



VALERIE KAMINOV – BIOGRAPHY

Having spent over twenty years working with a vast array of luxury, premium and niche beauty brands and fragrances, Valerie has extensive knowledge and practical experience of their supply, distribution and retail, pertinent commercial practices and consumer habits on a global and local basis.

Her expertise has been highly valued by multi-national organizations, SMEs, start-ups, privately owned companies and financial investors.

Certified in Corporate Governance from INSEAD Business School, Valerie has the remarkable ability to successfully set the company's strategic direction, often across diverse product markets and geographies, and monitor the firm's risk profile.

As a qualified Non-Executive Director who was awarded the prestigious Financial Times Post-Graduate Diploma, Valerie Kaminov is highly trained in corporate governance and is an experienced NED and Director enabling her to have an holistic understanding of boards.

She advises both as a consultant and an NED.

Valerie's experience earned her a reputation with major players in the industry who hired her to establish them globally.

Her expertise in brand evaluation, acquisition due diligence, risk assessment and commercial growth has been highly valued by Private Equity Funds, multi-national organizations and financial investors.

She is also dedicated to passing her knowledge along through a range of conferences and events.

Valerie has been a guest speaker at the non-profit organization CEW's Mentoring Services where leading executives offer insights into beauty industry issues and inspiration for professional growth.

As the International Manufacturers & Distributors Forum (IMF) Master of Ceremony, Valerie organizes one of its kind conference in Europe, key global gathering for manufacturers, brand owners and distributors to come together and discuss the challenges facing the industry and their businesses by giving the attendees unlimited networking opportunities.

IS SCANDINAVIA YOUR BRAND NEXT ELDORADO?

The future success of a business depends in part on its ability to continue to expand in new markets. There currently isn't a better opportunity than the Scandinavian market and especially in Scandinavia. Believe me when I say that entering this specific market can be a fierce battle: as John Kapoor used to say, "You might have a great thing - but if you don't know how to market, then you can't succeed". And for many reasons, it is extremely difficult for companies to operate in the Scandinavian market in the same way they do back home. In fact, Scandinavia requires brands to have a multi-channel distribution strategy, which is why many firms decide to stay out of this highly complex market.

UNDERSTANDING THE MARKET

According to Euromonitor, premium beauty and personal care in Scandinavia continued to display much stronger growth than mass brands during 2017 due to rising consumer disposable incomes and growing interest in beauty products. As a main driver, Swedish consumers' disposable incomes grew by 5% in 2017 and are expected to increase by 24% over the forecasted period, thus allowing consumers to spend more on beauty and personal care. In Finland, Sweden and Denmark, value growth was largely fuelled by the shift towards premium goods, with consumers increasingly seeking:

- Products that suit their personal needs;
- Products with a strong natural or organic positioning.



The Scandinavian Region

You have taken the step and decided to take advantage of this opportunity and wish to expand in Scandinavia. But what should your brand do next? Choosing the right distribution channel is a critical decision for your business. Where you choose to be retailed determines whether or not you will be successful, how your products will be handled and the speed at which they will be delivered. In order to choose the best distribution channels and the best markets to enter, you must take into account several factors such as the type of product you are selling and the customers you're catering for. Many businesses fail to realize that the distribution channel and countries that they choose are pivotal to their success and erroneously believe that their distribution plan is not important. The most important

thing your business can do is to carefully consider all the options and not just select a direction because it's the industry standard or most convenient avenue for your business. If you question the reason behind your decision at the onset, you may discover an overlooked advantage or drawback.

GET STOCKED AT DEPARTMENT STORES

Often referred to as the most famous store in Sweden, Nordiska Kompaniet is situated at the heart of Stockholm and Gothenburg. For many years, NK has been a luxury-shopping destination for exclusive collections and excellent service. The Department Store offers four floors and 45 departments of fashion, beauty and interior design. At NK, there is something for everyone. The Beauty Hall is home to hundreds of brands, ranging from the most affordable right up to the most prestigious and exclusive brands around (both Scandinavian and international ones).

