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Transforming Luxury Distribution in Asia:

Bluebell's Makeover in the Face of Digital Disruption

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Introduction

As Ashley Micklewright, CEO of Asian luxury distributor Bluebell, walked by the atrium of The Landmark – Hong Kong’s swankiest shopping mall – he spotted an animated group of young women tapping their smartphones outside a high-end fashion store operated by Bluebell. One flashed her phone at another, pointing excitedly at the screen and then at the merchandise in the storefront. Curious, he stopped and casually asked her if there was a sales going on. She shook her head and explained that they were on WeChat debating whether to buy the item on display, which had recently been bought by a popular blogger. Aware of the growing power of influencers over purchasing decisions, Ashley wondered who the blogger was and whether Bluebell was already in contact with her.

With over 20 years’ experience in the CEO job, his current objective was to embed digital disruptors like online influencers into the fabric of Bluebell as a way to reinforce its leadership of luxury distribution in Asia. For over 60 years, Bluebell had been helping western brands like Louis Vuitton, Davidoff, Moschino, Manolo Blahnik and Jimmy Choo to enter key Asian markets. However, in a context of digital disruption, e-commerce rivals, global travel and hyper-connected consumers, he was convinced its business model had to change.

Indeed, Bluebell’s ability to shape its business model in response to the changing environment had been key to its success for over 40 years. When distribution margins thinned, Bluebell moved from its buy-and-sell model to a joint-venture model as a way to share the value created with its luxury brand partners. While Bluebell had traditionally served as a link between the brands and Asian consumers, going forward its added value would have to evolve from a predominantly transactional, physical distribution-centred business model to integrate new channels such as s-commerce in step with changing customer needs. From curating the customer’s experience of the brand and supporting brand communication with local consumers, to capturing trends based on data and developing new sales channels, Bluebell had to cut a new path through the digital landscape.

Asia as a Destination for Luxury Goods¹

In 2017, Asia accounted for over half of the global population but less than a third of global consumer spending, although by 2050, the latter is expected to increase to 50% as per capita income rises along with Asia’s burgeoning middle class and urban population (Exhibit 1). Asian consumers represented 31% of global disposable income in 2017, and is expected to grow by another US\$12 trillion by 2030, a cumulative annual growth rate (CAGR) of 4.5% (cf. 2.9% globally), taking their share to 55%. For groups at the top of income distribution (Exhibit 2) not only in China and India (Exhibit 3) but the Philippines and Vietnam, disposable income is predicted to rise 6% between 2017 and 2030.

This leap in disposable income had made Asia the largest market for luxury goods, accounting for 39% of global luxury sales in 2017. Whereas individual differentiation tends to drive luxury consumption in the West, in Asia it was group orientation and reputation that mattered.² Asia’s

1 Sourced from Euromonitor’s Shifting Market Frontiers: Asian Century, December 2017

2 Source: “The Concept of Luxury: A Global Phenomenon with Local Implications”, The European Financial Review, 30 August 2013

luxury spending was anticipated to grow by 8% over the next five years, well ahead of the 5.2% global rate (Exhibit 4).

Gateway to Asia's Luxury Markets

After opening a first *parfumerie* in Cannes in the late 1940s, Peter Goemans founded Bluebell in 1954 to sell perfume and other luxury goods from Europe in duty-free markets in the Far East. Beginning by selling French perfume to the American military in Japan, his initiative unleashed a phenomenal demand in Asia for branded luxury goods as of the 1960s (Exhibit 5). Over time, Bluebell's portfolio expanded to fragrance & beauty, fashion & accessories, jewellery & watches, to homeware, tobacco, and gourmet food. By 2017 it was selling over 150 brands³ via 600 points of sale in 10 Asian countries (Exhibit 6).

Traditionally, Bluebell was “the middleman” – the distributor – between Western brands and Asian consumers, a role that involved curating brands and products for the Asian market. Bluebell set the tone for the luxury sector in Asia, bringing in European brands before anyone else. Enjoying first-mover advantage, it stamped its authority on the luxury space. If Bluebell embraced a brand, it was a recognized seal of approval. Said Sylvian Orebi, CEO of Kusmi Tea (Orientis Group)⁴ -

We trust Bluebell's expertise and are convinced that they will keep developing our brand efficiently according to the high standards they have built in the rest of the world.

Creating Value through Growth Acceleration

Over 60 years, Bluebell developed its expertise in luxury segments, becoming a one-stop-shop for its brand partners thanks to a broad base of support services across the region, easing the way for new brands lacking regional expertise as well as established brands lacking knowledge of a particular market. Laurent de Rougemont, Managing Director of Davidoff, testified to its efficiency:

What could take two years to achieve, we probably could deliver it within six months by leveraging our expertise in marketing, our connections with retailers, department stores and landlords.

This “growth accelerator proposition” encompassed operational and distribution know-how, allowing the brands to focus on design and manufacturing. When introducing a brand into Asia, Bluebell served as curator (Exhibit 7 and 8) of a five-stage process:

- **Stage 1: Select** – seek out the right brands and business partners
- **Stage 2: Adapt** – design an optimal strategy for each brand and market
- **Stage 3: Connect** – leverage industry networks and assemble relevant resources

3 Including fragrances

4 Kusmi Tea is a 150-year old French tea house that cultivates both modernism and tradition, with about 80 boutiques worldwide and is distributed in more than 35 countries.

- **Stage 4: Accelerate** – implement the optimal strategy and engage the Asian consumer
- **Stage 5: Thrive** – ensure brand success with new growth prospects in Asia

Bluebell's expertise draws on the resources needed to implement each brand's bespoke strategy, allowing for the agility/flexibility and economies of scale that underpins Bluebell's competitive advantage.

To illustrate - In 2012, Boston skincare brand Fresh asked Bluebell to take over its travel retail operations in South Korea and drive brand momentum as the duty-free market was refocusing on Chinese consumers. Combining its expertise, close relationships with duty-free operators and negotiation skills, Bluebell secured more visible and larger locations for Fresh, increasing from 8 points of sale (at the date of the takeover) to 14 as of 2017, including prime locations such as Lotte C2 (World Tower), Shinsegae Downtown and HDC Shilla I'Park. Through intense recruiting and training, the number of sales staff grew from 31 in 2012 to more than 70 in 2017 – 94% of them speaking Chinese (even higher in key locations such as Shilla Seoul or Lotte Downtown). Average store size grew from 12m² to 18m² (the largest was 34²m). Productivity per m² increased by 30% from 2013 to 2017, while Chinese customers grew from 39% of the clientele to 75% over the same period. Having successfully grown the brand in bricks-and-mortar installations, Bluebell co-built the brand's online presence by integrating a Fresh micro-site on major duty-free websites in 2017, and via PR initiatives like a beauty master-class with Shilla, featuring Chinese beauty influencers and key opinion leaders.

While established brands tended to rely on traditional approaches that had worked in their usual markets, in Japan and China a knowledge of local culture was vital to succeed. Pandora, for example, initially planned to enter Japan with a local distributor, but after two years realised, that while the local distributor had all the necessary resources, they did not understand the brand DNA. Pandora came to Bluebell in 2013 to start over, because the roll-out was “not done right in the first place”.⁵ With an improved and expanded store network, the brand was successfully repositioned and sales growth turned positive.

For brands with recent success in their home market looking to launch in Asia, Bluebell accelerated the set-up of distribution channels and brand promotion, even financing the brands if needed. For instance, Swedish watch brand Daniel Wellington (global turnover of US\$150 million) started out with no physical stores in Asia. In partnership with Bluebell in 2017, it opened 80 wholesale accounts and four mono-brand retail stores (including the first Daniel Wellington mono-brand retail shop in the world), resulting in US\$3.5 million turnover under Bluebell in Malaysia. Similarly, Manolo Blahnik (global turnover US\$150 million) teamed up with Bluebell in 2016. Under their distribution agreement, six stores opened in Japan, another in Malaysia, and two in Singapore to sell its fashion and leather items.

Multilateral network of expertise

Bluebell built its business on two pillars: capacity and plurality.

Its distribution capacity extended across a significant geographical area, with access to local online and offline distribution, including a wide network of landlords, marketing experts and media agencies, reducing costs by 30% to 80% depending on the partnership model. For

5 Source: Ashley Micklewright (CEO Bluebell Group) and Serge Grebert (CEO Bluebell Japan)

example, brand partner Brunello Cucinelli had a store in Singapore, where operating costs included hiring a store manager, a buyer (good ones were expensive, as were travel costs to Milan), a brand manager, and a country manager. With Bluebell as a partner and costs split amongst several brands, Brunello Cucinelli was able to open a second store in Singapore. In contrast, Pucci in Singapore had a profitable partnership with Bluebell but, two years after taking back the business, was forced to close. Bluebell's family-owned structure is also a key factor for the brand's capacity to adapt quickly without having to spend time persuading multiple shareholders.

Plurality emerged out of the wide range of product categories, business partnership models, and distribution channels available (Exhibit 9), as well as the "double culture" of Bluebell – a mix of Western/Asian top management, and local staff on the ground, enabling better connection and communication between the brands and the consumers. As Ashley put it:

We are the only company in the luxury space that has a European DNA but is very much operating in an Asian environment, so it allows us to communicate better between the two regions.

Game-Changers

Digital Disruption

Digital disruption from connectivity and transparency gains increasingly "squeezed" middlemen such as Bluebell (Exhibit 10). Faster communication and transportation, and lower costs, gave brands an opportunity to manage business in Asia directly. Using online channels, brands whose core business was outside Asia could now reach out to Asian consumers and develop brand awareness before entering Asian markets. Luxury brands could access critical information through digital analytics (where previously intermediaries like Bluebell had built a confidential client database). They could more easily connect with consumers, talent (HR, media, real estate) and market analysis, and thus forge one-on-one relationships with end-consumers through customized offerings and personalized recommendations. Online information-sharing and price-comparisons not only reduced the asymmetry in information between buyers, but also reduced price points – luxury goods were 60% more expensive in the pre-digital era.

Consequently, the traditional distributor business model suffered, with significantly lower margins than before. For instance, Pandora's initial partnership with Bluebell in Japan entailed a traditional distribution agreement to open up to 100 stores in Japan, but Bluebell had to lower the number to 70, even assuming a full margin (i.e. no profits to Pandora on the sale of goods to Bluebell Japan). Since Pandora wanted to make a profit on the transfer price, Bluebell was obliged to cut the number of stores to stay profitable. To satisfy both parties in terms of number of stores and profitability, a new partnership agreement was forged in 2015 entailing a joint venture without P&L Control (see Evolving Client Relationships, below).

For consumers, digital platforms enabled a free flow of information on product content, usage and efficacy, as well as price comparisons. Communication about the brand was effectively "hijacked" by consumer: e.g., 95% of videos for Make Up Forever, a French LVMH-owned cosmetic brand, were made by consumers. Mobile and other digital channels revolutionized the

way consumers learned about products, recommended them to friends and purchased them online (without going into a shop). A 2016 Google study across four countries⁶ found that 76% of luxury shoppers researched online before buying luxury items, and 33% used their smartphone in-store to compare price, look at online images, read reviews or features, and check product availability (Exhibit 11).

