



VALÉRIE KAMINOV – BIOGRAPHY

Having spent over twenty years working with a vast array of luxury, premium and niche beauty brands and fragrances, Valérie 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, Valérie 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, Valérie Kaminov is highly trained in corporate governance and is an experienced NED and Director enabling her to have a holistic understanding of boards. She advises both as a consultant and an NED.

Valérie'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.

Valérie has been a guest speaker for the not-profit organisation, CEW, at their Mentoring Services where leading executives offer insights into beauty industry issues and inspiration for professional growth.

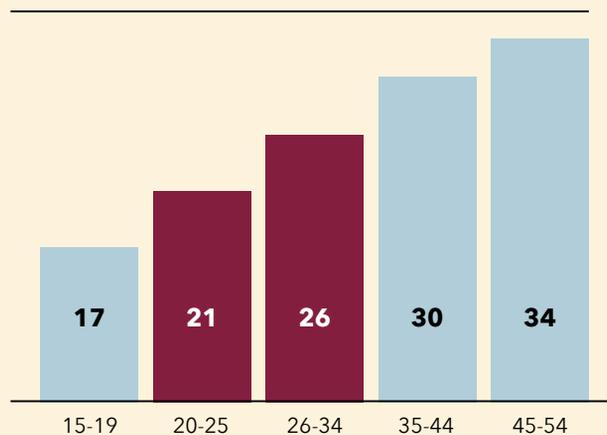
At the International Manufacturers & Distributors Forum (IMF) Master of Ceremony, Valérie organises a very unique conference; A global European gathering for manufacturers, brand owners and distributors to come together and discuss challenges faced by their business and the industry by giving the attendees unlimited networking opportunities.

HOW TO SUCCESSFULLY MARKET TO THE NEXT GENERATION OF CHINESE LUXURY CONSUMERS

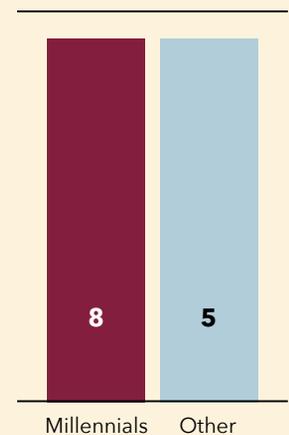
New shifts are currently transforming the way Chinese consumers buy. Millennials have been major contributors to the luxury market growth in China. Extremely digital savvy and increasingly knowledgeable about brands, Millennials are part of the generation born after the economic and political liberalization. Often referred to as Little Emperors, they are known to be spoiled by their relatives (*six pockets, one mouth syndrome*) and they get anything and everything they want. The Little Emperors favour designer brands and start buying luxury goods at a young age on a regular basis.

Long gone are the days when conformity was expected: today's Chinese youth is self-expressive. Youngsters are orientated towards individualism and are increasingly self-centered. The Western entertainment industry has had a great influence on these value shift, thanks to China's *open door policy*. When walking down the streets, Chinese consumers used to look homogenous, wearing similar clothes and accessories and wore little to no make-up and/or perfume.

At which age did you purchase luxury goods for the first time?



How many times have you purchased luxury goods in 2017?



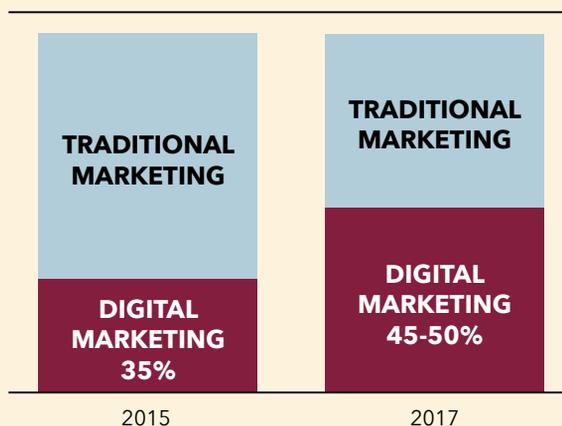
Source: Brain China Luxury Consumer Survey, 2017

The fast development of the internet and social media mean that Millennials now have access to new sources of information that has helped them build their own mind-sets. Consumers used to heavily rely on word-of-mouth, wanting to try products that their friends and family recommended. However, mindsets are rapidly changing. The Chinese youth wants to go online to have fun and to get a better insight on what's going on in the outside world. Internet is an extremely useful tool when going through the various steps of the decision-making process, making it easier to find pre-purchase information searches and product comparisons. Sharing product experiences with others is also important and plays a great role in the purchase decision process. The online channel grew at an impressively fast rate, driven by the high growth of cosmetics with the overall online penetration increasing by 15% for beauty brands last year alone.

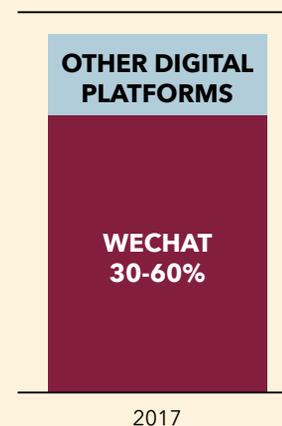
This means that there is an increasing need for brands wanting to succeed in China to heavily invest in digital marketing and particularly WeChat, a great platform to connect and engage with consumers on an emotional level.

