

# Sphere

ISSUE 27

THE INTERNATIONAL JOURNAL OF THE HUTCHISON WHAMPOA GROUP



## Encouraging the Community Spirit



**HWL emphasises  
the human  
factor in its UK  
investments**

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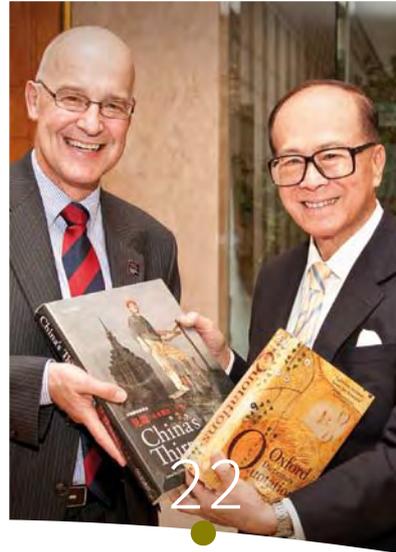
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## Welcome

IN THIS ISSUE, we take a look at HWL's commitment to investing in the UK – be it in retail, ports, infrastructure or telecommunications – and reveal how that ongoing commitment touches so many aspects of so many people's lives.

We'll also see how lives are impacted by research on viral diseases made possible by the Li Ka Shing Foundation.

A S Watson has gone global. We take a look at how A S Watson expands into new markets efficiently and effectively. A trend that has taken the world by storm is organic food and beauty products. A joint venture with Hain Celestial Group is helping to bring thousands of organic products worldwide.

Then come with us to Italy and Denmark to find out how 3 is making a difference. In Denmark it is helping connect agricultural businesses previously failing because their remote locations left them isolated, while in Italy the 3 brand has become synonymous with entertainment – on the big and small screens.

We hope you enjoy the magazine. Please send feedback and suggestions to SphereE@hwl.com.hk.

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# POWER PLAY

**UNITED KINGDOM** Hongkong Electric and Cheung Kong Infrastructure have entered an agreement which will result in each of them having a 25 per cent stake in Seabank Power Limited, an electricity-generating company located near Bristol in the United Kingdom. **I**



- C** CORPORATE
- P** PORTS & RELATED SERVICES
- H** PROPERTY & HOTELS
- R** RETAIL
- T** TELECOMMUNICATIONS
- I** ENERGY, INFRASTRUCTURE, INVESTMENTS & OTHERS



## Quality Assured

**HONG KONG** Fine wines need looking after. No one knows that better than Watson's Wine Cellar whose storage facilities for fine wines have been certified as meeting the exacting standards required under the Hong Kong Quality Assurance Agency's Wine Storage Management Systems certification scheme. **R**



## PET SPORTS GALA

**MAINLAND CHINA** Pet lovers had a great time at the Pet Sports Gala events organised in the Oasis Club in the Chengdu Regency Oasis. They brought their own pets to the event and also watched other animals performing. **H**



## New Stores Nationwide

**IRELAND** 3 Ireland is opening 28 new 3 Stores and creating 90 new retail jobs across Ireland this year. Eight of the new stores will be own stores and the other 20 will be independently-owned operations under the 3 brand. **T**



## GROUND-BREAKING

**MAINLAND CHINA** Distinguished guests enjoyed the ground-breaking ceremony for the commercial component of the newly named Qingdao Marina City, a Hutchison Whampoa Properties development which commands spectacular sea views. **H**



## Parenthood

**HONG KONG**

To express our heartfelt gratitude to all parents, the HWL Volunteer Team joined hands with the Tung Wah Group of Hospitals and Fu Hong Society to organise a celebratory gathering for the elderly. **G**



## FULLY LOADED

**MAINLAND CHINA** The Ebba Maersk, one of the largest ships in the world, has for the first time carried its full load – a staggering 15,000 TEUs – to Yantian International Container Terminals. **P**



## OIL SUCCESS

**CANADA** Oil production has been achieved from Husky Energy's North Amethyst field located 350 km offshore from Newfoundland. North Amethyst is the first satellite field development at Husky's White Rose project. **I**

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## iPHONE 4 FRENZY

**HONG KONG** Many 3 Group companies are selling or will be selling the popular iPhone 4 in the coming months. 3 Hong Kong celebrated the launch of the popular iPhone 4 with many customers and celebrities at the "3ree iPhone Night" party. **T**



## COOKING FOR GOOD

**HONG KONG** Top chefs from Harbour Grand Kowloon and Harbour Plaza North Point took part in the 19th Great Chefs of Hong Kong, preparing some of their specialty dishes for the event. Great Chefs raised funds for children with special needs under the care of the Heep Hong Society. **H**



## Budding Students

**MAINLAND CHINA** A S Watson China's Spring Bud programme has financed the establishment of two schools in Guangdong and Anhui provinces since 2004. Now it is establishing Watsons Spring Bud Scholarship for hardworking students who have financial problems. **R**

## Container Boost

**NETHERLANDS** Hutchison Port Holdings has enhanced container connections between ports in the Netherlands and the European interior with the establishment of Moerdijk Container Terminals, a joint venture between Europe Container Terminals and Combined Container Terminals. **P**



## FACEBOOK FUN

**HONG KONG** A S Watson brand Superdrug has been a big hit on Facebook and Twitter for several years. Now, Watsons Hong Kong has launched its own official Facebook sites “Slimming Club” and “Beauty Club” while Watsons Taiwan has kicked off a “Watsons my personal healthcare centre” mini-site, which includes health information and a pharmacy Q&A corner. **R**

## Global Rankings

**HONG KONG** This year’s rankings for the world’s biggest and best companies are out, with HWL as usual taking its place among the titans. HWL ranked 128 in the

Forbes Global 2000 of the biggest, most powerful listed companies in the world. In the Financial Times Global 500, HWL is 237 in the global rank and five in the sector rank, while in Fortune Global 500, HWL is 302 on the full list and 25 in the China sector. **C**



## Help the Hungry

**CANADA** Husky Energy raised more than CAD150,000 during Husky Help the Hungry Week in Calgary. Husky employees staged a number of events to raise money. **I**

- C** CORPORATE
- P** PORTS & RELATED SERVICES
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## Happy Birthday

**HONG KONG** More than 400 guests gathered in the Grand Ballroom of the Harbour Grand Hong Kong for cocktails to mark the hotel's First Grand Anniversary. **H**

## GOAL!

**ITALY** To help football fans celebrate the FIFA World Cup in South Africa, even while they were working on the computer, 3 Italia produced an Internet stick shaped like a soccer ball. **T**



## Green Fun

**HONG KONG** As part of this year's Smart Power Campaign, about 1,000 primary and secondary students took part in open days at Hongkong Electric's Lamma Power Station and Lamma Winds to learn more about how to reduce the carbon footprint. **I**

## BACK TO SCHOOL

**MAINLAND CHINA** Children in Ankang, Shanxi Province can resume their studies now that work has been completed to replace the original village school damaged in the 12 May earthquake in 2008. The new Shanghai Hutchison Pharmaceuticals Ltd Hope Project Elementary School has room for more than 200 children. **I**