Since brands and their intermediaries no longer dominated the conversation nor dictated future trends, from the early 2000s businesses engaged in social media listening (SML) in order to “pull” quantitative and qualitative data about what was being said about their products on digital channels. The “digital footprint” – be it social media trends on Twitter/Instagram, queries on search engines about brands/categories, visitor pathways on brand websites, or shopping patterns on e-commerce platforms or brand websites – yielded valuable information about the customer journey that could mean the difference between success and failure for the brand.⁷ L’Oréal Paris, for example, systematically incorporated search data related to hair in its brand strategies.⁸ Newcomers like Stitch Fix, an online subscription and personal shopping service, leveraged artificial intelligence to build a smart recommendation system, redefining ‘customer care’ in luxury. Chatbots gained popularity amongst luxury watchmakers such as Jaeger-LeCoultre to engage in conversation with clients, ask questions about their tastes, and make suggestions on suitable buys.⁹

Another trend was the massive contribution of digital technology and digital media to the rise of experiential luxury. A 2015 report by the Boston Consulting Group¹⁰ reported experiential luxury consumption (furniture, food & wine, hotels, exclusive experiences) was worth €522 billion (US\$585 billion) and rising, compared to €323 billion (US\$362 billion) on material luxury (accessories, apparel, watches, jewellery, perfume and cosmetics). On digital platforms and social media, sharing material objects (like a luxury watch) made them look common, defeating the desired uniqueness and exclusivity. In contrast, experiential luxury left a less-replicable digital footprint (e.g., photographing food at a high-end restaurant). In the future, consumers looked likely to turn away from “having luxury” – Bluebell’s core market – to luxurious experiences.

Finally, digital disruption also accelerated the integration of distribution channels. In-store and online channels were increasingly entwined. For example, a traditional distribution partner looking after sales in Hong Kong might generate more business outside Hong Kong through online sales. Retail was becoming less transactional, less about P&L, and increasingly about communication and PR as a means of passing on the brand’s DNA to a global audience. Digital brought the “omni-channel” concept to the frontline – driving business from a multifaceted interface where retail and e-commerce were no longer separate (e.g. Alibaba’s New Retail concept to blend brick-and-mortar with e-commerce).

6 France, Italy, UK and Japan

7 Source: <http://www.europeanbusinessreview.com/leading-effective-insights-brand-strategy-in-a-digital-world-the-4s-data-framework/>

8 Source: <https://cases.insead.edu/publishing/case?code=32843>

9 Source: “Artificial intelligence starts to revolutionise luxury industries”, Financial Times, 11 November 2017

10 Metroluxe: Countering Complexity in the Business of Luxury”, 24 Jan 2017

New Competition

Easier access to capital helped new actors to emerge, adding to the competitive pressure on Bluebell. Private equity made it easier for brands to secure investment capital, building up their resources for retail and business development. Previously, brands had relied on external partners (like Bluebell) for funding and development. Many private equity groups, especially local ones, increasingly offered deep local knowledge and connections to the community (e.g. banks, government regulators, media). For example, Fung Capital Asia Investments, the private equity arm of Li and Fung Group, provided equity capital to companies that had valuable and sustainable franchises on a regional or global basis, leveraged the international business network of the Li and Fung Group, and offered strategic guidance on global marketing, distribution, retailing, outsourcing, supply-chain management, information technology and capital markets.

On the brand side, large luxury groups such as LVMH, Kering Group and Richemont increasingly managed their own distribution, cutting out the middleman (like Bluebell). They also started acquiring small brands that would then be less in need of Bluebell's expertise in the near future. In 2016 alone, there were 211 mergers and acquisitions in the luxury industry. Such consolidation possibly reduces Bluebell's bargaining power as negotiations about distribution involve much bigger brand partners.

Business partners including property owners and landlords¹¹ also turned into new competitors – especially those with visible retail space – like The Como Group with Club 21, Wharf Group with Walton Brown, and Shinsegae. Platforms such as Alibaba, Lazada, Rakuten and Amazon were now seeking to work with brands. Online service suppliers like Tmall Partners and other agents/online distributors etc., looked to collaborate with brands to open and operate¹² their official online stores via major Chinese marketplaces.

Changing Consumers

Bluebell's success relied on its ability to operate in complex Asian markets thanks to its understanding of Asian consumers. In Japan, where consumer sophistication and expectations were high and required exceptional service quality, Bluebell learned to attend to and integrate consensus-seeking and risk-aversiveness, two key cultural pillars of Japan. This experience helped it improve service levels in other markets. In contrast, Korea, its second market entry, had an ultra-fast fashion cycle, requiring outstanding operational agility, whereas the market in China, Asia's biggest, was more heterogeneous – with multiple languages, behaviours and preferences – and undergoing rapid change. Understanding their respective differences and operating accordingly was the mainstay of Bluebell's value proposition. However, Ashley noted a general evolution among Asian consumers: they were more sophisticated, more digitally connected, and more drawn towards experiences.

11 However, landlords would only put brands in locations that they own, which might not necessarily be in the right locations for the brands. When a brand become successful, it is usually not in the interest of the landlord to help the brands move into a non-owned retail space.

12 They cover IT solutions, operations, digital marketing, customer service, warehousing, and inventory for brands. The price setting and all the content, from web design, image, and video, are provided for roughly 10% to 15% of the transaction as commission, apart from the regular service fee.

Asian consumers have become far more confident. They have become far more aware of themselves and are less prone to buying a brand because they have been told to buy a brand. They are now comfortable buying and mixing things, rather than blindly following a marketing push.

With an average 2 hours 10 minutes spent on social media daily, it was predicted that 30% of Asia's retail (offline) sales would be inspired by online activity by 2020 (Exhibit 12).¹³ More empowered and well-armed with knowledge prior to making a transaction, Asia's new luxury consumers were impatient, demanding, and expect experiences tailored to their individual preferences. Chinese customers were turning away from conspicuous luxury items, at least in regions that had experienced sustained growth and social stability over the last 10 years. They started approaching luxury for its aesthetic rather than status appeal, as well as paying more attention to experiential than material luxury.¹⁴

Within the next 10 years, the millennial generation and Gen Z¹⁵ were expected to account for 45% of the global market, half of it fuelled by Asian consumers. These younger consumers would be less brand-loyal, prefer access over ownership (the sharing economy) and experiences over products, making shopping (Exhibit 13) a complex multi-step process spanning various channels and borders (shopping overseas through online channels).

Digital Transformation and Evolving Client Relationships

In this changing ecosystem, Bluebell had to find new brands to work with. Using its network of experts in Europe and the US, it stayed in touch with trends and identified distinctive products and lifestyles. Having started out in Asia as a pure distributor (traditional buying and selling), its relationship with brand partners had adapted over time. The traditional offering of management services, distribution agreements and joint ventures was enhanced with new business models: (i) shared 3R, (ii) shareholding with distribution, (iii) joint ventures without P&L control (a key innovation) (see Exhibits 14 and 15). As a result, profits increasingly came from a brand partner who bought back the business operation from Bluebell at a multiple of turnover once the business was successful, rather than from margins or operation management fees.

Given the ubiquitous role of digital technologies in consumers' decision-making, Bluebell's own digital transformation was the priority, articulated around three broad areas: people and culture, technology and data, organization and processes (Exhibit 16). This underpinned its strategy to accelerate the growth of digital-friendly brands – brands with a minimum of 20% of their sales online and/or whose marketing is mostly digital – with a “digital-first approach”, aimed at an omni-channel roll-out.

13 For example, a consumer discovering a product on his WeChat feed goes to a brick-and-mortar store to purchase it. Source: Bluebell

14 Source: <http://www.scmp.com/business/china-business/article/1502348/brands-need-keep-changes-chinas-luxury-consumption-patterns>

15 Gen Z is also known as the “digital natives” as they have never lived in a world without the internet

Challenges for Bluebell

Complex customer journey and channel conflicts. With more touchpoints, it is increasingly difficult to attribute the value of a purchase to the respective channels the consumer has interacted with. For intermediaries (like Bluebell) that only control specific channels or touchpoints, it is increasingly difficult to capture value. In Taiwan, for instance, Bluebell controls the brick-and-mortar retail but not e-commerce in one of its partnerships. Despite supporting the brand's operational retail costs, which facilitates customers coming to the shop, learning and interacting with the brand, Bluebell does not capture any value from potential post-visit online purchases that it may have contributed to.

Increasing competition. The digital landscape has given birth to new competitors, including online platforms that focus on selling rather than brand-building (i.e. no marketing) such as e-commerce websites, and marketing agencies that traditionally focused on brand-building with little experience of retail, e-commerce and the selling function. Other competitors include traditional distributors in Asia Pacific with digital capabilities such as Valiram Group (Asia ex-Japan/Korea + Australia, Russia), FJ Benjamin (SE Asia, Australia), Luxasia (Asia ex-Japan), Swiss Prestige (Asia ex-Japan, Australia) and Sparkle Roll Group (China),¹⁶ as well as pure digital players like Amazon, Lazada and Rakuten, some of whom are venturing into bricks-and-mortar (e.g., Alibaba's New Retail stores).

Shorter brand life-cycles implying shorter partnerships. In the digital environment, brands increasingly favour short-term partnerships, whereas Bluebell historically developed long-term relationships with its partners.

Brand activation in social media. Changes in the retail landscape transform brand-building and turn marketing into "social commerce", blending e-commerce with social media.¹⁷ S-commerce leverages social networks as well as online influencers and key opinion leaders to drive sales.

The growing power of data means that brands turn to new players to collect data and generate insights about consumers (e.g., social media analytics such as Digimind, TSquared Insights, Brandwatch, and specialized consultancies such as Luxurysight or L2). Although Bluebell has access to a variety of online and offline data, this is not leveraged within or outside the organisation. Indeed, given the complexity of local markets, Bluebell country managers tend to work in silos. While their specificity is a strength, it is also a weakness when Bluebell's strongest asset – the only distribution company to cover the whole of Asia – is not leveraged via data consolidation and usage across the whole group – for media buying, HR, design, and even technology.

Options for the Future

At Bluebell, what is outstanding and that is really part of our DNA, is the entrepreneurial approach. Since we are a distributor, we have to re-invent

16 Source: <https://www.luxurysociety.com/en/articles/2010/12/16-key-luxury-brand-distributors/>

17 For example, consumers can browse and compare products on Facebook and then make the purchase on Facebook itself instead of going to a brand site to make the purchase. Or they can learn about a product in a tweet and make the purchase on Twitter itself.

ourselves every 5-10 years. At Bluebell we constantly try to innovate - by bringing new product categories, but also by developing new activities.

Laurent de Rougemont, Managing Director, Davidoff

For over 60 years, Bluebell's core strength has been its external industry network in Asia, in-house resources, retail expertise, strong ecosystem and reputation for independence, integrity and entrepreneurship. These have placed the company at the apex of the luxury distribution business and made it the go-to name for brands poised to launch in Asia.