Younger generations also tend to be increasingly materialistic and brand-conscious. While older consumers want to conform with social norms and as mentioned above, heavily rely on word-of-mouth, Millennials are pushed by the desire of showing off their wealth (e.g. conspicuous consumption). Having the best brands is synonym of higher social status. This greatly goes against the traditional Confucian culture of modesty and humility. Luxury was once seen as ostentatious and was in a sense demonized. As consumers are becoming increasingly educated, pragmatic and cosmopolitan, their appetite for products with easily recognizable brand logos is spiking. Western brands are often perceived as of higher quality compared to local ones. The country-of-origin label plays a great role in the purchase decision (e.g. *Made in France* is associated with luxury, quality and craftsmanship). Past generations were reluctant to complain, as karma, also known in China as *yuan*, is a strong hold belief among these generations. As a result, they have little expectations when buying a product. On the contrary, younger generations tend to be a lot more individualistic, looking after their own interests, particularly when it comes to product purchases. Chinese youth's beliefs, wants and needs greatly differ from those of older generations. In order for Western brands, to be successful with Millennials, brands must quickly understand this. The future success of a business depends in part on its ability to continue to expand in the developing markets. There currently isn't a larger market than the Chinese market. China can be a major battleground but it can also offer huge opportunities, if dealt with in the correct manner. Entering the Chinese

Many brands aggressively increase share of Digital Marketing Spending



Many brands spent 30%-60% of digital marketing budget on WeChat



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". Many Western companies believe that Chinese customers greatly differ from Western ones and that they must adapt their products and services to really appeal to Chinese specific needs and wants. This is true to a certain extent but today's young Chinese needs and wants are converging with those of young Westerners. To navigate in clearer waters and avoid fatal pitfalls, Western companies must understand that seeing Chinese youths through the lens of traditional Chinese cultural values is no longer the adequate marketing strategy. China's younger generations have a strong interest in Western culture (e.g. they look up to Western lifestyles and the way money is spent). Purchasing a foreign brand is key in China. Yes, it is more expensive but with higher prices comes greater quality. Urban living trends have spiked and young consumers are getting wealthier at a strong pace. With higher disposable incomes and easier access to loans, the Chinese youth is not scared to spend. They value Western brands and see them as of higher quality than local brands: international brands are seen as a sign of prestige. Affluent consumers are extremely status conscious. Chinese consumers are still influenced by the opinions and recommendations of people they trust: if someone in their entourage goes for an international

brand, they are extremely likely to follow. Chinese consumers get great satisfaction from purchasing international brands. Chinese possess an unquenchable thirst for international brands and regularly travel abroad to purchase those brands at cheaper prices. In China, there is a strong gift culture: when travelling, Chinese consumers do not only purchase luxury goods for themselves but also for friends and family.

Overall, as they continue to spend more, it seems likely that Chinese consumers will broaden their patterns of consumption which are currently limited by the quality and variety of Chinese goods and services at their disposal. In fact, a shift in preference from mass to premium products is being observed in the young Chinese consumers as their appetite for luxury and sophisticated brands increases. This increased appetite has captured the attention of wealthy Chinese investors who have had over the last few years a powerful force on the worldwide M&A scene. There's been a flurry of activity from Chinese firms investing in the luxury industry. Chinese businesses benefit from the recognition and prestige these iconic brands enjoy, not to mention the technology and distribution channels developed by their parent companies. Western brands on the other hand, can benefit from the distinctive digital capabilities that Chinese investors possess, giving them an incomparable competitive advantage.

As the strong appetite of the young Chinese for luxury brands continues to spike luxury brands must understand that they cannot stop their offering at the product itself. This is even truer for cosmetics and the beauty industry. As the industry is growing on a global scale, there is more competition from new entrants, more distribution channels and more touch points available. Beauty is hard to sell in the sense that unlike Fashion, consumers are not intrigued by the brand alone anymore and cannot feel the product as one would do when touching the fabrics. Experiences are essential: brands must offer unique services, unique rituals because luxury customers, whether Westerners or Chinese are seeking for the "wow factor". In other words, they want their senses to be dazzled. To achieve all of this, the brand must be an expert at storytelling.



Michèle Perfume, a portray of one of Héloïse's ancestors

According to a study published by Deloitte in 2015 (*The Luxury Opportunity*), brand storytelling is extremely important for Chinese consumers. Luxury brands communicate the legends associated with the brand. Myths should be conveyed indirectly and should be consistent in every point of delivery, including products, stores, or marketing actions. Héloïse de V. successfully did so. The latter was born from the desire that emotions created by fragrances should be shared.