- 1 For the 11th year running, Cheung Kong Group is named one of the top three donors to Hong Kong Community Chest. Members of the group won two President's Awards, two merit awards and one recognition award. **C**
- 2 Hongkong International Terminals' commitment to being green has been rewarded with a Transport and Logistics Gold Award under the Environmental Campaign Committee's Hong Kong Awards for Environmental Excellence programme. **P**
- 3 Cheung Kong (Holdings), Hutchison Whampoa, and Hongkong Electric are named as constituents of the Hang Seng Corporate Sustainability Index in recognition of their strong performance with regard to corporate sustainability issues. **C**
- 4 Thanks in part to their floor-to-ceiling windows offering staggering views of Victoria Harbour, the Presidential Suite and Harbour Club Lounge at the Harbour Grand Hong Kong have been named Best Executive Suite and Best Executive Club Lounge respectively in the respected Hurun Presidential Awards. **H**
- 5 Hutchison Telecommunications Hong Kong Holdings was named Best Overall Convincing and Coherent Strategy in Hong Kong and Best Overall Corporate Governance in Hong Kong in *Euromoney* magazine's Best Managed and Governed Companies – Asia Poll 2010. Meanwhile, Hutchison Global Communications Limited won the Best International Wholesale Carrier Award in the 2010 Telecom Asia Awards. **T**
- 6 Harbour Plaza 8 Degrees has been named the Best Mid-range Hotel in Hong Kong in the TTG China Travel Awards 2010. **H**
- 7 Vietnamobile grabbed two gold awards in the 16th Annual Communicator Awards, for its 2010 "Go orange, go Vietnamobile" brand advertising TV campaign. **T**
- 8 The Promenade Restaurant in the Harbour Plaza Metropolis has taken "all you can eat" to a prestigious new level by winning *U Magazine's* U Favourite Awards 2010 for a Buffet Restaurant. **H**
- 9 PT Hutchison CP Telecommunications has won two coveted Golden Ring Awards, which are given to operators and vendors who have achieved innovative advances and performed well in the telecommunication industry. **T**

# Connecting Denmark

MOBILE COMMUNICATIONS TECHNOLOGY has made a huge difference to individuals, communities and businesses, even in areas that were already served by fixed-line voice and data connections. That difference has been truly radical however in areas where such services were sparse or non-existent, and where the establishment of broadband links of any kind seemed to many like an impossible dream.

The improvement broadband is making to the quality of life of people living in rural Sweden and Denmark, where Hutchison Whampoa has established interlinked 3 networks, would be hard to overstate. There are large distances between the major towns and cities and the remote, sparsely populated areas where most people's livelihoods derive from agricultural businesses.

Standards of medical care and education in



## 3 brings modern data communications to remote Scandinavia

*By Robin Lynam*

those areas can be two noteworthy beneficiaries, as has been established in Sweden where pioneering work in telemedicine has been conducted. A patient in Gällivare in northern Sweden who is suffering from a haemorrhage, for example, can be X-rayed at the local hospital then diagnosed by specialists at the university hospital in Umeå, more than 500 km away.

Students in remote communities can attend high school and university classes in real time without having to leave their friends and families for weeks at a time to do so.

Perhaps the most tangible contribution 3 is making, though, is to sustain the economies of these countries by helping to maintain or enhance

the viability of businesses that previously had no effective data communications links.

These can now send and receive data much more quickly, effectively and flexibly, vastly improving communications between staff and service suppliers, and making it possible to reach whole new groups of potential customers, and to respond quickly to them.

Now Hutchison, too, is beginning to see a return on the substantial investment it has made in the Danish 3 network. Group Managing Director Canning Fok is confident that although it has taken more than six years for 3's Danish operations to turn a profit, the DKK4 billion put into the network will be recovered in full, and the

**3 Denmark has put isolated agricultural businesses back on the map.**



number of customers will double to more than one million.

“The vision from the beginning was mobile broadband, mobile data,” stated Mr Fok emphatically. “We were in classical speech telephony on a large scale when we were in Orange and Voice-Stream in the US. Then we developed the vision for Hutchison’s telecommunications strategy as data, data and data.”

Hutchison’s strategy for Denmark is one of aggressive growth, aiming always to be the market leader. It does this by making it easier for customers to run their businesses smoothly, according to 3’s Head of Business Marketing in Denmark, Marianne Keinicke Hansen.

“The service offers business customers a possibility to work online wherever they are. When on the road, sales people are now able to answer important mail from customers, so when they get home in the evening the mail box is empty. It gives the employees flexibility, which is a very important tool when you want loyal and happy employees. At the same time, the companies provide

a better service level for their customers by giving quick responses. Especially within the business service sector and wholesale sector this has been a success, and that is why they typically have a huge sales force. Consultants working in other companies are now connected with their home office, and in contact with their colleagues, even if they are on long assignments in another company.”

According to Hansen, many small businesses see mobile broadband as a tool to make their operations more competitive and efficient. Small companies and independent operators in service industries, for example, can now use broadband to print out invoices on the spot when work is completed – instead of doing the paperwork later back at the office – thus improving cash flow.

Within the construction industry, 3’s mobile services are now often used to the exclusion of fixed lines because the service offers ease of connection in areas without them. Fixed line use, it seems, is no longer regarded as the best solution for many broadband users.

**Small agricultural companies** in remote areas are wholly **dependent** on 3’s network





“In Denmark, 25 per cent of the population have a paid broadband home office solution,” said Ms Hansen. “Whenever a new employee starts in a company or someone gets a new job, a lot of cost and time is used in closing fixed line broadband solutions and acquiring new ones. Today, some of our customers choose mobile broadband instead. The advantages are that there is no cost for installation, and no work involved in closing broadband lines and ordering new ones. The new employee simply gets a mobile phone, a mobile broadband router and two SIM cards, and that is efficient and up-and-running within their home office on the first day of work.”

Agriculture is another sector that has benefited from 3’s mobile broadband technology. Ivan Munk of the IT centre of Dansk Landbrug, the Danish Agriculture and Food Council, pointed out that before 3 some of the people with whom they and their offices needed to maintain contact had no access to broadband at all, because of a lack of land lines in their areas.

According to Mr Munk although access to the Internet and improved communications have helped increase efficiency in agriculture, this is mostly attributable to having coverage which was not previously available, rather than

primarily to the 3 network’s mobile communications flexibility.

Some small companies in remote areas such as northwest Jutland are wholly dependent on 3’s network because neither fibre nor ADSL connections had previously been available, although there are also service providers to agriculture which report distinct advantages to being able to access and communicate data while away from the office.

One agricultural company, Dalsgaard & Liboriussen based in western Jutland, reports that broadband had never found its way to their remote town, but now 3 has provided them with a connection to the world.

The case for 3’s mobile network as the platform for data communications appears to be well proven. Now, according to Mr Fok, the company which has invested so much capital and faith in building it will begin to see a healthy return on the contribution it has made to connecting some of the remotest areas of Scandinavia to each other, and to the world.

Traditional mobile telephony investments, he pointed out, generally take 10 to 15 years to turn a profit. In Denmark, with data communications, 3 has done it in under seven. 

# Encouraging the Community Spirit

HWL's diverse businesses in the UK have one thing in common – they place great emphasis on the human factor