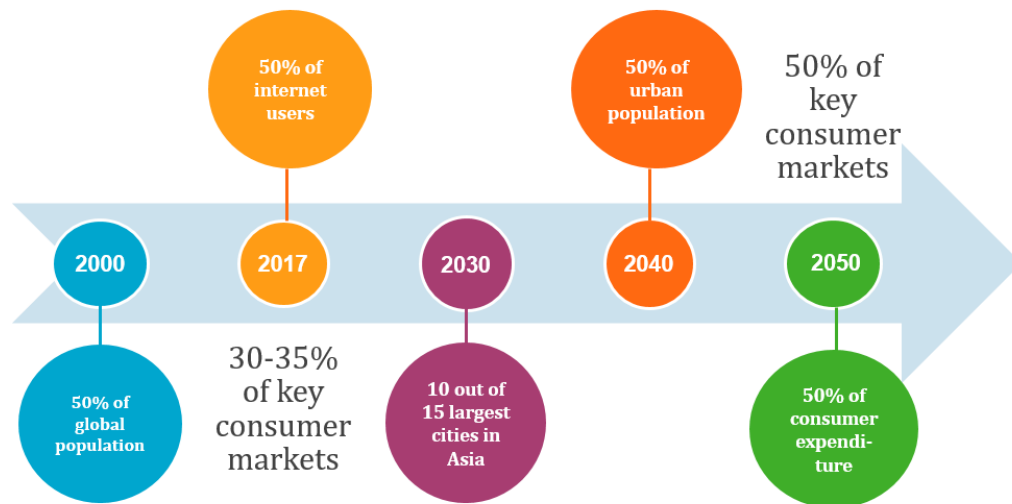
Nonetheless, Ashley feels it must evolve to keep its leadership position, as its traditional strengths are increasingly eroded by the game-changers. In terms of options for the future, Ashley has three alternatives:

- Stick to its core expertise as a middleman to Asian markets and focus on strengthening its offering both online and offline, or expanding to new markets. For instance, Bluebell could strengthen its development of new flexible partnerships and business models adapted to the new competitive landscape. It could also expand to product categories where Bluebell is a model player and balance the overall portfolio, become more focused, or target other brands in new categories (such as tech, or luxury cars). This may require focusing on specific areas such as fragrance or European brands. (Exhibit 17 shows Bluebell's current sales profile.)
- Alter its business model to leverage digital disruptors including web-commerce, marketplaces and online influencers around a novel digital offer. Bluebell could take advantage of its unique position in luxury retail to provide digital and non-digital analytics and real-time management tools to its brand partners.
- Capitalise on its experience as a brand incubator and the competencies it has acquired over 60 years and move into venture capital/private equity.

Could he in fact combine parts of these three alternative roadmaps? Having seen first-hand how young consumers were influenced by social media when buying personal luxury items, he felt Bluebell's future lay in forging a new path in digital. As Ashley walked into the building where he would share these three alternative futures to the executive committee, he wondered, what would they see as the best way forward?

Exhibit 1
The Asian Century

Asian century: key milestones



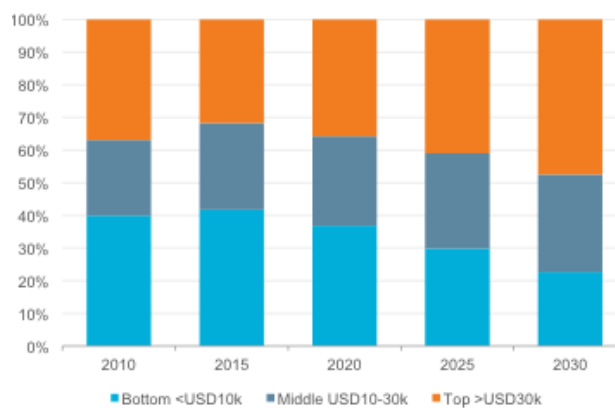
Source: Euromonitor Passport

Exhibit 2
Growth of Disposable Income in Asia

Asia Outperforms World in Disposable Income
Forecast Growth 2017-2030 CAGR

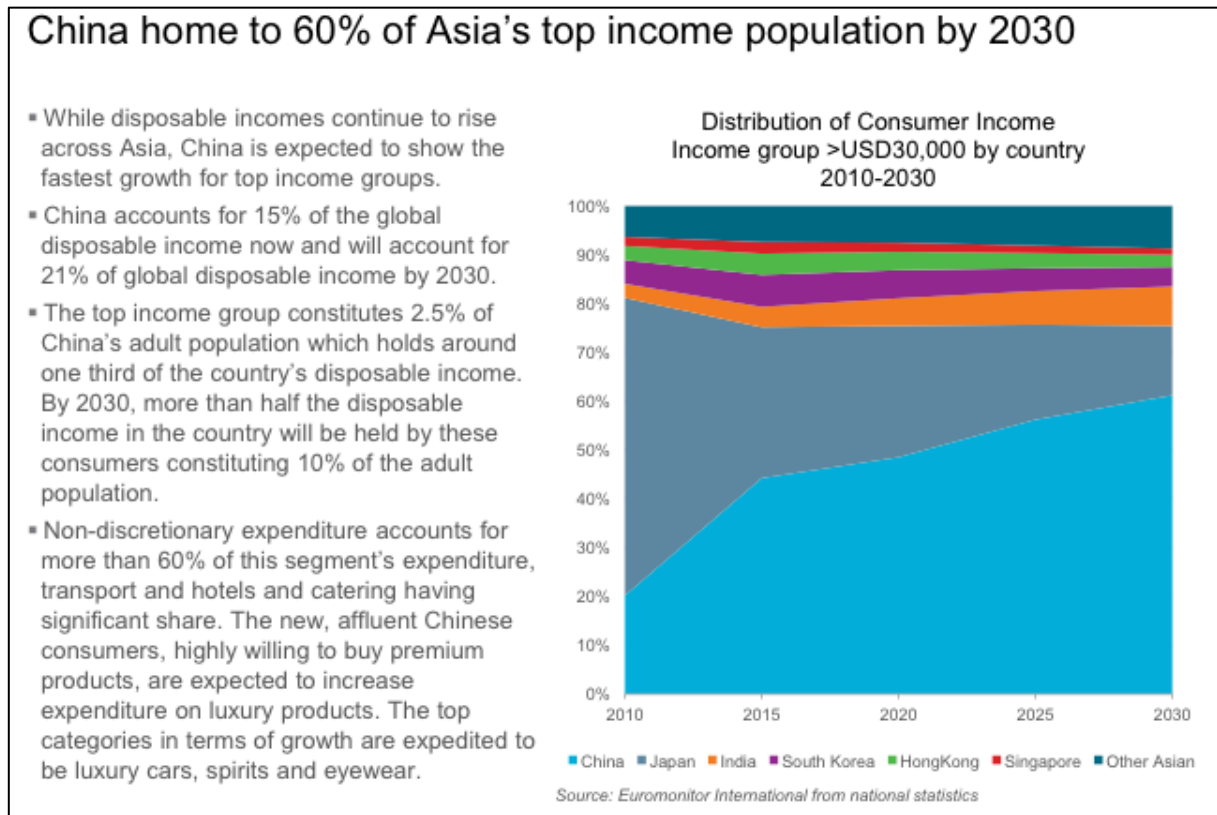
Global **2.9%** Asia **4.5%**

Asia: Income Distribution 2010-2030



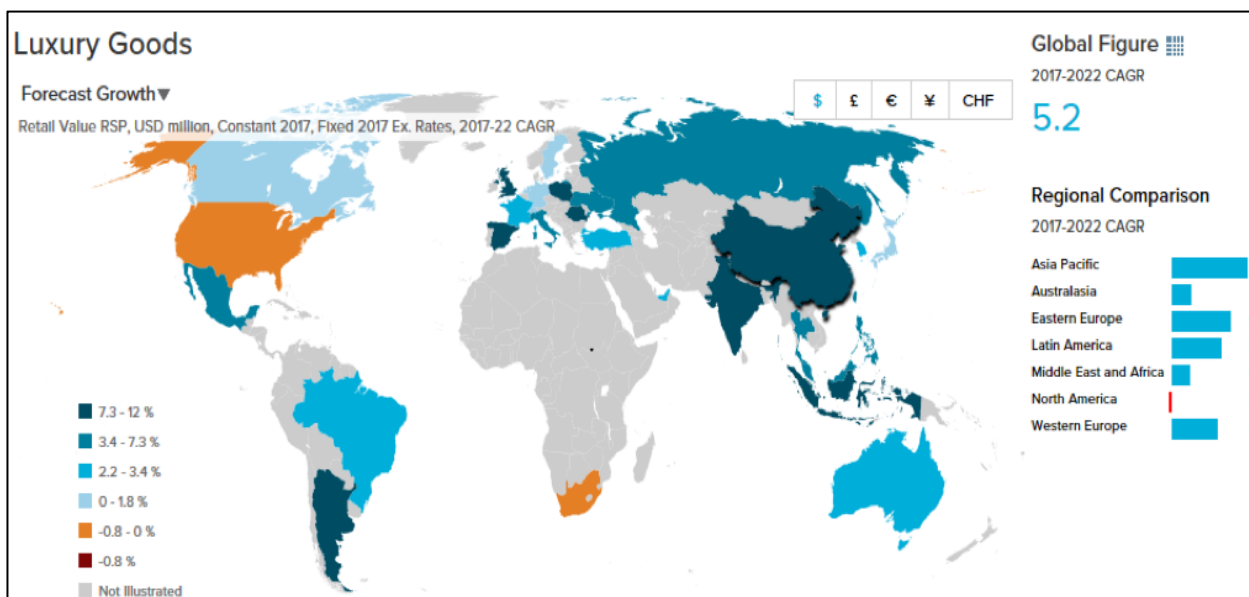
Source: Euromonitor

Exhibit 3 Growth of Disposable Income in China



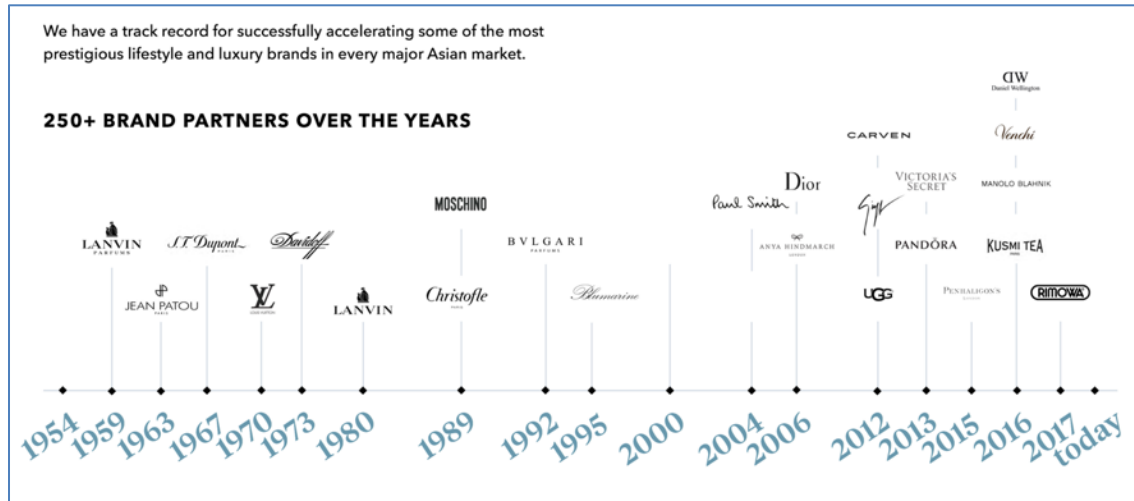
Source: Euromonitor

Exhibit 4 Luxury Goods Sales



Source: Euromonitor

Exhibit 5 *Bluebell's Development Path*



1. Peter Goemans - 1940s to 1967

- 1948: First Bluebell perfume shop opens in Cannes, on the French Riviera.
- 1954: Bluebell enters Japan. Its marketing of French perfume jumpstarts phenomenal demand for branded luxuries in Asia in the latter half of the twentieth century.
- 1960: Expansion into South Korea for duty-free activities

2. Michel & Catherine Goemans - 1967 to 1990

- 1967: Founder's son Michel takes the helm. With his wife Catherine, they pioneer the concept of premium fashion boutiques in Asia, building networks in Hong Kong, Singapore and Guam. In the decades to follow, these stores become the launch platforms for many now-legendary fashion labels.
- 1970: Louis Vuitton seals a partnership with Bluebell to introduce the brand across Asia, a pioneering move to be one of the first luxury brands directly present in the region.
- 1973: Bluebell opens the first Davidoff store in Asia at The Peninsula Hong Kong, introducing the cigar culture (a partnership that prevails to this day).
- 1975: Bluebell Malaysia office opens in Kuala Lumpur.
- 1982: Bluebell representation office opens in Milan to support on coordination with Italian and European luxury brands.
- 1983: Bluebell Taiwan office opens in Taipei, introducing primarily European luxury brands on the market.
- 1980s: Bluebell reaches stability and exports its success stories: Louis Vuitton from the model in Japan to everywhere in Asia, Dupont in Japan, Lanvin, Rolex, Moschino, Blumarine, Blugirl, Fendi, Celine, and many other high-end brands.
- 1989: Moschino seals a partnership with Bluebell to launch the brand across Asia (which prevails to this day).
- 1993: Bluebell China opens office in Shanghai
- 1997: Bluebell representation office opens in New York City, supporting on coordination with US-based brands with high potential in Asia.
- 1999: Bluebell Thailand opens office in Bangkok, to support partnerships in South East Asia.

