Consumer Practice Group Call

February 27, 2018

Purpose of Global Consultant Calls: Winning New Clients for Cornerstone Partners Locally and Globally

TEAM Cornerstone

Agenda:

Simon Introduction
Sonia on Luxury & Sourcing
James on FMCG
All on Q & A / next steps

Simon Wan -*Chief Executive;*
Cornerstone International Group



Simon's first job was product manager of Maxwell House Coffee

Then as business head of fashion department including Maidenform Lingerie and Leggs Pantyhose

First General Manager Role was as Carnation Foods (Dairy / tomato / pet foods products)

Last General Manager Role before joining Cornerstone was with Philips Lighting

Sonia Vaswani -*Managing Director, Consumer Practice Group, Hong Kong based*



Sonia has more than 15 years in human resource management and is particularly adept at Executive Search & Selection in Hong Kong, China and Asia Pacific.

She is a seasoned business executive and a professional in recruiting for the Consumer, Retail & Sourcing, Technology and Digital sectors.

In the consumer, Sonia's clients include McDonald's, Yum Restaurants, Jebsen Group, Levi's, Gildan, Bergner, Li and Fung, Gap Sourcing.

James Ng – *General Secretary of French Danone Group in China*



Past President of CCC, Cornerstone International Group
President, Consumer Division - HONG LEONG ASIA
Asia Pacific Sales VP and MD China - BEIERSDORF(Nivea)
MD China- CARLSBERG
GM Amoy China – DANONE
Marketing & Sales Head – UNILEVER
Board Member ASPPL (HKSE), XINJIANG HOPS (SSE)

Sourcing and Luxury

STEPPING UP AND SEIZING NEW OPPORTUNITIES

Together Each Achieve More: TEAM Cornerstone

By Sonia Vaswani, Hong Kong

SOURCING & MERCHANDISING

- Sourcing has become exceedingly complex in an ever changing global economy.
- Organizations can no longer afford to be China centric. Maintaining: strict cost controls, manufacturing quality and speed to markets.
- *That competitiveness in providing a global supply chain is quickly being replaced by supplying the Asian market.*
- Many organizations have made the logical transition to Vietnam, Indonesia, Thailand, but one needs to look farther and deeper.
- Achieve core competencies of your matrix and develop an A, B, C process to designate production, respective to the suppliers agility, ability and competitiveness PLUS NEW USE of Technology.
- Fashion organizations can now DIRECT LINK to the supply chain creates an almost seamless communication thread. They have also incorporated social media, as a tool to refine product, in turn defining the supply chain



RETAIL CHANGES: SHOPPING ONLINE

- By 2018, China will be the world's biggest retail market in the world.

- The low cost of shipping in China gives e-commerce an ongoing boost. It costs $1 on average to ship a 1-kilogram parcel, versus $6 in the U.S.