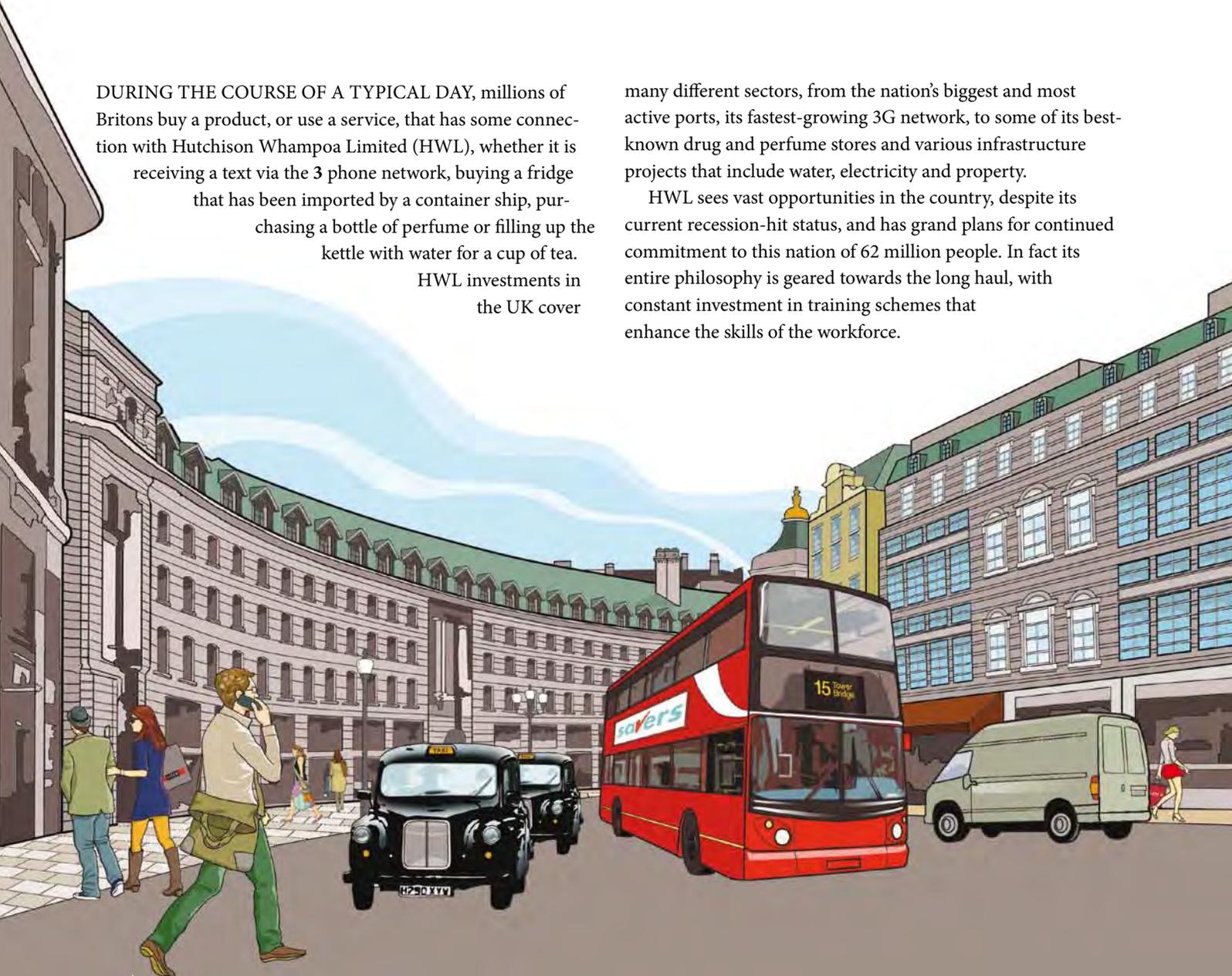
*By Mark Redvers*

DURING THE COURSE OF A TYPICAL DAY, millions of Britons buy a product, or use a service, that has some connection with Hutchison Whampoa Limited (HWL), whether it is receiving a text via the 3 phone network, buying a fridge that has been imported by a container ship, purchasing a bottle of perfume or filling up the kettle with water for a cup of tea.

HWL investments in the UK cover

many different sectors, from the nation's biggest and most active ports, its fastest-growing 3G network, to some of its best-known drug and perfume stores and various infrastructure projects that include water, electricity and property.

HWL sees vast opportunities in the country, despite its current recession-hit status, and has grand plans for continued commitment to this nation of 62 million people. In fact its entire philosophy is geared towards the long haul, with constant investment in training schemes that enhance the skills of the workforce.



Surprisingly, perhaps, HWL is not a name that is widely known outside the UK business community, even though the company has something like GBP17 billion invested in the country in companies that include Superdrug, the Perfume Shop, Cambridge Water Company and the Port of Felixstowe.

### Corporate dynamism

Most of the businesses were already established when Hong Kong-headquartered HWL embarked on its UK buying spree more than two decades ago, and there was little point in changing names, or established structures, for change's sake. But as anyone who works for the company will attest, the dynamism that Hong Kong is renowned for has become a key part of the culture.

In some areas, notably 3, which leads the way in 3G mobile technology, the expansion of its mobile broadband network has been phenomenal. Hutchison Port Holdings (HPH) operations are also thriving, with major expansion work in its UK ports which include London Thamesport and Harwich International Port.

Mega projects such as these are balanced with smaller-scale initiatives intended to benefit the community. One of the key projects at the port-based operations is a school liaison programme, whereby local schools are given support and assistance in delivering new facilities and initiatives.

Both the Felixstowe and Harwich ports are major

employers in their immediate areas, so HPH-initiated schemes there, together with a similar scheme at London Thamesport, allow children to learn how docks work, and the role they play in creating jobs and generating wealth.

The schools work experience project at Felixstowe is run by Duncan Russell, Staff Training Manager, Education and Development. He sees it as a vital bridge between the community and the port; teenage children vie to join the scheme that allows them to see the inner workings of the vast operation.

"We believe that we should be supporting schools, particularly by showing them the careers that are available for young people," said Mr Russell. "It is not a recruitment programme – although some do end up working with us. It is a chance to help them decide what kind of career to pursue in future."

Mr Russell said outsiders are often surprised to find out how much advanced technology has been incorporated into the ship loading process. "For example, we have the biggest cranes in the world now," he said, "and operators need to learn the technology incorporated into those. It is an exciting industry to be in."

More than 2,500 people work at the port, with keen competition for jobs. Recently, an advertisement for 15 new drivers' jobs attracted a staggering 300 applicants in less than 24 hours. That figure partly reflects the employment situation in the UK – but also demonstrates emphatically that HPH is considered an attractive place to work.

"HPH is known as a company that looks after its employees," said Mr Russell.





“People have worked here for 20 years plus. If they didn’t want to work here they would go. There are well structured training programmes here.

“The company also gets very involved with the community. As well as the work experience programme, we also attend careers fairs at schools in the region. We want the next generation to learn about us.”

#### Donations to schools

HPH also helps out schools financially with worthy projects. The Grange Community Primary School, for example, was recently nominated as a “dock school” and given GBP1,860 from the HPH Dock School Programme, money which will be used to fund the creation of a “science pond” to help study the water cycle and food chains.

“The programme gives our ports the chance to ‘adopt’ and support local schools, and it allows the schools to benefit from links with one of the area’s biggest employers,” said David Gledhill, Chief Executive Officer of Hutchison Ports (UK) Limited. “We hope that their students find the end product both educational and fun to use.”

Felixstowe port itself is already the largest and busiest container port in the UK, with great road and rail links to all parts of the country. When current expansion work is completed early next year, it will have a new deep-water container terminal, taking the total quay length to almost 1.3 kilometres, and a third rail terminal is planned.

A new deep-water container terminal is also planned for Bathside Bay in Harwich, which will extend the quayside length by 1.4 kilometres. In addition, the Harwich International Container Terminal scheme will make it one of the largest container ports in the UK, almost doubling the total quay length to three kilometres, and enabling the port to handle up to four deep-sea container vessels simultaneously.

That expansion has a predetermined and finite goal, whereas in the area of telecommunications, nobody can accurately predict the trends in phone and Internet usage over the next five or 10 years. The only absolute certainty is that there will be more demand for mobile technology which is where HWL will benefit in a major way.

Its 3G network, known simply as 3, has proved to be a true challenger brand in the UK, building the biggest 3G network and driving the growth of mobile broadband. 3 alone accounts for around half of the UK’s mobile broadband traffic and came top of pollster YouGov’s July consumer survey of mobile broadband customers. Off the back of its pioneering network infrastructure sharing deal, it will have a massive 12,500-site network by the end of the third quarter as 3 continues to fuel the uptake of mobile broadband in the UK with great pricing and careful investment.

The business has challenged both the market and the regulator to bring down costs for consumers and to allow true competition to flourish. With the prospect of a real reduction of mobile termination rates in the UK, 3 has launched a

HPH is known as a company that **looks after its employees**; people have worked here for **20 years plus**



massive bundle of minutes, texts and data called The One Plan, which will see it play aggressively in the UK voice market.

Mobile broadband devices are being used more and more to send and receive data – from complex company flow charts to live-streamed football matches – guaranteeing healthy future demand for 3 services. In total, the company now has more than 6.8 million customers in the UK and Ireland.