3. Independent Management - to present

- 2000: Bluebell invests in Raymark, a Canadian POS software company which developed a system capable of handling a multi-currency, multi-lingual and multi-brand environment. Revolutionary at the time, the investment in the company allows a quick and easy roll-out for Bluebell in Asia.
- 2000: Bluebell launches first e-commerce site “nextcigar.com” for Davidoff, offering cigars across Asia
- 2004: Jimmy Choo seals a partnership with Bluebell through a joint venture with equity participation.
- 2005: Bluebell Japan launches the Group’s first multi-brand environment in department stores, to fill a gap in the Japanese market for fragrances.
- 2009: Bluebell invests in LBI, the Luxury Business Institute, a leading consultancy and training organization specialised in the luxury industry with branches in Seoul, Jeju and Shanghai.
- 2009: Bluebell launches a digital division to tailor digital strategies for Brand Partners throughout Asia.
- 2010: Bluebell representation office opens in London to support British-based brands.
- 2011: Bluebell opens the largest Louis Vuitton travel retail flagship store at Incheon International Airport in Seoul.
- 2013: Pandora and Bluebell Japan seal a partnership to reposition the brand and turn the sales from negative to positive.
- 2014: Bluebell becomes the largest travel retail operator in South Korea, with over 40 brand partners.
- 2015: Bluebell acquires Retail in Asia, a pioneering free news website dedicated to the Asian retail industry.
- 2015: Bluebell launches Studio, a wholesale lifestyle division offering distribution and marketing strategies to up-and-coming accessory and lifestyle brands.
- 2016: Launch of Salon des Parfums and Petit Jardin des Parfums in Japan.
- 2016: Bluebell leverages its partnership with LBI to launch its own in-house Bluebell Retail Academy, a luxury retail training program.
- 2017: Bluebell Malaysia launches b.Space, a new concept store targeting millennial male consumers.

Source: Bluebell

Exhibit 6
Bluebell's Scope of Business



10 +

Countries in Asia...
and growing

150 +

Brand Partners

600 +

Online and Bricks
& Mortar Stores

3500 +

Employees

60 +

Years of experience

1.5 Bn

Turnover

WHO ARE OUR BRAND PARTNERS?

	Luxury 27%	Premium 52 %	Lifestyle 21%
Fashion 29%	     	    	 
Accessories 42%	        	   	   
Jewelry & Watches 15%		  	   
Gourmet 4%		 	
Cosmetics 8%			  
Tobacco 2%			

	Luxury 64%	Premium 25.6%	Lifestyle 12.8%
Fragrance	                     	          	   

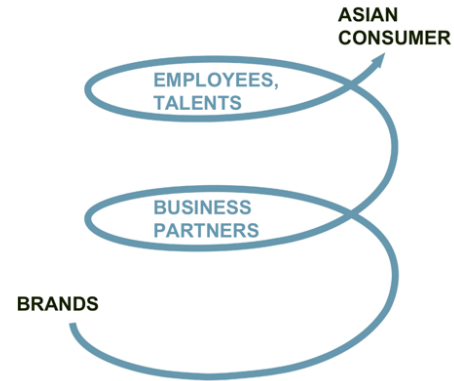
Source: Bluebell

Exhibit 7
Bluebell Brand Identity and Core Values

Since 1954, Bluebell curates the most exclusive brands for the Asian consumer.

We make this possible by carefully selecting and connecting brands with our trusted retail partners, adapting them to the local market.

We are Asia's most accomplished brand accelerator.



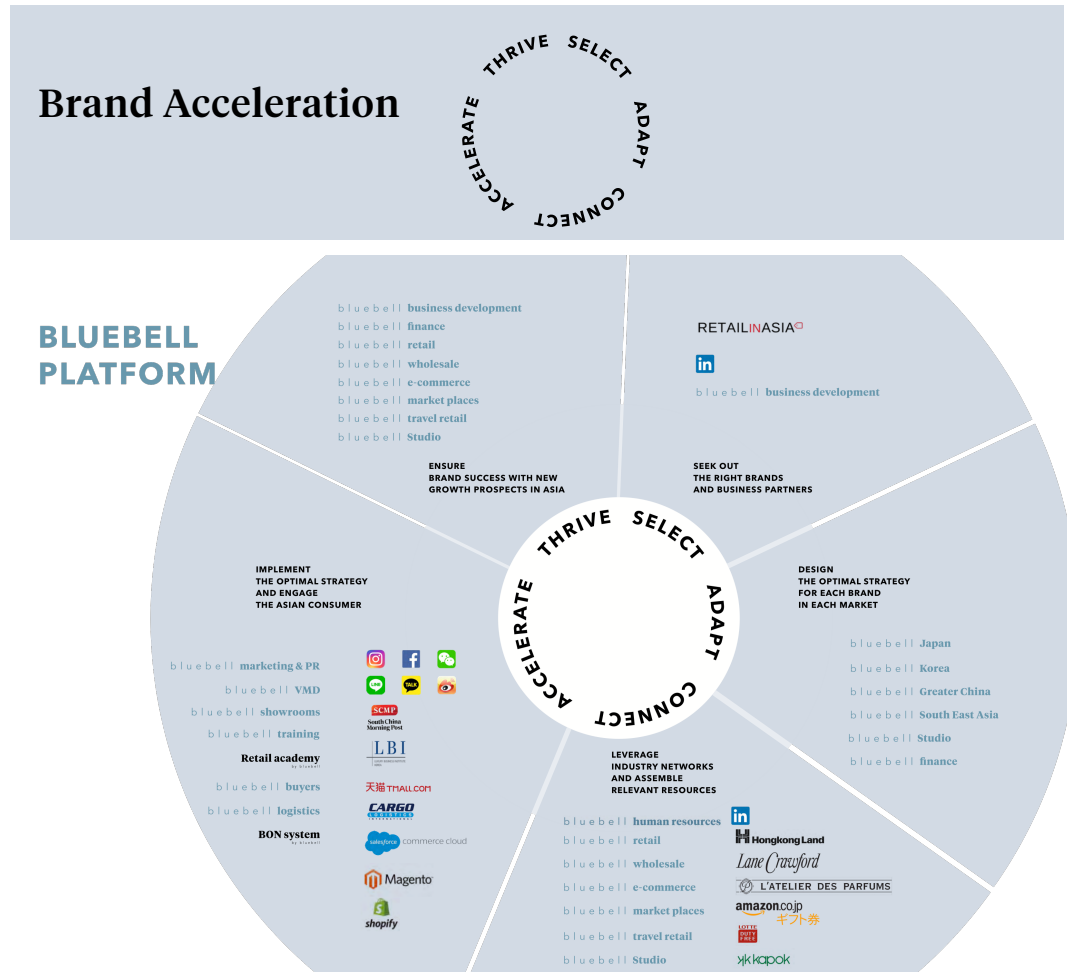
VALUES

**Family Integrity
Spirit of Partnership
Entrepreneurial and Innovative
Performance Focused**



Source: Bluebell

Exhibit 8 Bluebell's Curated Approach



SELECT:

Seek out the right brands and business partners

- Latest local industry and market outlooks
- Latest Asian consumer trends
- Key opportunities

ADAPT:

Design the optimal strategy for each brand in each market

- Individual strategy for each Asian market
- Optimal distribution plan
- Tailor made business partnership
- Business plan

CONNECT:

Leverage industry networks and assemble relevant resources

- Real estate owner connections
- Digital operator connections
- Marketing and PR activation planning
- Relevant human resource allocation
- Legal and IT support setup

ACCELERATE:

Implement the optimal strategy and engage the Asian consumer

- Online, brick-and-mortar store roll-out & operations
- Comprehensive training support
- Rigorous maintenance and creative VM support
- Localized marketing and PR execution
- Bluebell showrooms and press rooms
- Maintenance and creative VM support
- Customer relationship management and customer service
- Back office management

THRIVE:

Ensure brand success with new growth prospects in Asia

- Monitoring the business
- Identifying opportunities for further growth
- Empowering local innovation
- Scaling and optimizing the operations

Source: Bluebell

Exhibit 9
Distribution Channels

1. Retail – single brand and multi-brand

- Flagship store
- Shop-in-shops
- Monobrand stores inside shopping centres
- Corners inside departmental stores

(a) flagship stores, mono-brand stores, shop-in-shops: distributor income is the sales turnover; distributor responsible for capital investment, store sales personnel and all direct store expenses. Distributor oversees store concept.

(b) department stores: distributor receives sales commissions and is sometimes required to provide sales personnel. Distributor dictates store concept.

(c) Integrated Retail concepts¹⁸: distributor income is the sales turnover; distributor sometimes responsible for capital investment, store sales personnel, and all direct store expenses. Distributor oversees store concept.

2. Wholesale – multi-brand

- Multi-brand area inside departmental stores
- Select stores – small stores providing a smaller selection of products but over a much larger range of brands

Wholesale/select stores: distributor income is the sales income to the wholesaler/select store; no capital investment, expenses limited to running costs (e.g. staff salaries and their related expenses), with risks limited to credit terms offered to wholesale/select store clients. Wholesaler/select store oversees store concept.

3. Travel Retail (wholesale)

- airport stores e.g. DFS

Travel Retail/Duty Free: distributor receives commissions from the Brand based upon the “sell in” (purchase orders). Distributor sometimes responsible for managing the duty-free store for which it receives a commission from the Duty-Free Operator based upon the “sell out” (sales).

