches each week and hundreds of thousands of electronic purchases made by each month by visitors, reflecting a 50 per cent growth rate in traffic in the last year.

Recognising that consumers are now adopting new technologies more quickly than ever before, Hutchison believes the market for e-commerce still has great potential for growth. Crucially, e-commerce is no longer merely a tool to target new markets and boost sales. Today it is a sophisticated mechanism to directly engage customers, proactively meet and exceed their needs, and foster customer loyalty. 