Another business that has weathered the recessionary storm is the HWL retail division, where Superdrug, The Perfume Shop, Savers and Sen have all been growing. The retail stores come under the jurisdiction of the HWL-owned A S Watson, the world's leading international health and beauty chain.

#### Career satisfaction

Understandably, employees feel proud to be working for a company expanding so rapidly. "It is very satisfying to work for a forward thinking, growing business," said Amanda Kitchingham, The Perfume

### Charity begins at work

Superdrug Store Manager Julian Taylor is known for dreaming up wacky schemes to raise money for charity, including sponsored head shaving, and staff fancy dress days.

All cash raised at the store, located in Weymouth, on the south coast of England, goes to help a cancer charity that makes hospital life a little more tolerable for teenage patients. It is a cause close to home: he lost a young brother to cancer.

Mr Taylor is one of many HWL staff who, with the company's keen support, raise thousands of pounds annually for various charities. "One of our most successful fundraisers was a sponsored head-shaving session," he said.

"I think in that year we raised GBP6,000 and last year we raised GBP3,000.

"The money went to the Teenage Cancer Trust. I lost my brother to cancer when he was 18. That is what made me choose that charity, as there is nothing for that age group."

The father of three daughters, with a fourth child on the way, he met his Swedish wife when he offered her a job in Superdrug. She now runs her own clothing business, as well as studying for a law degree.

"I started with Superdrug in 1989 as a warehouse lad and worked my way up to manager," he said. "I enjoy the job, I particularly like the team of people I work with."

The store manager of The Perfume Shop in nearby Bournemouth became active in cancer charities when a close friend – now recovered – underwent the anguish of chemotherapy. Dawn Earp signed up for the Look Good, Feel Better charity that aims to give recovering women, some of whom have to wear wigs because of the treatment, tips on how to use make-up.

"The big companies donate perfumes and make-up and people volunteer to help out at hospital sessions," said Ms Earp. "I go to Poole Hospital on my day off. We have 12 ladies who are either going through treatment, or recovering. We show them how to put on make-up with cosmetics donated by the companies.

"Some are very ill and some are getting better, but all have gone through intensive treatment. This is a treat for them, a way of picking themselves up. It might sound a simple thing, but after chemotherapy, they really appreciate being able to have some eyebrows again."

Despite a busy schedule, Amanda Kitchingham, who is The Perfume Shop's Regional Manager for Ireland, Scotland and Northeast England, also finds time to help out with charities.

"I do evening presentations for cancer care groups for ladies who have suffered from cancer and are either in remission or still undergoing treatment," she said. "I take fragrances with me and talk about the business, our work philosophy, how to use different strengths of perfume, etc.

"These evenings are so rewarding."

Shop Regional Manager for Ireland, Scotland and Northeast England. “Great opportunities are being presented at store level and in training, development, opening new stores, driving the business and delivering expectations to individuals.

“In my job with The Perfume Shop, I have been able to encourage development and growth in individuals. There has been tremendous progress in that area, and the loyalty and length of service in many of my teams is testament to how much they appreciate who they work for.

“It is rewarding being able to work with a luxury product that is available for every customer. Every customer can come into The Perfume Shop and enjoy the experience of being involved with a beautiful product.”

A beautiful product of a rather different kind will be unveiled by the property arm of HWL in the next few years. The Lots Road development in London is set to be one of the capital city’s most sought-after addresses, featuring 800 luxury residential apartments in 13 buildings.

The development, designed by renowned architect Terry Farrell, is right on the River Thames and will include two towers of 37 and 25 storeys offering stupendous views across Europe’s largest city.

The country’s most famous architect, Norman Foster, who designed Hong Kong International Airport, has also been hired to draw up plans for Albion Riverside, on the south bank of the Thames. Various other HWL property projects include the award-winning Montevetro, as well as Royal Gate Kensington, Belgravia Place, and the 3,500-apartment Convoys Wharf, overlooking Docklands.

### Meeting daily needs

Rather less glamorous – but vital to everyday life – are the various infrastructure projects held by Cheung Kong Infrastructure Holdings Limited (CKI) that, in total, amount to GBP1.7 billion in investment.

The businesses include Cambridge Water, owned by CKI, that supplies approximately 300,000 people, and Northern Gas Networks that owns the North of England Gas Distribution Network (NEG) extending from South Yorkshire to the Scottish border.

CKI has a 4.75 per cent interest in Southern Water Group, a regulated water and

sewage company, and a joint venture with Hongkong Electric that saw acquisition of a 50 per cent interest in Seabank Power Limited, which owns and operates a 1,140MW gas-fired combined cycle power plant near Bristol.

The final piece in the current UK jigsaw of interests is Hutchison China MediTech Limited, the holding company of a pharmaceutical and healthcare group based primarily in China. Listed on the Alternative Investment Market of the London Stock Exchange, the company focuses on researching, developing, manufacturing and selling pharmaceuticals and health supplements derived from traditional Chinese medicine and botanical ingredients.

All in all a varied and fascinating portfolio which will be expanded further as opportunities arise. But despite all the ongoing acquisition, as employees readily testify, HWL is a company only too aware that the most important factor in virtually every corporate success story is the human one. 



## News Flash

As of this story's publication, a consortium led by HWL Group companies, Cheung Kong Infrastructure Holdings Limited and Hongkong Electric Holdings Limited, has made an irrevocable offer to Electricité de France (EDF) for 100 per cent of EDF Energy plc's ownership in its UK electricity distribution businesses with a total offer price of GBP5.775 billion, approximately HKD70 billion.

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## 3 accounts for around half of the UK's **mobile broadband traffic** and came **top** of a mobile broadband customers **survey**





MAIN PHOTO: CYRUS WONG



# Introducing an

# Organic



# Lifestyle

We're all keen to be green nowadays, but what exactly does going organic mean?

*By William Martyn*

RECENT YEARS have seen rapidly increasing demand for natural food, uncontaminated during its production by chemicals now perceived as damaging to both the environment and consumers' health.

"The global organic food market has grown in 2009 to USD60 billion, and is expected to be around USD100 billion in 2010, according to the Datamonitor Global Organic Food Report 2010," said Ole Walter, Commercial Director of the Consumer Products Division of Hutchison China MediTech Limited (Chi-Med). "The driver behind this enormous growth is the health and environmental awareness of consumers all over the world," he added.

Although organic products have been available in Asia for some time, most have reached regional markets extravagantly marked up as they progressed through circuitous distribution networks leading to uncompetitive pricing at point of sale.

Ella Kwan is a mother of three who said she is particularly concerned that her children eat healthily, but found the expense and the lack of choice a problem.

"I have been buying organic fruit and vegetables for some time, but there has not been much of a selection of other organic food products to choose from. A bigger choice would make it much easier to move towards a largely organic diet," she observed.

A bigger choice is now available, with the establishment of Hutchison Hain Organic (Hong Kong) Ltd (HHO), a joint venture with leading American natural and organic products company, The Hain Celestial Group Inc, which is launching more than 3,000 natural and healthy organic products from over 40 popular US brands, initially in Hong Kong, and then in Mainland China and around the region.

Because there are no distributor mark-ups, most of the Hain Celestial Products for sale in A S Watson's retail outlets cost around 30 per cent less than competing organic products offered by other retailers.

There is not much doubt that this means organic produce will feature far more prominently in most Hong Kong consumers' shopping baskets. But what exactly does the term "organic" signify? It seems that many people have their own ideas.

Nutritionist Wallace Ngai, Chairman of the Asian Nutrition Academy, an institution established in 2001 by a group of health care professionals to offer education in nutrition and weight management, said "With organic food people consider three different things.

The first is nutritional value, the second is sensory quality, and the third is food safety. For the first there isn't a very significant difference between organic and non-organic food, although in terms of mineral content organic products can be of slightly higher quality.