4. E-commerce business

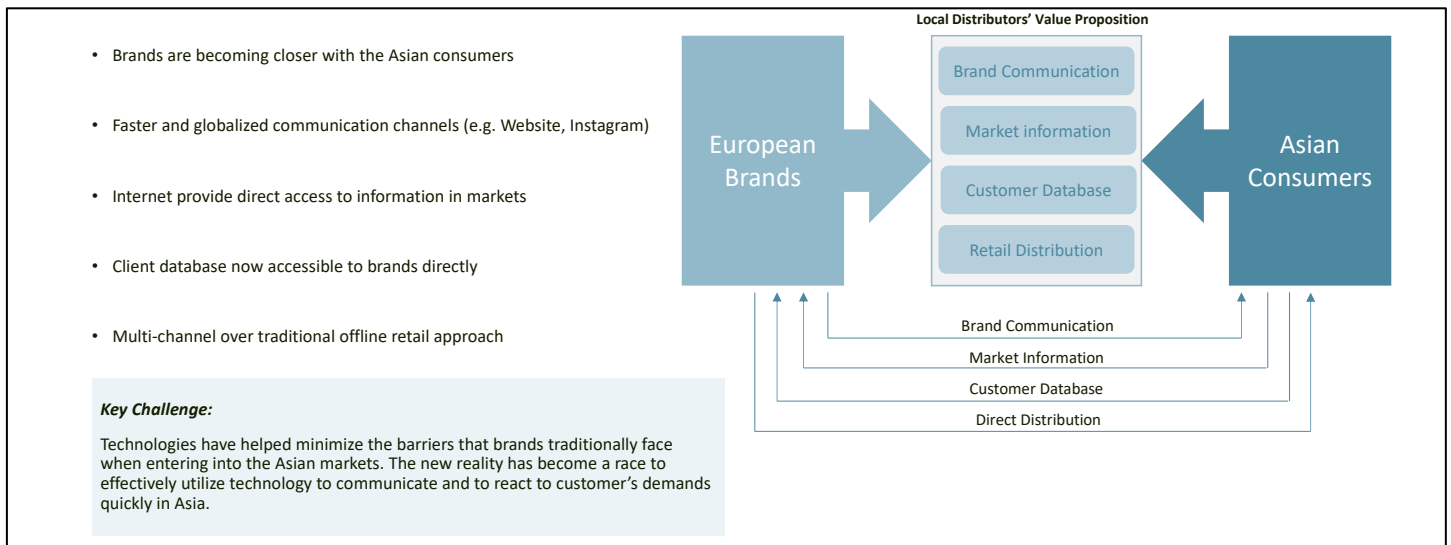
- Official independent brand store, i.e. the local version of the brand.com
- Shop-in-Shop in online marketplaces, ex: Tmall.com, SSG.com, etc.
- Social commerce, i.e. selling products on Instagram, WeChat, etc.

Bluebell caters to all these channels; however, different countries favour different channels and develop its channels at different speeds. For example, Singapore and Hong Kong favour shopping malls and flagship stores, Japan and Taiwan favour departmental stores, while in Korea and China, e-commerce carries more importance.

Source: Bluebell

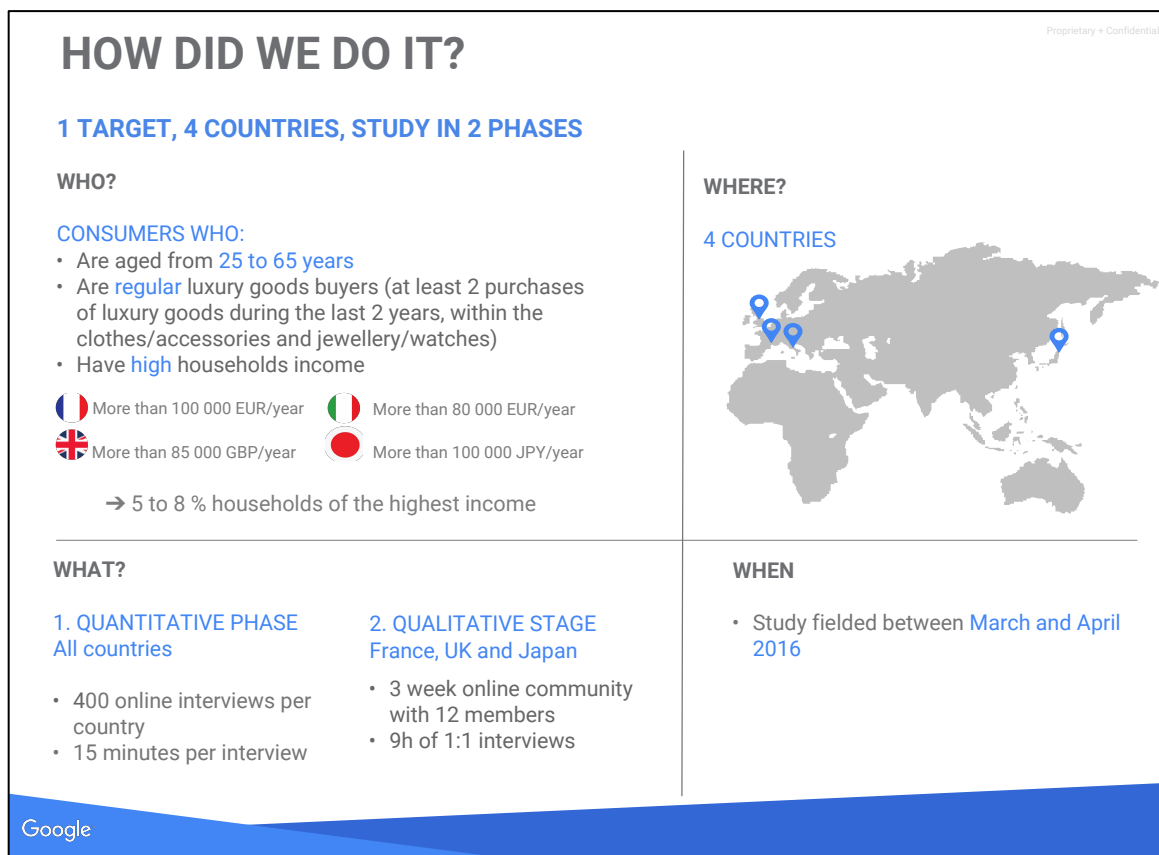
18 They are multi-brand stores created and operated by Bluebell. In 2017, Bluebell has 3 fragrance integrated retail concepts: L'Atelier des Parfums (since 2005), le Salon des Parfums (since 2016), Le Petit Jardin des Parfums (since 2016). It also has a menswear concept: b.Space (since 2017), a cigar concept: Acanta, and an accessories concept: Studio 1954

Exhibit 10 *Squeezed by Digital Disruption*



Source: Bluebell

Exhibit 11 *Research on How Wealthy Shoppers Buy Luxury Goods by Google, 2016*



WHEN MAKING PURCHASE DECISIONS, LUXURY SHOPPERS USE THE INTERNET MORE THAN ANY OTHER MEDIUM

76%

RESEARCH ONLINE
BEFORE BUYING
LUXURY ITEMS

71%

USE A SEARCH
ENGINE IN THEIR
RESEARCH

MOST STILL BUY IN-STORE, BUT DIGITAL DRIVES THEM TO PURCHASE

87%

BUY LUXURY ITEMS
IN-STORE

33%

USE THEIR SMARTPHONE
IN-STORE

AFTER WATCHING AN ONLINE VIDEO

26%

VISIT THE STORE

BEFORE BUYING, LUXURY SHOPPERS RELY HEAVILY ON THE INTERNET

Proprietary & Confidential

WHAT RESOURCES DO THEY USE TO SEARCH FOR INFORMATION?



88%

RESEARCH ONLINE OR
OFFLINE BEFORE BUYING A
LUXURY ITEM



76%

RESEARCH ONLINE PRIOR
TO THEIR PURCHASE

THEY USE AN AVERAGE OF

4.1

DIFFERENT TYPES OF
RESOURCES BEFORE
MAKING A PURCHASE
DECISION
AND

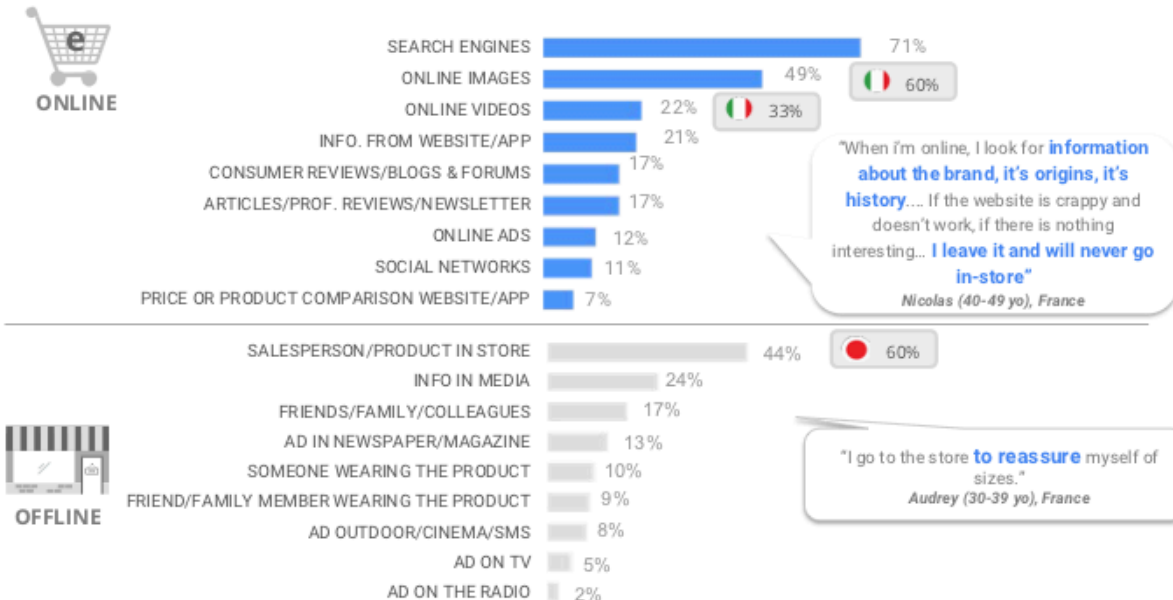
74%

OF THESE WERE ONLINE
RESOURCES

ONLINE AND OFFLINE RESOURCES ARE COMPLEMENTARY

Proprietary + Confidential

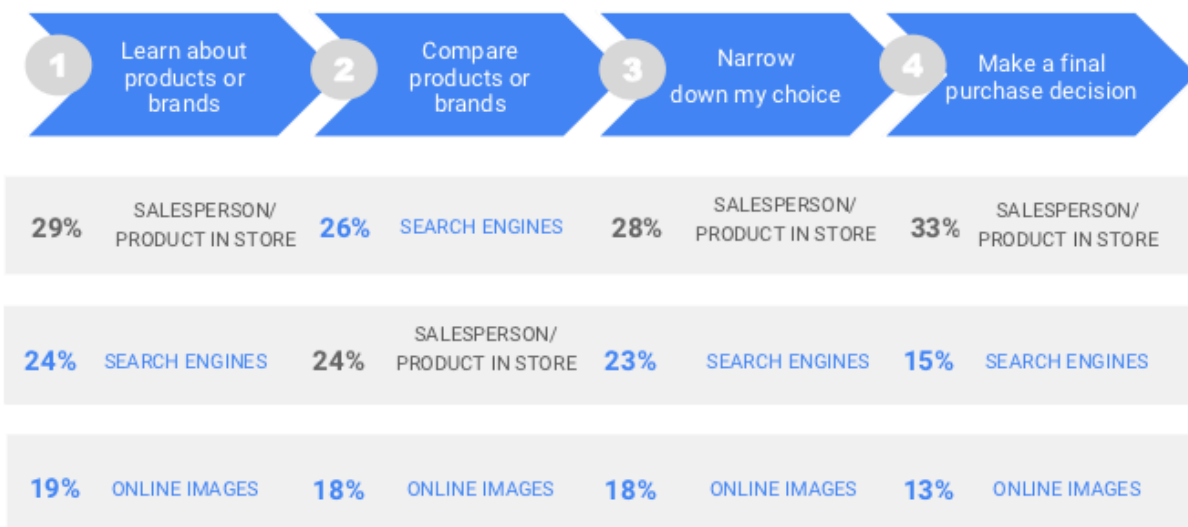
WHAT RESOURCES DO THEY USE TO SEARCH FOR INFORMATION?