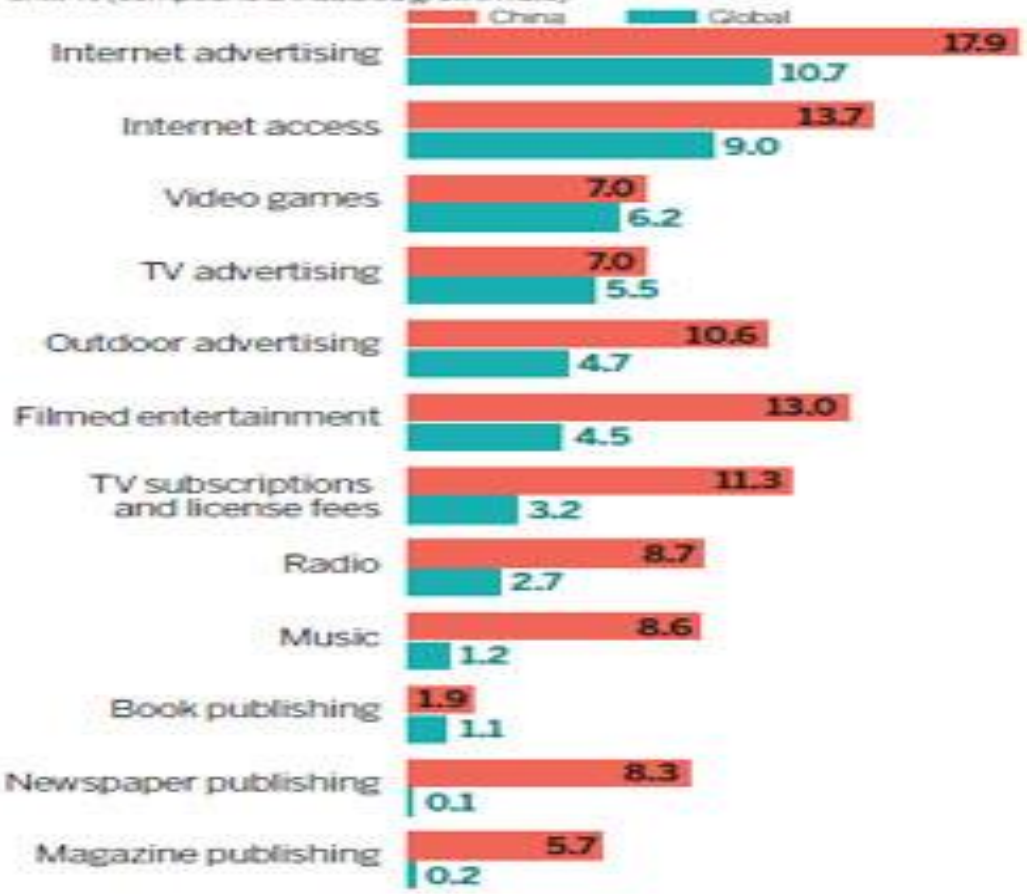
THE ECOMMERCE BOOM

CHINA'S ENTERTAINMENT AND MEDIA MARKET



FORECAST GROWTH BY SEGMENTS (2013-18)

Unit: % (compound annualized growth rate)