“In sensory terms, flavour and colour can be better, but food safety is the main area where there is a difference. A lot of people now worry about chemical pesticides, not only because these are going directly into their mouths, but also because those chemicals are contaminating the environment and water sources. People know that organic products are better for the environment,” he said.

When it comes to a more official definition of what organic is, in most countries now the word “organic” has a clear legally determined meaning, and may not be used on packaging or promotional materials unless certain requirements have been met.

Internationally these requirements vary in their nature and stringency, as Nils Buddemeier, International Products Manager for PARKnSHOP explained, “You have the United States Department of Agriculture (USDA) in America, in Australia the Australian Quarantine and Inspection Service, and in Europe there are different independent bodies in different countries.

“Each country has a different interpretation of ‘organic’ produce, but one thing that is the same for all is that you are not allowed to use synthetic fertilisers or chemical pesticides and most, though not all, are not allowed to use Genetically Modified produce. Cattle are not allowed to have injections such as hormones or antibiotics. If you want

to produce, say, organic apples you are not allowed to use any kind of artificial pesticides or fertilisers for three years before you can be certified.”

In the Mainland, organic production is monitored by the China Green Food Development Centre under the Ministry of Agriculture.

Hong Kong, however, has no legislation restricting the use of the word “organic” at all, although the Hong Kong Organic Resource Centre of the Hong Kong Baptist University is an independent body which offers organic certification. There are consequently products in the market labelled “organic”, and priced at an accordingly higher level, which are not in compliance with any recognised set of certification criteria.

“Everything that we sell is natural and healthy and many of our items are USDA certified organic, and that’s the global benchmark for organic certification. That’s the gold standard,” said Chi-Med CEO Christian Hogg.

Many consumers see the word organic as denoting an environmentally responsible lifestyle. “Some consumers say ‘We want products that are not only in balance with us but also

farmed in a sustainable way,” said Mr Walter. “Then there is the other kind of consumer who is concerned more about how closely you interact with these products. Think of infant formula for instance. You would probably have a much higher sensitivity



A wide range of organic products are being introduced via Watsons and PARKnSHOP stores. They range from staples such as chicken broth, through skin and hair care items to baby foods – the choice is huge.





## The introduction of organic food by HHO will provide Hong Kong citizens with more choices at affordable prices

to it than, say, to a hand soap. One is a rinse-off product, the other you feed to your baby and is the only sustenance they receive.”

According to Mr Walter while the US is the world’s most mature market for organic produce, Europe is not far behind, and interest in Asia is growing steadily. And it is not only organic food which is growing in popularity but personal care products too.

“Organic personal care is not only about not having chemicals on your body, but believing that natural ingredients have a better influence on your body. If you’re going to leave something on your skin you want it to be natural and not chemical,” he said.

Adoption of the personal care products however is likely to be slower than that of organic foods, and in particular such staples of the Chinese diet as chicken broth. Hain’s Imagine Organic Free Range Chicken Broth is now available for only slightly more than the cost of the non-organic market leader.

“An organic chicken broth could sell for more than double a regular chicken broth, even given the fact that consumption of this product for Hong Kong Chinese is huge,” said Thierry Canivet, PARKnSHOP’s Trading Director. “So definitely a moderate and reasonable price is a key to penetrating organic products into the mass market.”

That particular product has the endorsement of one of Hong Kong’s highest profile gourmets – writer and celebrity chef Walter Kei.

“It is great to finally find healthy organic food that doesn’t compromise on taste,” said Mr Kei. “I always use high quality ingredients in my daily cooking. The introduction of organic food by HHO will provide more choices at affordable prices. This will hopefully appeal to the Hong Kong public, making our lives better and healthier.” 

### The history of Hain Celestial



Chi-Med’s partner in HHO, the Hain Celestial Group, which is listed on NASDAQ, is one of the leading natural and organic food and personal care product companies in North America.

The company is a market leader in many of the natural and organic product categories, with many well-known brands. HHO will introduce a broad based selection of Hain products to Asia, having initially test marketed them through the retail outlets in Hong Kong managed by A S Watson.

Chi-Med has also announced that it will be distributing a range of organic certified infant and toddler feeding products in China and other markets under Hain’s highly successful US brand Earth’s Best, and the Zhi Ling Tong brand in order to live up to its vision of offering consumer goods which allow ‘healthy living’ in Asia.



# Fighting the good fight

The Li Ka Shing Foundation is helping medical experts in different countries to unite to build a global force fighting contagious disease

*By Teri Fittsell*

WE ALL ENJOY the benefits of globalisation – fresh fruit and vegetables from any part of the world at any time of the year, the latest Paris fashions on sale wherever you live, music and films that find international fame, and an Internet that lets us reach out to people all over the world. But not everything about globalisation is good. As the world has gone global, so have diseases. Around 30 million people fly abroad every year, mean-

ing diseases can inadvertently be taken from one country to another at frightening speed.

The terrible impact of a global epidemic is difficult to imagine, though Hong Kongers got a small taste of what it might be like in 2003, when Severe Acute Respiratory Syndrome (SARS) hit the city and Hong Kong was gradually isolated from the rest of the world. People stopped coming here and Hong Kong's population hid behind surgical masks

## “New diseases emerge all the time. Prompt action against them can only happen with **global collaboration** . . . and **our future** depends on it.” Sir Ka-shing Li

and closed doors. SARS killed 299 people in Hong Kong (774 globally) and though it was contained within four months it was a frightening taste of what could happen if a viral disease took hold.

On the positive side though, if diseases can go global, so can the fight against them. Set up in 1980, the Li Ka Shing Foundation (LKSF) has donated over HKD11.3 billion over the last 30 years and been strongly committed to promoting global cooperation in the field of medical research into viral diseases. At a time when the world lives in fear from “newer” afflictions such as bird flu and the afore-mentioned SARS and continues to be threatened by older infectious diseases, such as influenza, dengue fever, malaria, tuberculosis and HIV, improvement in the treatment of viral disease is vital.

This year alone LKSF has made two major donations to help international efforts to fight disease. In mid-May LKSF made an additional donation of GBP5 million to expand the University of Oxford’s global health research initiatives, especially in Mainland China. This followed a donation in April of CAD28 million to the University of Alberta, Canada, to further its efforts to treat and cure virus-based diseases and to help establish the Li Ka Shing Institute of Virology.