AND USED ALL THROUGH THE PURCHASE JOURNEY

Proprietary + Confidential

WHEN DO THEY USE ONLINE AND OFFLINE RESOURCES?



MOBILE IS USED AT EACH STEP OF THE PURCHASE PROCESS

Proprietary + Confidential

WHICH DEVICES DO THEY USE IN THEIR RESEARCH PROCESS?

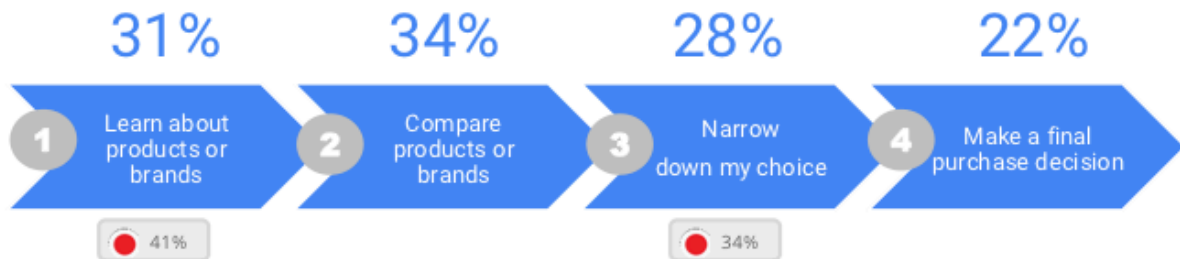


49%

USE THEIR
SMARTPHONE
BEFORE BUYING A
LUXURY ITEM

64%

WHY DO THEY USE THEIR SMARTPHONE?



IN-STORE, MOBILE IS THE NEW SHOPPING ASSISTANT

Proprietary + Confidential

WHERE DO THEY USE THEIR SMARTPHONE?



33%

USE THEIR
SMARTPHONE IN A
LUXURY STORE

47%

"When I'm in-store and I found something, I **always have my iPhone with me**. I can go on the website to make sure it is the right item... In-store, I check all the product information, materials, where it has been manufactured...."

Nicolas (40-49yo), France

WHY DO THEY USE THEIR SMARTPHONE IN-STORE?

33%

TO COMPARE
PRICE

48%

30%

TO LOOK AT
ONLINE IMAGES

39%

25%

TO READ REVIEWS OR
FEATURES

24%

TO CHECK PRODUCT
AVAILABILITY

SMARTPHONE IS ESSENTIAL WHEN ON THE GO

Proprietary + Confidential

WHAT TYPE OF INFORMATION ARE THEY LOOKING FOR?



Stores **location**



Product
information

"Checking **prices**, comparing prices. And if there's something I want, say a YSL bag ... I'll go to a café or hotel in Hawaii, a place with a wi-fi and look for **store locations**. Also checking **colors** available. And then I **go to the store and buy** from what they have there."

Bata-san (30-39 yo), Japan



Product
availability



Prices

"I use very much my **iPhone to go online**. I can take it everywhere. When I'm in a waiting room. As I travel often - plane, trains, taxis... the smartphone is **convenient**, you can take it anywhere."

Laurence (60-65 yo), France

DIGITAL TRANSFORMS POST-PURCHASE INTERACTION WITH LUXURY BRANDS

Proprietary + Confidential

WHAT DO THEY DO ONLINE AFTER PURCHASE ?

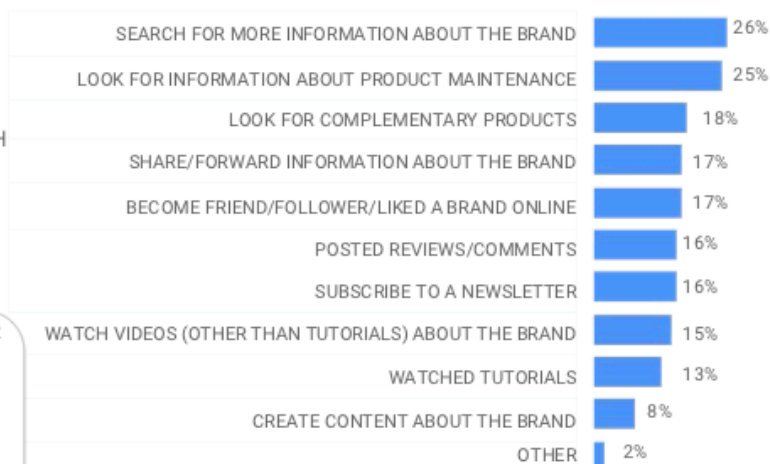
36%

INTERACT ONLINE WITH
THE LUXURY BRAND
AFTER PURCHASE

53%

"There are some people who put up their own private videos. They say **'look, I bought a watch' and they're showing it**. When I watch their video and see how happy they are, sometimes it communicates to me how good the product is"

UltraSeven (40-49 yo), Japan



Source: Google

Exhibit 12
The Connected Asian Consumer

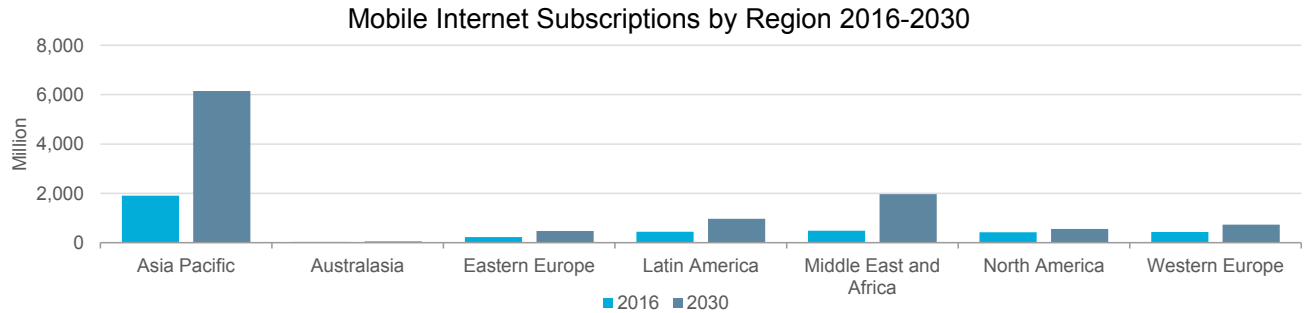
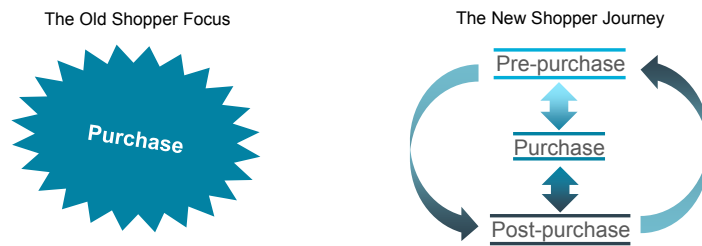
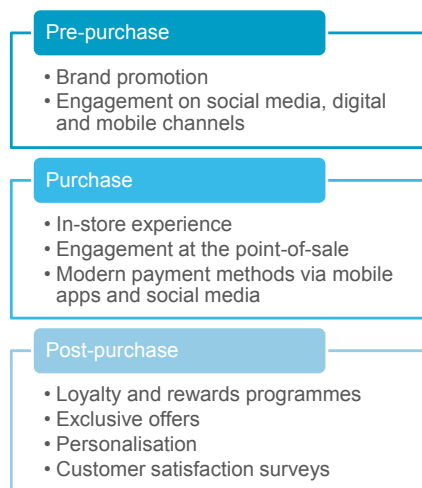


Exhibit 13
The New Asian Consumer Shopping Journey



Requires omni-channel approach



Source: Euromonitor "Shopping Reinvented" Megatrend, August 2017

Exhibit 14 Typology of Partnerships

1. Distribution Agreement (or Exclusive Distribution)

Principle: Bluebell owns the brand distribution over a country or a region. Bluebell buys the products from the brand at commercial price and runs its own retail strategy with a possibility of a buyback from the brand in the future.

	Bluebell (BB)	Brand
Pros	<ul style="list-style-type: none"> - Operational and managerial control - Possible financial upside when exiting the DA at a predetermined valuation based on business performance 	<ul style="list-style-type: none"> - Secured income (sell the products to BB at commercial price) with contractual minimums - Opportunity to buy-back the distribution at predetermined valuation based on business' performance - No significant investment required
Cons	<ul style="list-style-type: none"> - High investment and distribution risk - Significant losses if the project underperform - It is not always possible to negotiate an exit payout 	<ul style="list-style-type: none"> - Limited access to market data/knowledge - No control over the local distribution strategy

Remarks:

- *Bluebell holds the operational risks – e.g. inventory, capex, operational costs and contingent liabilities (e.g. employee salaries, landlord contract negotiations, leases)*
- *This form of partnership is used in specific cases where Bluebell strongly believe in a brand and where Bluebell believes it will be successful in the operations.*
- *In most cases, Bluebell will agree with the brand that on the day they want to take back the distribution, there will be an incentive payment for Bluebell at the time of exit. Reward for Bluebell on the day that the brand is successful and ready to take the keys and operate directly.*
- *For wholesale distributions, Bluebell is able to leverage all its connections in the market – it consolidates all the orders from smaller distributors and become the single point of contact for the brand. For the brand, this is useful in bigger markets like Japan, where it is necessary to reach out to 2nd/3rd tier cities outside of Tokyo or Osaka. For Bluebell, there is no inventory risk and limited operating risks, as orders to the brand are placed only after receiving the orders from the smaller distributors.*
- *Travel Retail (duty free/airport business) – for Bluebell, it is a specialty business in Korea, due to the very different regulatory framework and control by local chaebols. Bluebell has a very privileged partnership there with the duty-free operators and regulators and leverages on its connections as it is very hard for foreign companies to break into the market.*

2. Management services

Principle: Simple partnership as a service provider. The brand owns the business and Bluebell uses its back-office support to operate the store(s).

	Bluebell	Brand
Pros	<ul style="list-style-type: none"> - No operational risk - Contributes to paying BB overhead costs - Has day to day operational control 	<ul style="list-style-type: none"> - Brand owns the P&L - Direct access to market data/knowledge - Time and resources saving: leverage on BB expertise and economies of scale
Cons	<ul style="list-style-type: none"> - No significant financial upside - Opportunity cost: time spent on this project cannot be spent on higher return project 	<ul style="list-style-type: none"> - Capex and working capital need to be financed by the brand - Any losses need to be carried by the brand - The brand does not build its own team

Remark:

- The problem with this model is that if the business is good, within 3-5 years, the brand will set up their own team. If the business is bad, they will pull out. Hence the relationship is not a long one.

3. Joint Venture

Principle: Same as DA but shared with JV partner. This partnership always includes an exit incentive and usually the JV enjoys a lower transfer price from the brand.