e = estimate

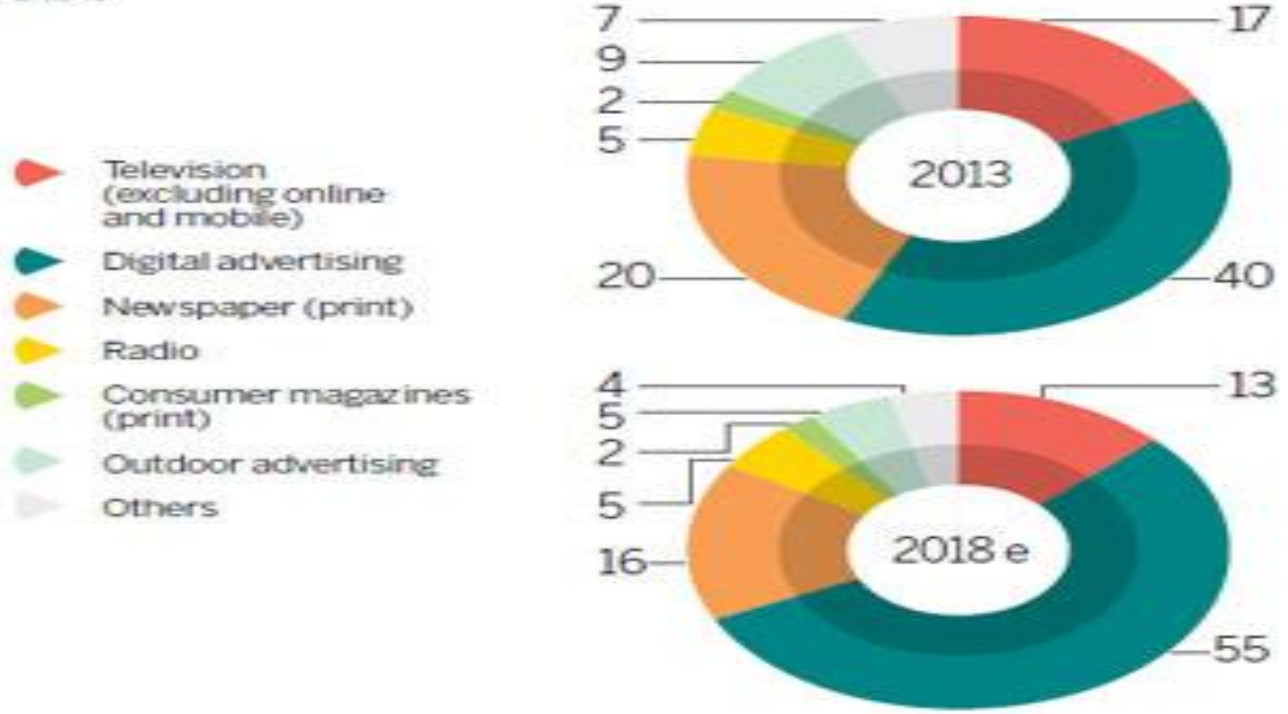
CHINA'S INTERNET SPENDING

Unit: $ billion



CHINA'S ADVERTISING SPENDING BY PLATFORM

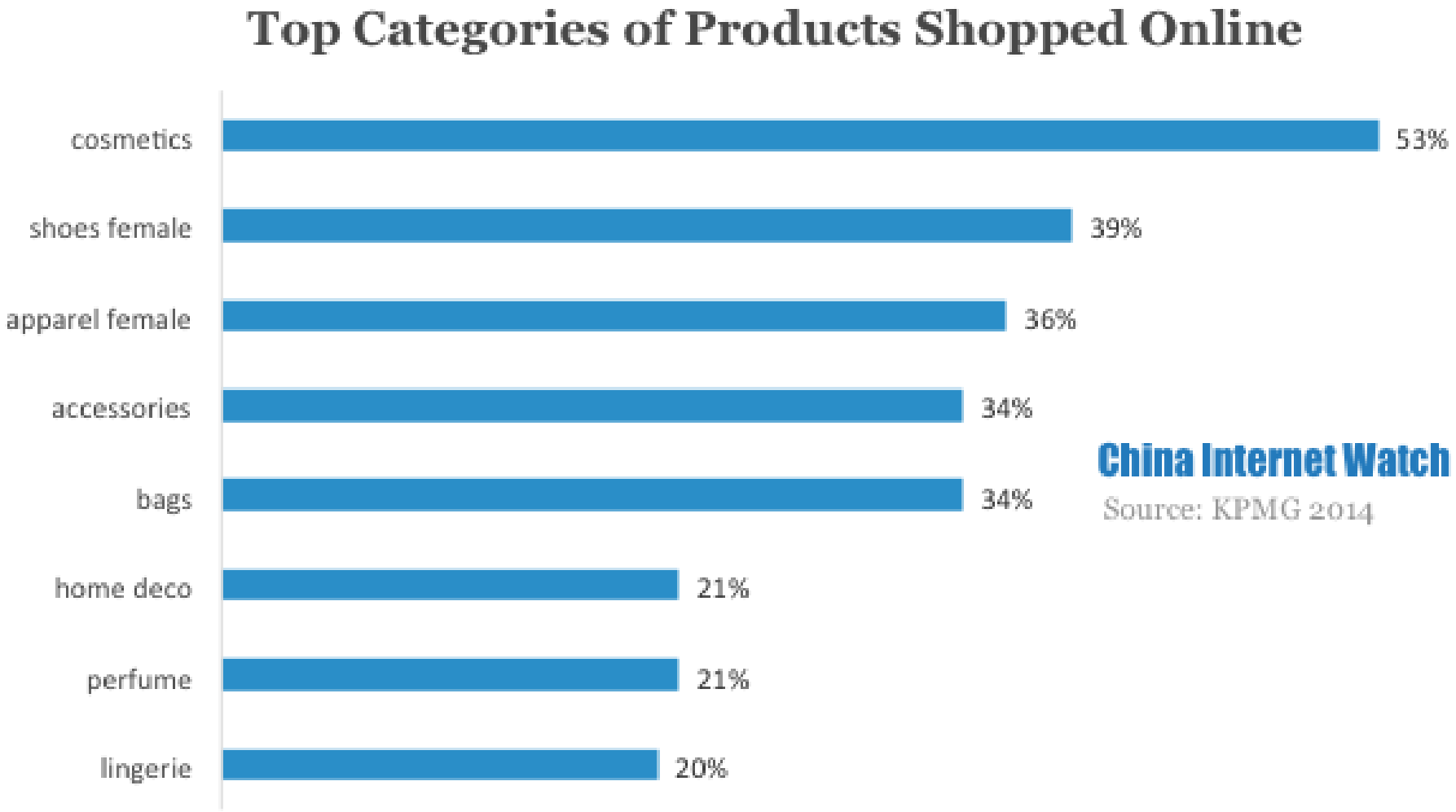
Unit: %



THE ECOMMERCE BOOM- THE WHY?



THE ECOMMERCE BOOM- THE WHY?



THE ECOMMERCE BOOM-The luxury brand plan

What is the luxury brands willing to do??

Innovative Retail Luxury Strategy

- BUILDING UP AN ONLINE PRESENCE – OWN TRANSACTIONAL WEBSITE CASE: ARMANI
- **Armani has opened own online transactional store in China.** Selected products from Emporio Armani, Armani Collezioni, EA7, Prive, Armani Junior and Armani Jeans are available online
- **Armani China own online transactional store Payment**
- Major credit and debit cards, Alipay, Pay Easy and Cash on Delivery (for purchases less than 10,000 yuan)
- Delivery 1-2 days (delivery fee: 75 yuan)
- 3-5 days (delivery fee: 50 yuan) Returns policy Returns can be made within seven days of the purchase date; need to ship the products to designated address

The rise of Alibaba & WeChat



- Western luxury brands embarked on a migration in an eastern direction. As Asia and China showed consistent sales growth, while the rest of the world's luxury purchases have slowed.
- Gucci and Louis Vuitton opened e-commerce stores to sell directly to customers in China.
- Calvin Klein and Ralph Lauren shared plans with investors to increase their presences through e-commerce and physical stores, and work with influencers in China.
- The region's biggest e-commerce marketplaces, Alibaba and JD.com, continued an arms race to win over luxury brands.
- During a Singles' Day event for Alibaba's consumer site, Tmall, luxury brands like Burberry, Tag Heuer and Rimowa promoted special offers for Chinese customers on the shopping holiday.