Overlooking trends, Valérie d'André imagined a timeless perfumery of sensations and creation. Her fragrances embody aromatic memories that evoke Southern France, where she grew up. She brought this emotional heritage back to life by portraying her ancestors who had strong personalities and who all shared a common love of aromas and flavours. To conjure up the memory of Michèle, Balthazar and Héloïse, Valérie d'André has tapped into the family's legendary history and the olfactory atmosphere so typical of the South of France. Through the art of blending fragrances, she draws their portraits and brings back to life their personalities. Gellé Frères has also had a permanent position amongst the leading French perfume manufacturers adored by Chinese consumers. The brand's gripping story began in a French courtyard. The brand was born in 1826 when the Gellés brothers inherited the formulae of Jean Louis Fargeon, the perfumer of Queen Marie-Antoinette. Their goal was to democratize the Queen's beauty secrets by using flowers. Since the beginning, the house has known how to express its unique *savoir-faire* and *savoir-fleurs*. Gellé Frères developed a knowledge of flowers at the crossroads of science and poetry, catching each flower's soul in precious bottles. To increasingly capture the share of wallet of younger audiences, Gellé Frères strategically rejuvenated its target market by catering to Queens 2.0 (from Queens wearing crowns and gowns to powerful Queens wearing stilettos and pencil skirts).



Gellé Frères precious perfumes are named after powerful emblematic modern Queens

The point of sale is the "gate" to the brand. Once in the store, the customer must be blown away. Luxury brands must be committed on the one hand to unrivalled customer service throughout the whole sales process (from pre-departure to post-departure) and on the other hand to customer relationship (core of any successful business). Luxury brands should be able to customize and adapt their retail experience according to their customer's nationalities, age and gender. Salespeople are ambassadors and represent the brand and the values it stands for. They also inform clients on the latest products, educate the public on the history of the brand (also known as brand literacy), its heritage, *savoir-faire* and the brand codes. Héloïse de V. took advantage of this by offering its clients never-seen before fragranced in-store workshops including perfumed massages, perfumed watercolours, personalized fragranced travel book and personalized DIY fragranced jewellery.



Héloïse de V. unique in-store fragranced workshops: personalized fragranced travel book, perfumed watercolours and perfumed massages (from left to right)

As you walk into the Gellé Frères Opéra store, your breath is taken away thanks to the use of premium fixtures and materials such as Carrara marble and rose gold, which create a first-class customer experience. By incorporating technology into its displays, Gellé Frères successfully appeals to younger audiences and provides a whole new level of personal customer engagement, such as having iPads built into the unit to demonstrate the products in an innovative and interactive way through videos or having QR codes on the displays that once scanned directly send the customer to the brand's official website to know more about a given product.

This strategy proves useful in helping customers make choices especially when the store is overcrowded and the Sales Associates are not readily available. Such features/settings reflect the outstanding quality of products sold within the store.

impeccably clean store, a brand can create a first-class customer experience and therefore reinforce the sense of luxury. Such features and settings reflect the outstanding quality of the products sold within the store.

digital tools for their shoppers. Bear in mind that the *country-of-origin* effect is a decisive factor in the perception of young local consumers. European brands, especially French and Italian have a strong brand reputation among Chinese youths since it is synonym



Gellé Frères outstanding Opéra Boutique



Moreover, to create a luxury retail environment, the brands should emphasize even more on merchandising. In other words, the display in a luxury boutique is essential because it is generally considered as the permanent face of the brand. Why, one might ask? Because the display is what the customer sees at first glance when entering the store and will engage him/her at the front line of the sales process. In case of absence of a Sales Assistant, the visual displays will act as a silent salesman/woman, conveying the same image the latter would have conveyed if he/she was there. The way items are displayed in the store should provide an engaging customer experience in order to drive sales. Through premium fixtures, the use of super quality materials and an

For example, the desire of both Héloïse de V. and Gellé Frères was to bring the same luxury that clients expect from their products to their point of sale units to showcase their finest product range. The same architectural philosophy and merchandising display patterns have been applied to each of the brand's stores and corners worldwide.

China is increasingly setting the trend in luxury: as young and knowledgeable Chinese luxury shoppers keep emerging, the country remains a pioneer in experimenting with digital services and customer engagement. It is therefore essential to target the Chinese consumers, as they are expected to become the biggest international luxury spenders by 2020, surpassing the USA and Europe. To be successful, brands will have to continue increasing their digital investments, creating unique local

of quality and higher social status. Chinese investors have been snapping up Western brands and 2016 has seen a record USD200 billion (GBP161bn) worth of deals. Chinese businesses benefit from the recognition and prestige these iconic brands enjoy, not to mention the technology and distribution channels developed by their parent companies. By buying Western brands, Chinese consumers feel different and stand out. To emphasize on the *country-of-origin* effect, your brand will have to heavily rely on storytelling, which will contribute to the Chinese consumers' emotional brand attachment. As Chinese consumers are extremely savvy, the brand story - to go viral - should be spread on social media platforms such as WeChat, Instagram or Snapchat. If your brand can build a compelling reputation and a memorable story, to offer sought-after star products and exclusive limited editions, you will be more than successful.