	Bluebell	Brand
Pros	<ul style="list-style-type: none"> - Shared investment / risk - Financial upside when exiting the JV at a predetermined valuation based on business performance - Enjoys brand's product expertise - The JV usually enjoys a lower product transfer price from the brand 	<ul style="list-style-type: none"> - Shared investment / risk - Secured income (sell the products to JV at transfer price) - Opportunity to buy-back the distributor's share of the JV at a predetermined valuation based on business' performance - Enjoys BB's market expertise
Cons	<ul style="list-style-type: none"> - Complexity in dual managerial control 	<ul style="list-style-type: none"> - Complexity in dual managerial control

4. Shared 3R

Principle: This is a DA where the Brand provides goods for free and Bluebell provides back office and sales staff for free. All profits are shared equally between the Brand and Bluebell.

	Bluebell	Brand
Pros	<ul style="list-style-type: none"> - No inventory management risk/cost - BB does not have to pay for the goods if the business underperforms 	<ul style="list-style-type: none"> - Brand receives more than the normal wholesale price if business performs well - Access to more financial and market data/knowledge than normal DA
Cons	<ul style="list-style-type: none"> - Same Cons as DA 	<ul style="list-style-type: none"> - Risk of not getting paid for the goods if the business underperforms

Remarks:

- *The store would just need to pay for: rent, marketing expenses and capex. This reduces its financial burden and gives it more leeway to survive and grow.*
- *Both Bluebell and the brand only get paid if sales > rent + marketing + capex. 50-50 share.*
- *For Bluebell: this covers operating costs and contributes to staff cost if the business is profitable. For the brand, this covers more than the normal selling product price if the business is profitable*

5. Shareholding with distribution

Principle: Bluebell owns the brand distribution over a country or a region. Bluebell buys the products from the brand at commercial price and runs its own retail strategy with a possibility of a buyback from the brand in the future. At the same time, Bluebell takes a stake in the brand capital.

	Bluebell	Brand
Pros	<ul style="list-style-type: none"> - Operational and managerial control - Possible financial upside when exiting the DA at a predetermined valuation based on business performance - Access to all brand information as a shareholder of the brand - Long term alignment in value creation at market level and at brand level - Possible financial upside in case the brand gets sold or listed 	<ul style="list-style-type: none"> - Secured income (sell the products to BB at commercial price) with contractual minimums - Opportunity to buy-back the distribution at predetermined valuation based on business' performance - No significant investment required - Additional funding from BB at the brand equity level
Cons	<ul style="list-style-type: none"> - High investment and distribution risk - Significant losses if the project underperform - It is not always possible to negotiate an exit payout - Additional cash required for investment into the brand - Financial risk on the brand equity 	<ul style="list-style-type: none"> - Limited access to market data/knowledge - No control over the local distribution strategy - Sharing information with BB who is both a shareholder and a distributor

Remark:

- *With the squeeze in margins, this enables Bluebell to participate in some of the upside created by its work in building the brand's equity.*

6. JV without P&L control

Principle: Same as JV but the brand retains all profits and losses; Bluebell is fully paid on exit.

	Bluebell	Brand
Pros	<ul style="list-style-type: none"> - No operational risk - No P&L responsibility - Generates service fee income - Financial upside when exiting the JV at a predetermined valuation based on sales turnover 	<ul style="list-style-type: none"> - Owns the full profits - Control over transfer pricing & margins - Ability to buyback operations at a predetermined exit valuation based on sales turnover

Cons	<ul style="list-style-type: none"> - Risk in initial equity investment - No participation in the operating profits 	<ul style="list-style-type: none"> - All losses are carried by the Brand
-------------	--	---

Remarks:

- *Bluebell developed the Joint Venture without P&L Control model to overcome a conflict of interest with brands and avoid fighting on the transfer price in the traditional buy and sell model*
- *The issue is that for the brand, who controls the transfer/commercial price, if Bluebell had to reduce its transfer price to give more margin to the JV in order for it to survive or grow faster Bluebell would benefit more as a shareholder of the JV at the expense of the brand. If the brand raised the transfer price to profit more, Bluebell would lose money and would not be incentivized to grow the JV. To satisfy both parties, the brand would own the full profits and be free to adjust its transfer price without fearing “losing out”. Bluebell would receive the service fee income plus an exit multiple based on turnover. NB: The exit multiple is based solely on turnover because Bluebell’s role is to push the expansion while the brand controls the transfer pricing and the profitability of the operations and eventually approves new store openings.*

Breakdown, by volume of contracts:

- **Exclusive Distribution (ex-DA) - 65%**
- **Operation Management - 15%**
- **JV - 10%**
- **Rest - 10%** aka, Shared 3R Distribution, JV without P&L, Consultancy

Breakdown, by ROI:

- **Exclusive Distribution (ex-DA) - profitable but challenging**
- **Operation Management - low profitability**
- **JV - profitable but challenging during operations, but rewarding when exit**
- **Shared 3R Distribution - low profitability. Targeted mainly to Brand Partner that we want to keep**
- **JV without P&L - Very rewarding: profitable during operations and on exit.**

Breakdown, by size of Brands:

Small Brands:

- Exclusive Distribution
- Franchises

Established and family owned Brands, with limited potential in Asia:

- Exclusive Distribution
- Operation Management

Listed Brands, with strong resources:

- JV without P&L

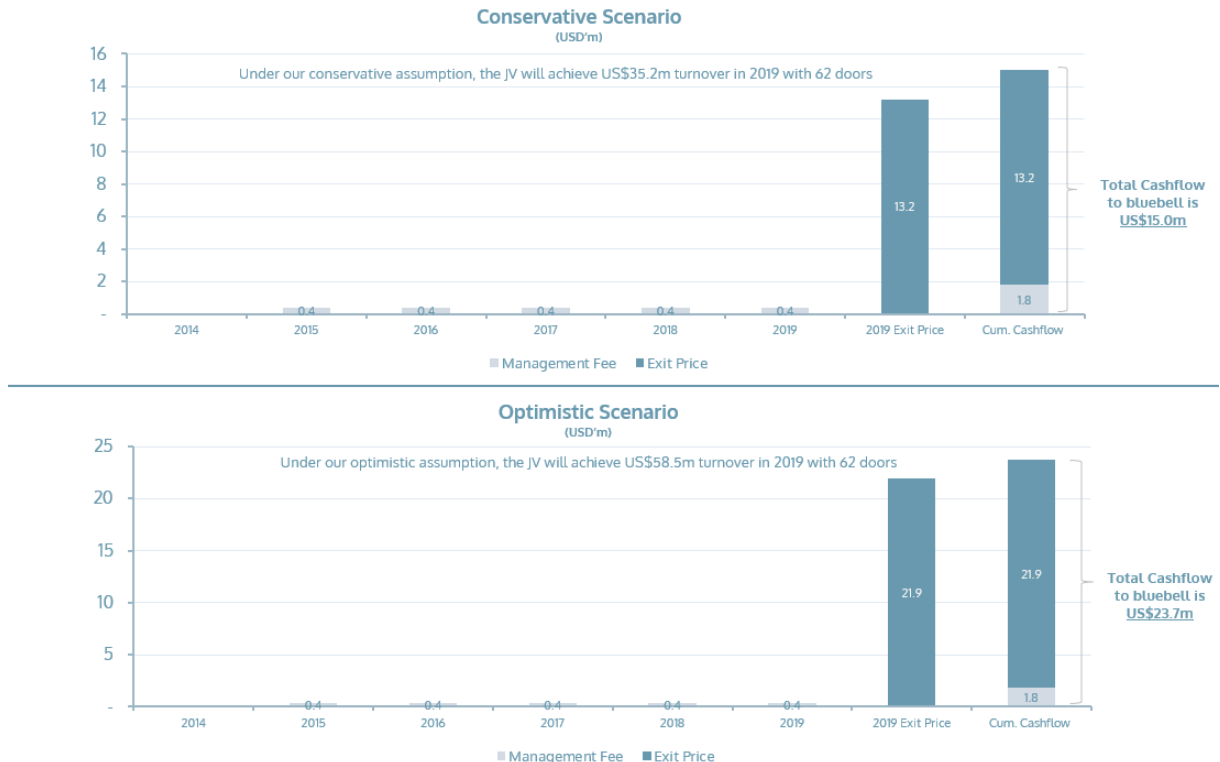
Source: Bluebell

Exhibit 15

Potential returns on a Bluebell 'JV without P&L Control'

EXPECTED CASHFLOW TO BLUEBELL

Between 2016 and 2019, the JV will pay Bluebell **US\$0.4 m in annual management fee**.
At the end of 2019, Bluebell will receive an **exit price equal to 37.5% of 2019 turnover**.



Source: Bluebell

Exhibit 16

Bluebell's Digital Transformation

1. People and culture

- Recruitment
 - Group Digital Team
 - Head of Customer Engagement, based in HK (HQ)
 - Head of Performance Marketing, based in Tokyo
 - eCommerce Business Development Manager, based in Shanghai
 - To be hired: Web Designer, Social Marketing Manager
 - Country Digital Team
 - CRM, eCommerce and digital marketing staff in every country
 - Soon: social marketing and influencer management
- Digital marketing training
 - In 2018: to roll-out 10 digital marketing training courses to all marketing + brand + retail + digital colleagues (close to 200 trainees in total). Training topics: General introduction to digital marketing - Social Advertising - Social Content and Influencer Management - Social Influencer Management - Search Engine Advertising - Search Engine Optimization - User

Experience Design - Customer Relationship Management - Email Marketing - eCommerce Business Planning

- In 2019: continue the above courses for new comers, and go deeper on specific topics as per the needs.
- Digital Champions – encourage Volunteers from any department who master a specific digital topic for the Group e.g. SEO, SEM, UX, Instagram, Facebook, etc.
- Learning expedition – immerse Bluebell’s Executive Team for 3 days in Silicon Valley
- Customer centricity – emphasis on always starting from the customer, in everything we do, especially in digital and CRM.