- The digitally shy Céline even set up a WeChat account to appeal to Chinese customers on the social app.
- Farfetch, which sells inventory from 800 brands and boutiques, took an investment of $300 million from JD.com and formed a partnership to operate directly in China.

RETAIL, SOURCING & LUXURY OUTLOOK

- Store based retailers are facing increasing competitive pressures from the shift towards online retail
- **The store of the future will look very different from today –as retailers shift towards smaller, proximate formats and work to integrate digital capabilities throughout**
- Middle-class will explode and the cities in emerging markets will account for 60% of new high-income household for the future – so this leads to a lot of pressure now.
- **As JD.com and Alibaba compete, WeChat is on the rise**
- MNCs brands have to re-create and innovate

TALENT NEEDS

- **Demand for regulatory and government relations experts will continue to increase as companies embrace new technologies.**
- **Technology or Digital -** As businesses jump on the digital transformation bandwagon, more staff will be required to fill roles in the information technology department. Candidates who have the ability to manage large-scale projects, as well as those with analytical & logical skills with knowledge of business functions will be in great demand.
- **Financial Risk or Fraud Aversion**
- **With the recent cyber-attacks and rise in fraudulent activities**, fraud/risk aversion has become a priority for many organisations. Thus, there will be an increased need for professionals with better analytical skills, fraud prevention, audit, etc.

CORNERSTONE

INTERNATIONAL GROUP



Consultants to Board & Senior Management