With a long professional journey in fashion and cosmetics, Linda Dahnberg, Head of Category Management for NK Cosmetics, is expert at making an idea succeed even in the most aggressively competitive and saturated markets. Understanding a market is key to making a success of your story, so Linda has accepted to share with you a few tips that will help you and your business navigate in clearer waters and avoid pitfalls when expanding into the Swedish market.

1. Why is it important for a beauty brand to get stocked in Sweden?

Swedish beauty market has lots of growth potential due to a very well performing economy and Swedish consumers are characterised by high awareness in purchase and high purchasing power. Swedes are also recognised as widely travelled trendsetters who are innately curious about new international brands and products.

2. Is there a preference for cosmetics, skincare or perfumes?

We/NK can see a very strong growth within both skincare and perfume category. The perfume consumption in Sweden has been extremely low for many years but we can see a change now,



NK has been a luxury-shopping destination for exclusive collections and excellent service.

especially within the premium segment where Swedish consumers begin to follow more international consumption patterns. Also the premium skincare category has a very steady growth, consumers are very conscious of their skin because of the shifting climate in Scandinavia. The Swedes are very interested and have great ingredient knowledge, they research products and demand function and quality and are willing to pay extra for this.

3. What makes a foreign brand so different from a Scandinavian one? Is there a preference for foreign brands or local brands?

Since it's much easier nowadays to shop online, we have noticed a much higher interest in international brands especially within the anti-ageing segment but also within eco-friendly products. I guess that the Swedish brands such as Verso and Byredo etc. attract the consumers also because of the high quality ingredients as well as the cool and minimalist packaging design.



Byredo attracts consumers also because of the high quality ingredients and minimalist and cool packaging design

4. There is currently great enthusiasm towards Scandinavian brands such as Karmameju or Idun Minerals to name just a few. What are your thoughts about this?

Swedish beauty brands are known for being innovative, using pure ingredients and focusing on enhancing the natural beauty. I guess also the design of sleek, cool packaging attracts the international consumer.

5. What are the biggest challenges that brands face when trying to enter the Swedish beauty market?

We often notice that companies have poor knowledge of the Swedish market and haven't done enough research. It is very important to have a well-worked long-term plan for the brand and to be well prepared in order to stand out from the competition. It is also very important for the company and the brand to fulfil both the European and Swedish legislation on cosmetic products.

6. If a brand wants to get sold at NK what should it do? What should be avoided? In other words, how should a brand approach you?

First of all, see above question 5. It is also very important for us to know that the company has a clear vision on how to launch the brand in Sweden. The brand needs to have an overall strategy for brand positioning and capacity to invest in PR/marketing to be able to build the brand awareness.

We need to know that we have a reliable partner, with a long-term commitment from the brand. Keep in mind that the most important thing your business can do is to carefully consider all the options and not just select a direction because it's the industry standard or most convenient avenue for your business. Simply distributing at one Department Store will not be sufficient for your brand to have a strong brand awareness and be profitable. So what else should you look into?

TRAVEL RETAIL: A MUST IN SCANDINAVIA

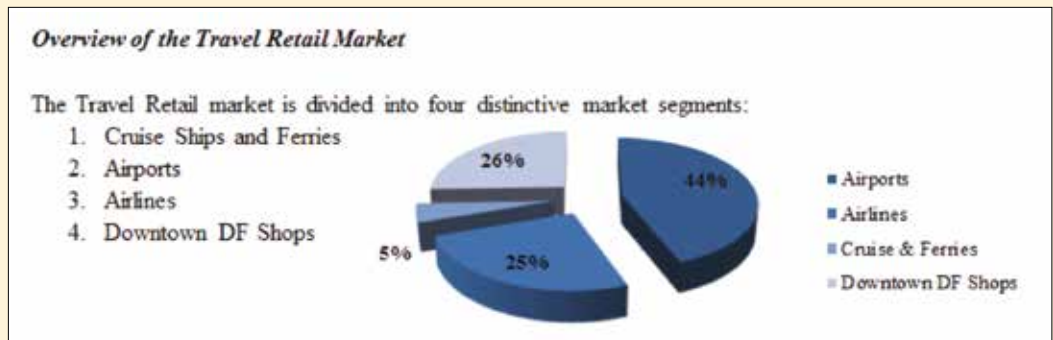
Travel Retail presents a plethora of both tapped and untapped opportunities that are so great, brands, especially in the beauty industry, cannot and must not ignore. Each year, more than 15% of the global population (around a billion people) travel internationally spending the equivalent of a trillion US dollars. Referred to as the sixth continent and the Formula 1 of retail, the Travel Retail industry is a strategic market for the development and visibility of brands and contributes to the quest of a significant base of new potential consumers.