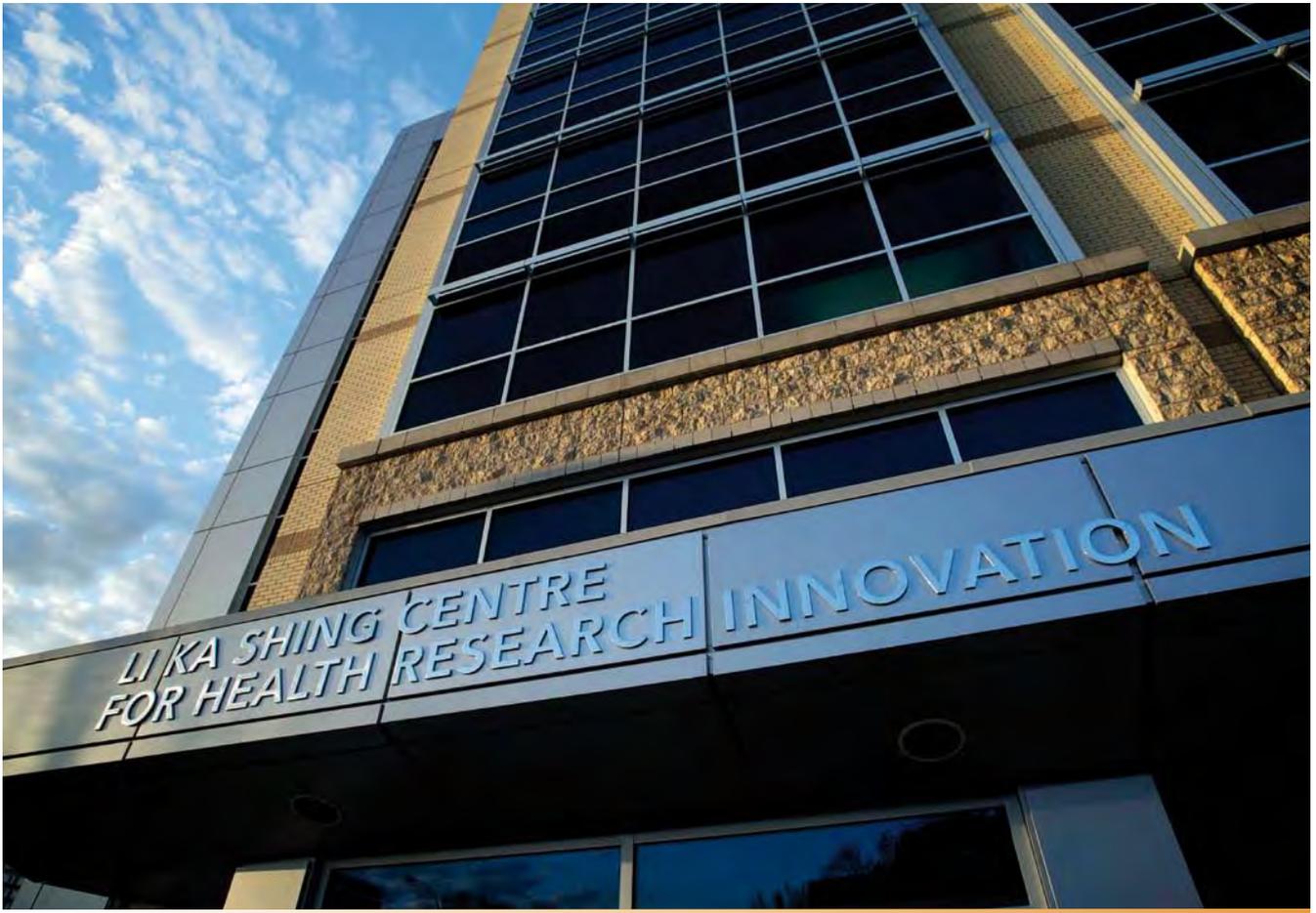
Expert researchers at the University of Alberta are led by Dr Lorne Tyrrell, known internationally for discovering how to block the hepatitis B virus from replicating in human liver cells. His discovery resulted in the development of lamivudine, the first oral hepatitis B antiviral medication. Now, thanks to the LKSF funding, Dr Tyrrell and his team, who are currently dispersed among 10 departments, can come together under one roof – the state-of-the-art Institute – and can unify under one mission: through

leadership in scientific excellence and international collaboration, the Li Ka Shing Institute of Virology will discover new methods to prevent, treat and cure virus related diseases and translate these discoveries to provide improved patient care around the world.

It was the largest single donation in the history of the University of Alberta and garnered a further CAD52.5 million in related new Alberta Government funding, demonstrating the power of public/private partnerships to spur innovations. CAD25 million will be used to establish the Li Ka Shing Institute of Virology and CAD3 million will create the Sino-Canadian Exchange Program, which includes a joint doctoral programme between the Faculty of Medicine and Dentistry and the Shantou University Medical College. The donation also gives the university the funds to attract new talent to its research facilities, and to expand its established research into influenza A, a field in

*Opposite: Professor Andrew Hamilton thanks Sir Ka-shing Li for his generous donation of GBP5 million to the University’s Global Health Programme; below: the Global Health Programme brings together Scholars from Shantou University and Oxford University.*





**The new Li Ka Shing Centre for Health Research Innovation at the University of Alberta.**

which it has made major advances in recent years. In recognition of the LKSF's historic gift, one of the newest buildings in the university's growing health area will be named the Li Ka Shing Centre for Health Research Innovation. The building, with a gross floor area of 28,000 square metres, and home to the Alberta Diabetes Institute, is designed as a flexible space that supports current and future research and teaching needs.

Indira Samarasekera, President and Vice-Chancellor of the university said, "Our researchers have been at the forefront of virology research for decades, including Dr Lorne Tyrrell and his work developing a treatment for hepatitis B. The Li Ka Shing Institute of Virology will provide a state-of-the-art home to some of the world's very best researchers in virus-based diseases and will help place the university in its rightful place among top centres of such work."

The University of Alberta will be able to connect to international health science research networks, including the Li Ka Shing Foundation - Oxford Global Health Programme at the University of Oxford, which the LKSF helped

to set up with an initial GBP2 million donation in 2007.

This year's GBP5 million donation to Oxford will add to that and help build on the important work already achieved by the Programme, which has already established new collaborations between researchers in Asia and Oxford, scholarships for Asian students to study for Master of Science in Global Health Sciences, and teaching programmes in infectious disease at Shantou University in Guangdong, Mainland China.

The Global Health Programme is led by Oxford University's Professor Jeremy Farrar, a world expert on infectious diseases. Professor Farrar welcomed the LKSF's latest donation, saying, "The University of Oxford has been delighted to work closely with the Li Ka Shing Foundation to develop our joint programme in global health. But there is plenty more that needs to be done, and this new and very generous donation will allow the creation of a true network of excellence in education and research that links research groups from Mainland China and across Asia to Oxford and the UK."

The money will be used specifically to fund

a series of partnerships, teaching and research projects that will see Shantou University become a full partner in Oxford University's Asia Research Network along with centres in Vietnam and Thailand. Asia is a hotspot both for infectious diseases and drug resistance – that is, a build-up of resistance to drugs by existing diseases.

Many of us think of diseases like malaria as largely a thing of the past, whereas in fact malaria still kills more than a million people worldwide per year. A few years ago researchers thought they had found a cure in the traditional Chinese herb qinghaosu, internationally known as artemisinin, which Professor Farrar himself refers to as “this miracle drug”. Artemisinin has become the most effective anti-malarial drug in the world.

However, recently scientists working under the Li Ka Shing Foundation - University of Oxford Global Health Programme discovered that in Cambodia malarial parasites are evolving to resist the drug. Now the Programme is engaged in new battles: first to prevent artemisinin-resistant malaria parasites from spreading beyond Cambodia, and second, to reduce the parasite's resistance within Cambodia.

This particular battle is about to be joined by the academics and medical students of Shantou University, who will work with Professor Farrar's team to study how exactly artemisinin has been used over its 2,000-year history and extrapolate facts relevant to the ongoing fight against malaria.

To mark the handover of the Li Ka Shing Foundation's second donation to the Global Health Programme, Professor Andrew Hamilton, Vice-Chancellor of the University of Oxford, came to Hong Kong in May. Asked what the Global Health Programme has achieved so far, he explained that it has pioneered potential vaccines for tuberculosis, malaria and HIV, which are currently in clinical trials. He was particularly proud of a research project into swine flu and a programme to find more effective ways to treat children living in remote areas of the Mainland.

In conclusion, Professor Hamilton said, “Sir Ka-shing Li has demonstrated a huge commitment to improving health worldwide, and we hope this new funding for research and teaching will lead to improvements in combating many infectious diseases, from emerging infectious diseases, influenza, malaria and dengue to tuberculosis and HIV.” 



**Beneficiaries of the research (clockwise, from left): children in rural area of the Mainland; medical scientists working in a biosafety lab in Cambodia; and a child receiving treatment in Afghanistan.**



# For your Viewing Pleasure...

**3 Italia targets customers via screens big and small**  
*By Teri Fittsell*

ARE COUCH POTATOES about to become extinct? Since the mid-1900s, people have daily gathered in front of their TVs to watch their favourite programmes (see Then & Now on page 32). With the advent of remote controls in the 1980s, they no longer even have to leave the comfort of their couches to change channels, garnering this new breed the moniker of Couch Potatoes.