2. Technology and data

- Omnichannel IT system – already equipped with the foundational components for a central system
 - All data related to customers, products, inventory and orders already stored in a central database that was build inhouse on Microsoft SQL.
 - A customized point of sales system was also built to manage all the needs of a store and a reporting dashboard enables all levels of management to access the data they need to make decisions.
- Marketing automation tool – introduction of Emarsys
 - This SAAS software enables AI-based customer and transaction data analysis as well as automated omnichannel campaigns and communications management.
- e-Commerce platforms – prioritize Magento and Shopify platforms for future standalone e-Commerce development for any new brands
 - to enable gain in internal skills in developing and managing website on these technologies
 - Magento and Shopify were selected due to their flexibility, scalability and very affordable pricing
 - The plan is to integrate Magento and Bluebell’s central IT system (similar for Shopify) and enable the live synchronization of customer, product, inventory ad order data between the eCommerce platforms and central database
- Order Management System – integrate an OMS to complete Bluebell’s omnichannel technology ecosystem
 - The OMS will enable Bluebell to manage inventory and transactions on every channel, online and offline.
- Social listening tool - Digimind introduced as the Group’s first social listening tool
 - to capture and analyse what is said on the Internet (mostly social networks) about the brands Bluebell carry, their competitors, and prospect brands.
- Google Suite and Google Analytics
 - Moving the whole Group to Google Mail, Calendar, Hangouts etc.,
 - Standardizing the usage of Google Analytics and Google Data Studio across all digital assets and campaigns
- Collaboration tool – Slack
 - To be used as main collaboration tool between digital team members at first
 - To be possibly extended to every employee later on

3. Processes and organization

To date, Bluebell has only engaged in the digitalization of a few business processes:

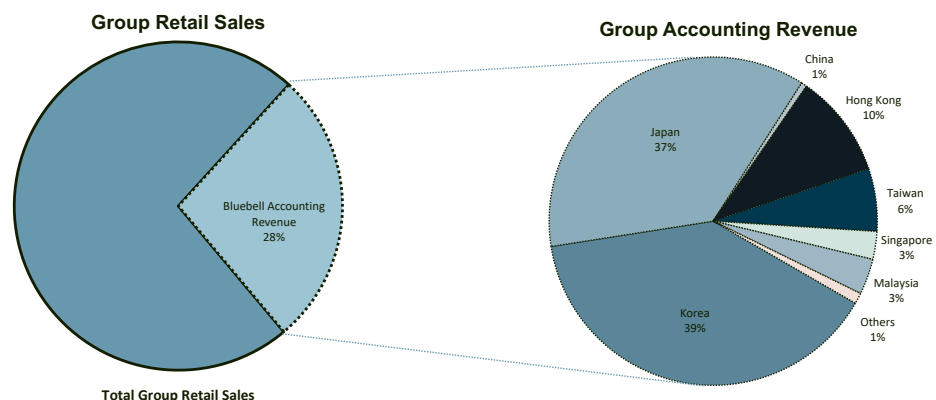
- Business development – identification of new brands using technology to the management of the pipeline using online tools
- eCommerce, CRM and Performance marketing

- Digital Board - a Digital Board has been put in place comprising 6 internal Bluebell colleagues and 4 external digital advisors. The Board gets together once a quarter to discuss digital trends in the retail industry, finetune our digital strategy and review its execution.
- Towards the end of 2019, once all technology components are in final stage of implementation, all omnichannel retail processes will have to be designed and implemented too, impacting operational flows, financial metrics and even most staff KPIs and incentives.

Bluebell's digital transformation will facilitate the execution of its digital strategy, with two main objectives by 2025: a) eCommerce sales must reach 25% of total domestic sales (1% in 2017) and b) 2/3 of the marketing budgets should be spend on digital activities.

Exhibit 17 *Sales Profile (2017)*

1. Bluebell revenue by country

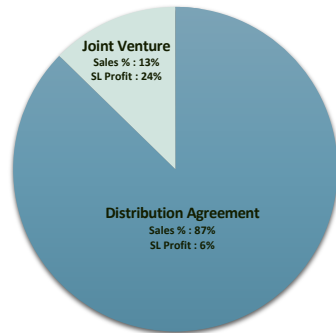


Observations	Implications
Bluebell has business in all major markets in Asia	Bluebell is Pan-Asia
Japan and Korea are similar size in terms of Accounting revenue	Japan and Korea are the most mature markets
S.E.A represents only 7% of Bluebell overall accounting revenue	Represent a growth opportunity

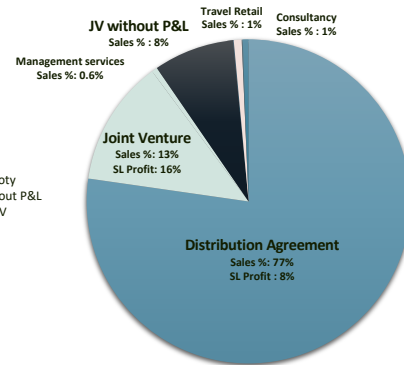
NB: Group Accounting Revenue is calculated from Group Retail Sales (i.e. total goods sold) net of payments to brand partners for their goods etc.

2. Evolution of Bluebell business models

2013 Group Turnover (100% Share)
exclude Korea TR



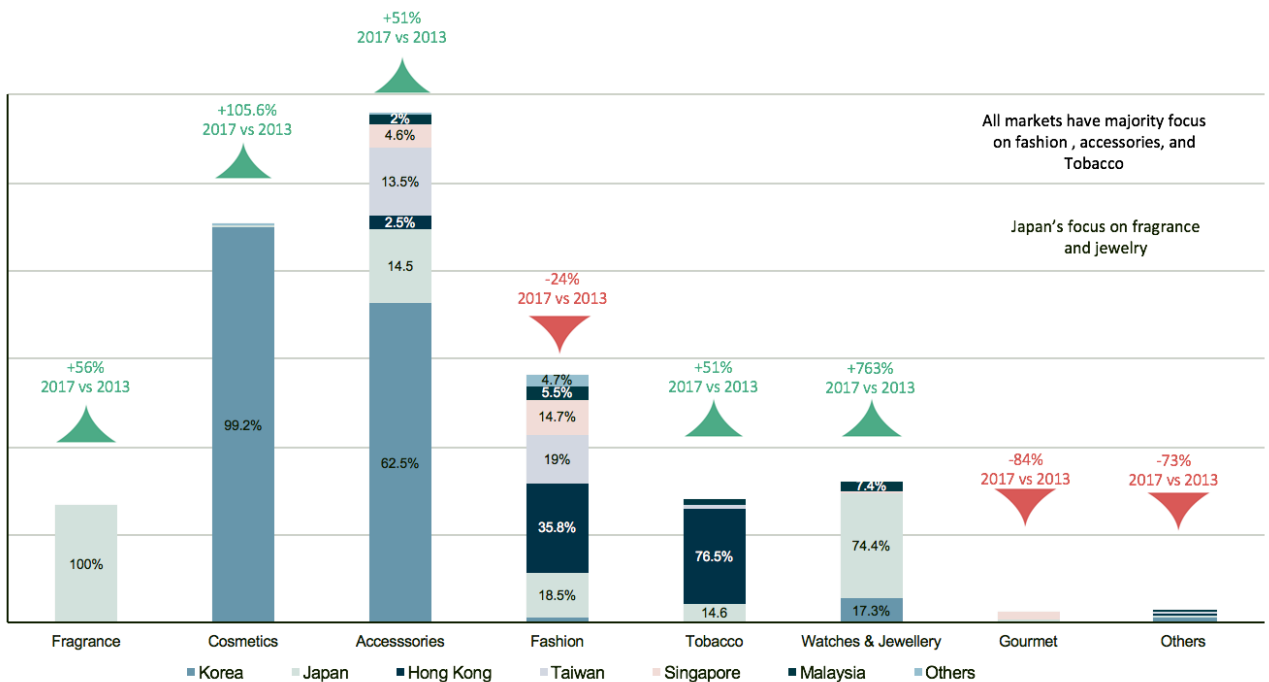
2017 Group Turnover (100% Share)
exclude Korea TR



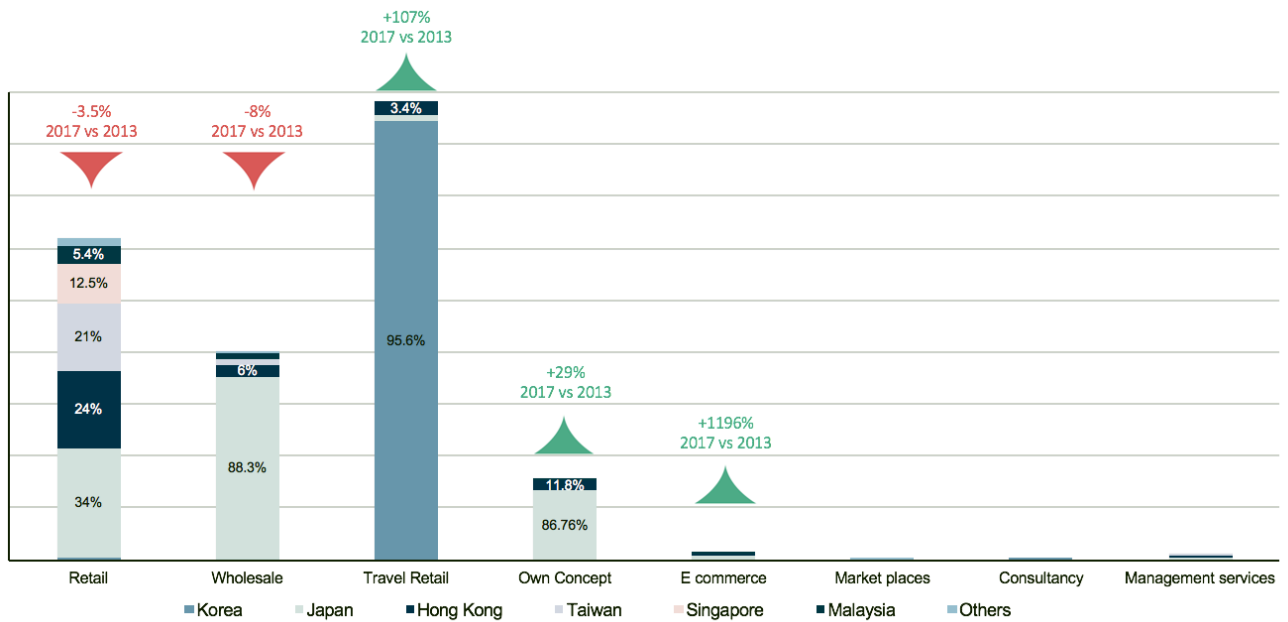
Major Events:
Shares buyback from Coty
Pandora transit into JV without P&L
Davidoff transit into JV

Observations	Implications
DA fell as a % of sales to 77% from 87%	Bluebell is transitioning from a pure distributor role
JV without P&L has grown from 0 to 8% with 2 brands : <i>Pandora and Brunello Cucinelli</i>	Bluebell expanded into an equity and management service partner
Diversification into management services, travel retail and consultancy	Bluebell is becoming a service provider
All new business models does not require Bluebell to take inventory or capex investment	Bluebell is migrating to an asset light model

3. Sales breakdown by category by markets

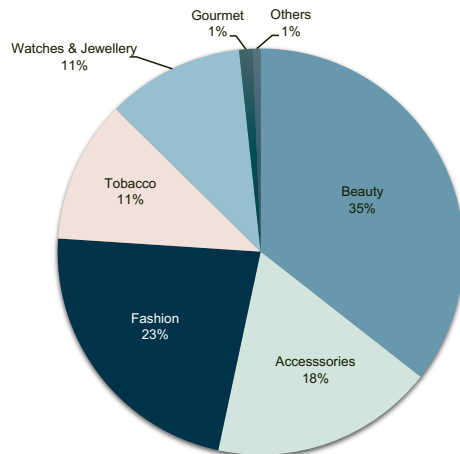


4. Sales breakdown by channel by market

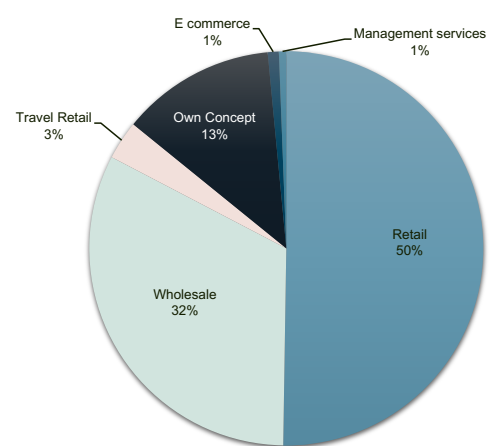


5. Total sales breakdown

Total Sales by Category



Total sales by Channel in 2017



Source: Bluebell

A large, solid blue curved shape, resembling a quarter-circle or a large arc, is positioned in the upper right portion of the image. The background is a light blue color. The curve starts near the top left and sweeps towards the bottom right.

The brand behind the brands