were those able to identify the best products and promotions to entice particular customers. Retailers must adapt their product ranges according to the specific type of customers and destinations. According to Euromonitor, sales of goods in airports, cruise ships and duty-free shops grew 9% last year to 55.8 billion euros and are expected to reach more than 100 billion euros in the next ten years. Cosmetics such as perfume, skin creams and make-up were the biggest category, accounting for around 30% of Travel Retail revenue last year.

Tia Lönnberg, Business Unit Manager at Transmeri is an expert at Travel Retail in the Nordic Area. During her studies, Tia used to work as a promoter on ferries before joining Transmeri, a Finnish family company with a long tradition in creating success stories. Transmeri's way of operating and expertise in local markets has paved the way for excellent results. Together with Finnish and international partners, Transmeri was able to create a strong market position for numerous brands entering the Scandinavian market.

With many years of experience under her belt, she explains why brands should take the leap to get stocked in Travel Retail and more specifically in the Nordic Area.

"Travel in the Nordic area has always been very strong thanks to the Åland islands that give the routes between not only Finland and Sweden but also between Estonia and Sweden. Åland Islands have a special status within the European Union, which makes it a perfect Duty Free location. As a matter of fact, when Finland became a member of the European Union in 1995, the Parliament of Åland expressed, in accordance with the Autonomy Act and after two separate referendums, its consent to Åland's membership of the EU. Åland's relationship with the Union is regulated in a protocol containing special provisions for purchasing of real estate and the right to conduct business in Åland, thus confirming Åland's special status under international law. The Åland protocol also states that the islands shall be regarded as a third territory with respect to indirect taxation, which enables the sale of tax free goods to passengers travelling between the Åland Islands and other EU Member States, even though the tax exemption in the traffic between EU Member States ended as of 1 July 1999. This exception also makes tax-free sales possible for passengers travelling between the Åland Islands and mainland Finland."



TR gives the amazing opportunity to build customer loyalty throughout the world and gives direct access to entire continents. Travel Retail is burgeoning, as companies, whether large or small, new or well established are recognizing every time more the value of the global shop window that our international gateways represent. Competition is getting fierce and brands are fighting more and more for the perfect spot on the shelves. Is your brand reaping success from the ever-growing Travel Retail market yet? To be able to make the most of this market, you need a good understanding of tourist traffic and the various cultural specificities and shopping habits typical of each location. Brands which have most successful in the Travel Retail market

Travel Retail in the Nordic Area mainly consists of ferries, which Transmeri is taking care of, including Tallink & Silja Line ferries, Viking Line ferries and Birka Line & Eckerö Line ferries. Transmeri also works with Fortran Border Shops (to Russia), Thomas Cook pre-order and inflight sales on main charter routes, GateGroup inflight and pre-order sales airlines as well as Helsinki Airport Dufry for some brands.



The Åland Islands are strategically located in the Nordic Area



Travel Retail in the Nordic Area mainly consists of ferries, which Transmeri is taking care of, including Tallink & Silja Line ferries, Viking Line ferries

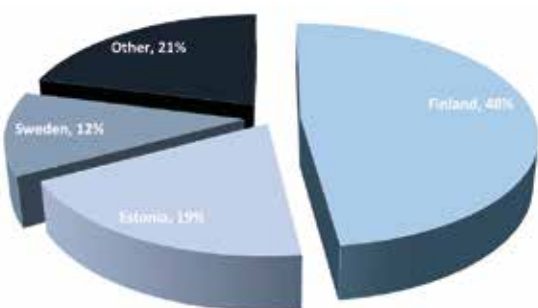
In other words, Travel Retail in the Nordic Area has become very powerful and profitable thanks to, but not only due to:

- High taxes on alcohol and cigarettes
- Prohibition to promote alcohol since 1977, which has led brands to invest heavily in marketing on-board ferries (since 1995 however, the government allows to promote drinks containing less than 22% of alcohol).
- Prohibition to promote cigarettes except on ferries
- High retail prices for luxury and niche cosmetics and perfumes
- Extremely high number of passengers travelling each year in the region (around 20,5 million) both on ferries and airlines.

Overview of the Travel Retail Market in the region

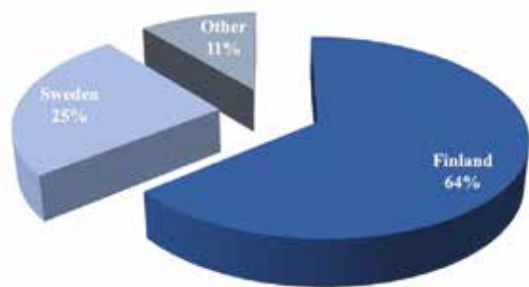
In the Nordic Region, Viking Line and Tallink & Silja have the biggest market share with 33% and 47% respectively. Together they account for about 17 million passengers in 2017 out of the total 20.5 million.

Passengers split Tallink & Silja



Other includes: Latvia, Lithuania, Russia, Asia, and Europe

Passengers Split Viking Line



Other includes: Baltics, Asia/China, Russia, Europe

According to the World Travel & Tourism Council, despite terrorists, epidemics and recessions, travellers have not been deterred nor will be in the near future. In fact, since 2009 sales of Travel Retail have grown by more than 12% a year. Half the growth comes from a rise in the number of passengers, especially from countries newly gripped by wanderlust such as China or Saudi Arabia. Travellers have an increasingly greater appetite for shopping on the go and retailers are developing skills to feed it. More people are travelling each year and it is expected that there will be 9 billion passengers by 2025. It is therefore imperative that retailers positioned in international airports and ferry lines continue to adapt in order to deliver exceptional experiences and relevant products for the travelling customer. Travellers have many interaction points during a typical travel experience - hence the power to engage and convert passengers into shoppers is a fascinating yet complex challenge.

The great thing about Travel Retail is that consumers are global shoppers: they are not only purchasing where they live but wherever they are, both in their local and destination markets and when travelling. To meet with the aspirations of these travellers, your brand must adapt its approach, in line with languages, cultures and beauty rituals.

International shoppers are spending more on luxury goods when they travel overseas than in domestic markets. Thus, your brand should not ignore the ever-growing opportunity that Travel Retail represents, especially in the Nordic Region.

Beauty is the driving seat of Travel Retail because products can easily be marketed as "on-the-go" items due to their size. Creating

travel categories is now a common practice. Travel-sized products or 'minis' allow travellers to purchase smaller versions of full-size products and people love it. Your brand should also take advantage of Travel Retail by promoting exclusive products to be sold exclusively in certain airports and/or ferries.

Entering the Swedish market can be extremely tough for many reasons, one being the highly complex structure of this market. Many brands get easily scared when they realize they need a multi-channel distribution plan and avoid entering the market altogether. However, the Swedish beauty market is one to watch in the near future because it is rich and diversified and keeps growing at a fast-pace. Foreign companies need to keep in mind that it is no easy task to expand in Sweden and that it is essential to have the right strategic plan.

By choosing the adequate strategy, Sweden could definitely be the next big stop on your agenda. But remember: the types of retail channels you choose are essential and will define your brand. Where you are sold at will have a major impact on everything your business does and will set you apart from your competition. Approaching an independent retailer to stock your products is one thing, but household names can seem out of reach for many small brands. Where do you start? Who do you talk to? And above all, what do you say? If your brand is right for the store and you pitch it well, there's no reason why you shouldn't be successful and referenced there.