However, 3 Italia and other 3 companies around the world are changing all this with their mobile TV offerings. Couch Potatoes can now leave their couches, run errands or go about their daily activities – all without having to miss their broadcast entertainment.

La3, 3 Italia's in-home broadcast channel, was started in 2006, when the company bought the frequencies for broadcasting in dvb-h technology assembling existing channels and developing "home made" channels. The latest development utilises the satellite platform with Sky, so that La3 – the first Italian TV entirely dedicated to





interactive games – reaches its 4.5 million customer base.

Viewers can call, video call, text and even use webcams to get into La3's live shows, explained 3 Italia's Lara Grigatti. "There, they can answer quiz questions and win prizes. Over one year, La3 will award 11,000 prizes valued at a total of EUR1.1 million."

Aimed at a youthful audience, the games are hosted by 15 lively and energetic "3Jays". They introduce a total of 14 hours per day of live shows. "One of the most popular is *TeleGiocoShow*, a quiz to test viewers' language, logical and mathematical skills," said Ms Grigatti.

Such is the popularity of La3 that some 3Jays have already become celebrities in Italy – not surprising as Screen Digest, a media-focused research company, estimated that mobile television will generate nearly USD6.5 billion in 2011 in Asia, North America and Western Europe combined, with subscription business models dominating the market.

These portable, interactive "televisions" are also helping revive the fortunes of their big screen counterpart, the cinema. Threatened by piracy and illegal Internet downloads, movie theatres had a brief lull in the early turn of the 21st century. But now their popularity is again on the rise, and 3 Italia is aiding that trend.

Under the programme, "Grande Cinema 3", 3 Italia's customers can get gift cards free at 3Stores enabling them to go to the cinema for free. Stefano Piastrelli, 3 Italia Brand, Communication and Advertising Sales Director, explained the thinking behind the promo. "The target is to build customer loyalty and get new customers. They can watch a wide range of movies and access a large number of cinemas across the country using our cards," he said. Customers can choose to see movies from all the top distributors. More than 300 cinemas have already joined the initiative, and at least another hundred are looking to join. Cinemas in Italy's main cities have been targeted first, but according to Mr Piastrelli, "the target is to give our customers the possibility to reach theatres in less than 30 minutes by car."

Customers receive information about movies and theaters via SMS and trailer clips in all the 3Stores or by connecting to the website [www.grandecinema3.it](http://www.grandecinema3.it). Italian actress Claudia

## Thinking about competitors' initiatives, where only testimonial counts and nothing more, 3 Italia scores a goal!

The La3 and Grande Cinema 3 campaigns have captured the imagination of the Italian public.

Gerini is fronting commercials for the multimedia campaign, which includes TV advertising, a massive press campaign and radio and web campaigns.

Customers are hailing Grande Cinema 3 as not only benefitting them, but also as giving the country's movie industry a boost. A journalist in the *Giornale dello Spettacolo* enthusiastically expressed the hope that people would use the free passes to go and see the best in Italy's

high-brow movies. He said, "thinking about competitors' initiatives, where only testimonial counts and nothing more, 3 Italia scores a goal!"

Cinema owners and movie distributors are happy too. QMI's President Giovanni Cova said in a recent interview, "Grande Cinema 3 has no precedents in terms of investments and number of customers involved, who will be able to go to the cinema free with 3 Italia's cards. This is probably the most important operation ever realised in the cinema sector."

Both La3's quiz shows and Grande Cinema 3 are proving popular and Mr Piastrelli puts this down partly to 3 Italia's long association with multimedia. "Since 3 Italia's launch, cinema and TV have always been linked to the company's culture. Our customer base is aged from 25 to 45 on average and highly educated, a profile that matches the demographic of cinema's most frequent users."

He concluded, "If this project is as successful as we hope, we are going to launch new initiatives in other fields of show business." 



**Passa a 3 e vai al cinema. Paga 3.**

I clienti 3 vanno al cinema, anche tutte le settimane. Chiama il 4682 dal tuo telefono 3 o scopri su [www.grandecinema3.it](http://www.grandecinema3.it) l'offerta, la programmazione dei film e i cinema aderenti. Passa a 3 e goditi le migliori prime visioni. Tanto paga 3.

MILANO: Anzolo - The Space Cinema, Orosio - MILANO: Emma Magagnoli - The Space Cinema - MILANO: Cosentino - Bosconeri, Orlandi - MILANO (Rozzano) - The Space Cinema, BERGAMO: Caprioli - Multisala - BERGAMO: Romano di Lombardo, Mottola - Bergamo - BRESCIA: Della Francini - Nuova Multiplex - MANTOVA: Concity - MONZA E BIRANZA: Cinema Madonna, Excelsior - MONZA E BIRANZA: Strada 9, The Space Cinema Le Torri Bianche - PAVIA: Montebello della Battaglia - The Space Cinema - VARESE: Gianrossi, Silvio Pellico

Per gli orari entra il 33992010, con regime di cinema fino al 31/12/2010.



# Going Global

The first A S Watson Global Retail Day reveals to suppliers the A S Watson Group's bigger picture

*By Mark Redvers*



2010  
A.S. Watson  
Global Suppliers  
Conference

2010  
A.S. Watson  
Global Suppliers  
Conference

VIRTUALLY EVERY DAY, an A S Watson-owned store opens somewhere in the world. Emerging markets, in particular fast growing China, have seen spectacular growth in recent years, as newly affluent customers splash out on beauty and healthcare products.

More – much more – growth is anticipated, as the A S Watson Group (ASW) embarks on a major expansion plan, which will see the company reach the milestone of 10,000 stores next year.

Delegates at the first A S Watson Group Global Suppliers Conference and Awards were given this determinedly upbeat assessment, and appraised of ambitious future plans that will reinforce ASW's undisputed position as the world's leading international health and beauty retailer. Annual ASW turnover currently stands at USD15 billion with plans to expand vigorously, notwithstanding the contemporary recessionary climate.

The 110 delegates to the conference, who hold senior positions with the largest health and beauty manufacturers, were told how ASW, through its own name Watsons stores in Asia and its various European wholly owned outlets such as Superdrug, Kruidvat and Trekpleister, has plans to increase trade in mature and established markets and also in the developing nations of Eastern Europe, Mainland China and other parts of Asia.

Delegates used the conference, held under the banner title of Global Retail Day, as an opportunity to pool experiences and ideas, all of which will ultimately benefit the consumer. A S Watson senior executives were also able to give insights into the company's future requirements, and its style of doing business.

"One of the things we are looking for is differentiation," said Dominic Lai, Group Managing Director of ASW. "This may be expressed in innovative merchandising, category management, an offer of exclusives or unique pack sizes.

"We also expect operational excellence when it comes to working with manufacturers. At ASW, we need to provide a quality service level and maintain good systems to ensure loss prevention. The other factor is excitement, through more attractive marketing events, customer relationship management and continuous staff training."

Delegates were particularly fascinated to hear of the changes afoot in the Mainland, in particular the phenomenal increase in disposable income among the middle classes.

Mainland China has a total of 1.3 billion people, most of them neophyte consumers, a scenario that offers tantalising opportunities for anyone in

the retail business.

"The aim is to open 250 to 300 quality stores a year in the Mainland, which is about one third of the total new stores we plan to open annually in our 34 markets," said Malina Ngai, Director Group Operations, Investments and Communications and Head of International Buying.

"We understand the market very well after 20 years of operating experience. Our Watsons health and beauty chain has 680 stores in over 101 cities, and our PARKnSHOP food retail chain has 39 stores, mainly in Southern China. Later this year, we will have a Watson's Wine Cellar retail store opening in Shanghai.

"In the Mainland, with the impact of Internet, the health and beauty market has been made more and more dynamic. The high penetration rate in Internet usage among the younger generation means customers are more trend conscious. For example, they follow what celebrities wear in terms of clothing and make-up, both local and international Hollywood stars. And they are able to educate themselves on cosmetics and skin care needs on the web and will shop at Watsons to discover the products."

In a Watsons outlet, customers benefit from the fact the goods are displayed and promoted properly by zones, rather than in the haphazard manner that is so common in less sophisticated, locally owned stores.

China is already the world's second largest economy behind the United States, and has had an annual growth rate of more than 10 per cent for most of the past 30 years. Watsons opened its first store two decades ago, and now has more than 680 stores in 101 cities; it is even venturing into the so-called fourth-tier cities, as the more remote parts of the vast nation benefit from the sustained economic boom.

China was barely affected by the economic crisis of two years ago. ASW-owned stores in Europe, likewise, weathered the storm well, even managing to increase turnover and boost profits.



*Opposite: Delegates gathered from all around the world; above: the very latest Watsons stores in Asia – known as G5, or fifth generation.*



# At ASW, we expect **operational excellence** when it comes to working with **manufacturers**



The Internet is a key tool for showcasing products and stores.

“That was thanks to a very dynamic management team across our 34 markets,” said Ms Ngai. “We made the choice to focus on cost discipline and process optimisation. We have embarked on an aggressive cost programme since the beginning of 2009 as a major tool to weather the economic tsunami.

“The discipline helps us to keep tight financial control while continuing to work on value offers to keep attracting customers to shop with us. With strong financial backing from Hutchison Whampoa, we were also able to capture opportunities during the crisis situation in identifying good store locations. We therefore maintained investment in new store openings in both Asia and Europe, ending 2009 with over 550 new stores.”

ASW has long had the e-commerce option in place in its key European markets, and in selected businesses in Asia, such as wine and food. The Internet is also a key tool for showcasing products and stores.

“The Internet provides an additional touchpoint to enhance the customer experience,” said Ms Ngai. “With fast

development on the Internet space, we do see the need to continue to upgrade our models according to internet user behaviour. E-commerce also forms part of our strategy in building and retaining customer loyalty.”

Because of the global nature of the Internet, there are certain patterns that are common to all users; its speed and convenience are prized universally. Handy though Internet shopping may be, it cannot begin to replicate the experience of going to a spacious store with a dazzling array of enticing products – not

to mention helpful sales assistants, who can offer expert advice.

Said Ms Ngai, “Retail patterns tend to be different based on the economic status of markets, that is, mature markets, developing markets and emerging markets. In mature markets like the UK or the Netherlands, consumers are generally demanding on both prices and innovation in products.

“In emerging markets like Turkey or the Ukraine, customers aspire to beauty products as a way for them to feel good. Despite their relatively lower income level, consumer spending of disposable income is often higher than those in mature markets.

“In terms of differences in taste, demand is high among Asian consumers for skin care, while the Western consumers in Europe spend relatively far more on fragrances,” said Ms Ngai. “Hair colourants are in higher demand in Europe as well as bronzing products, while whitening products are in higher demand in Asia.

“In the ASW portfolio of 34 markets, we found that ‘value for money’ continues to be a major consideration among all consumers, especially following the global economic crisis at the end of 2008.”

One of the aims of Global Retail Days – which, following the success of the inaugural event, will now be held every two years – is for delegates to share their experiences in these markets, and gain more insights into the way ASW is able to lead the





health  
and beauty  
business in Asia  
and further afield.

It is a success story that every major name wants to be a part of – Procter and Gamble, L'Oréal, Unilever, Johnson & Johnson, Kao and Shiseido – a fact that ensured an impressive turnout of CEOs and other high-powered executives. Senior representatives from ASW stores in Europe and Asia were also in attendance.

There were also invaluable insights into the next big market – China. Tiny though it may be, Hong Kong remains the gateway to the Middle Kingdom, the place where hundreds of multinationals prefer to have their regional headquarters.

Watsons has a track record in the Mainland that is the envy of many other companies. Experts agree that China is not an easy market, with its own idiosyncrasies, bureaucratic rules and regulations. Cracking it takes time, experience and a deep knowledge of the consumer and total confidence in the product. Watsons carefully designed its China stores to appeal to young female shoppers, starting with the instantly recognisable pale turquoise logo. Inside, the style is deliberately feminine, using light colours that appeal to young, beauty conscious women.

No other giants of the health and beauty world can boast anything like the expertise of Watsons. Nor are they as fast at reacting to changes in consumer tastes. The very latest Watsons stores in Asia – known as G5, or fifth generation – cement

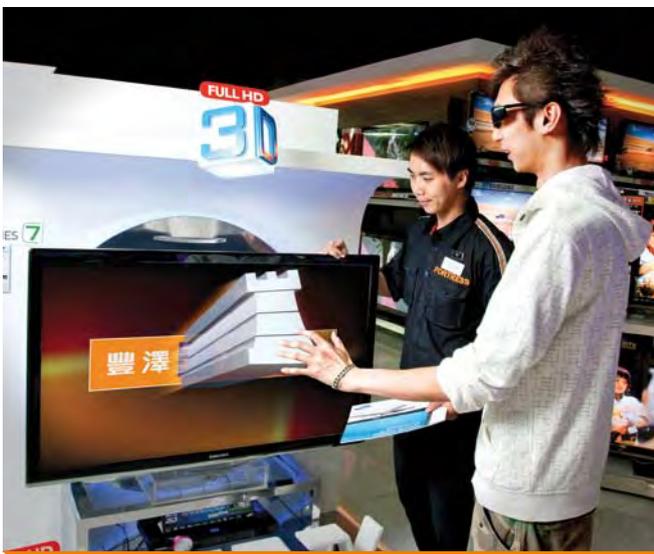
the company's reputation as market leader. The emphasis is on giving customers the best advice to ensure they keep abreast of all of the latest products.

Clear window displays and large signage help shoppers locate the stores and plan their way easily around the interior. Wider aisle space and shorter shelves provide a spacious environment. To date, 1,800 of the G5 stores have made their debut, with 400 more opening every year.

Constant updating of presentation, reinforcement of customer service training and refreshing of product assortments are the reasons ASW is so far ahead of the health and beauty curve. A close working relationship with suppliers ensures that they are fully in tune with the needs and wants of Watsons, now and in the future.

The first A S Watson Group Global Suppliers Conference underlined that commitment and proved to be a big success. By the time of the next conference, in 2012, the number of ASW stores will have passed the 10,000 mark, a major achievement in a retail area where competition is extremely tough. 





# Switched On

WHILE TELEVISION was invented in the 1920s, it wasn't until the 1940s in the US and Europe that television sets started to become affordable in the home. They comprised large cabinets housing tiny screens, the picture was black and white, channels (not that there *were* many) were changed by clunking a dial round, and fathers spent an inordinate amount of time adjusting the aerial a few millimetres this way or that to strive for a decent picture.

**Then...** While the first American TV show was broadcast in 1930, TVs did not really come to Hong Kong until the 1950s, and even then few homes had their own sets. Instead, people would go to their local shop and pay five cents to watch TV for hours. It soon became a focal gathering point in the neighbourhood. Hong Kong's first free-to-air television broadcaster, Rediffusion Television (renamed Asia Television) was launched in 1957 and it was joined in 1967 by Television Broadcast Limited (TVB), which soon made itself popular by airing mass appeal shows such as *Enjoy Yourself Tonight*.

**Now...** After colour in 1953, developments in the wonderful world of TV came thick and fast. Cabinets got smaller and screens larger, channels sprouted and in came remote controls and surround sound. Home entertainment took on a new turn with the advent of the video player, DVDs and Blu-ray. TV sets changed from cumbersome boxes to flat screens – though the size of the screen itself turned monumental – and wall-mounted. The latest must-have is 3D television. Forget about those clunky 3D effects you used to get in 1950s movies such as *It Came from Outer Space*. New technology in 3D has made jaw-dropping wonders like *Avatar* possible, and now that technology is available in the home... reality TV indeed! 



MAIN PHOTO: PUBLIC RECORDS OFFICE, GOVERNMENT RECORDS SERVICE

