



CENTRAL Group



— KIT CONSULTING —

SITUATIONAL ANALYSIS

Retail giants are preparing for the onset of omnichannel consumerism

Task

Identify one of the following **categories** to implement **omnichannel services**:



Sneakers



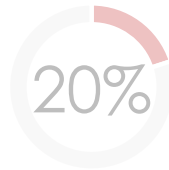
Small Appliances



Beauty

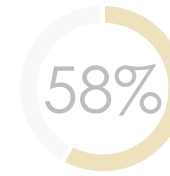
Analysis

Sneakers have the **lowest brand loyalty** at around 20%



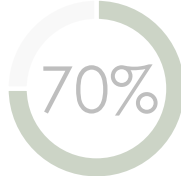
Source: Zenith Research

Small appliances have **average brand loyalty**, at only 58%



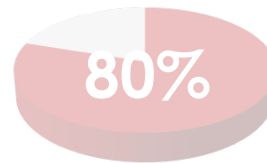
Source: Nielsen

Beauty products have the **highest brand loyalty** at over 70%



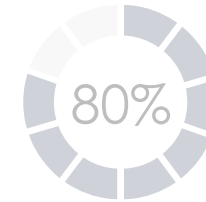
Source: BCG

Sneaker features are **low in variety**, which makes **in-store** experiences most feasible for **inventory**



Source: Statista

80% of small appliance shoppers value **price over features or quality**



Source: Deloitte Thailand

80% of beauty shoppers use **digital outlets** in their shopping journey

Selection

Large product assortment and **high brand loyalty** provides an ideal environment for **omnichannel adoption** within the beauty category.

SITUATIONAL ANALYSIS

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Small Appliances



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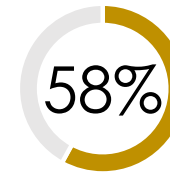
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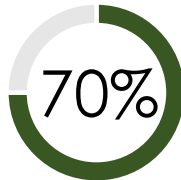
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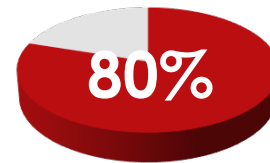
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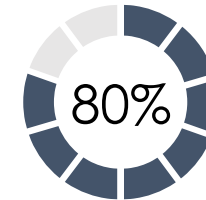
Source: BCG

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SITUATIONAL ANALYSIS

The beauty category is most prepared for a shift to omnichannel consumerism

Task

Identify one of the following **categories** to implement **omnichannel services**:



Sneakers



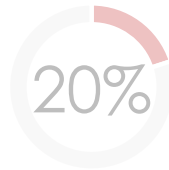
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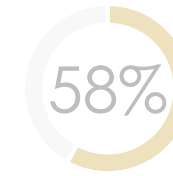
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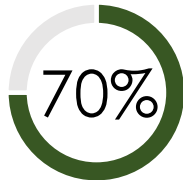
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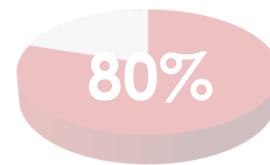
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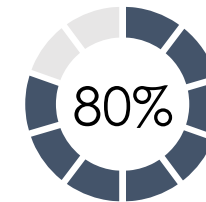
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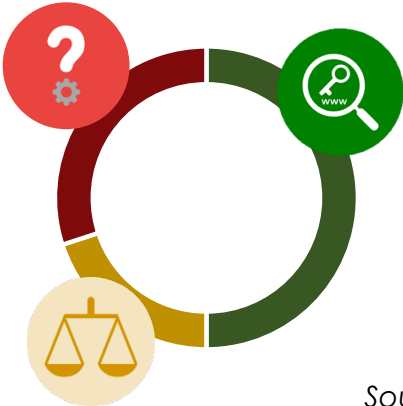
The high engagement and strong loyalty in the Thai beauty category means a successful strategy will capitalize upon user engagement

THAI CUSTOMER LIFETIME JOURNEY



Learn

Explore Product Offerings



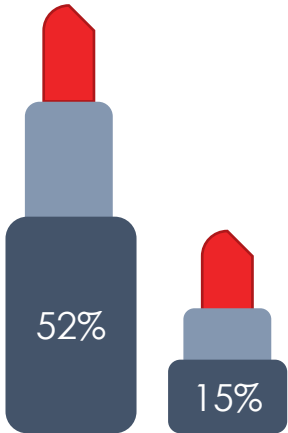
70% of Thai consumers have **some idea** of what they want to buy **before entering a store**

Source: Market Research Study



Trust

Believe in Experts



Thai consumers are **over 3x** more likely to **trust blogger opinions** than word of mouth for beauty products

Source: Quartz Consulting



Experience

Interact with Category



60% of Thai consumers would prefer to **experience products in person**

Source: BCG

How does this impact Central Group?



A **seamless solution** allows consumers to have the **same experience** both **in-store and online**

What Does It All Mean?

Central Group must incorporate both **digitalization** and **physical interaction** into a **seamless experience** which **leverages existing resources**.

Alternatives Considered for Implementation



Idea Considered	Why It Was <u>Eliminated</u>
Remodel stores to arrange products by category and allow for direct product comparison	Does not address need for digital interaction; not a seamless experience; weak leverage of resources
Develop personalized beauty products, such as custom foundation shades and fragrances	Central Group is not a manufacturer; does not address need for digital interaction
Prioritize expansion of eCommerce platform	Does not address need to experience products in person; not a seamless experience
Partner with beauty brands to pilot an in-store digital experience	Does not leverage all existing resources; lack of focus on comprehensive product portfolio

Idea Considered	Why It Is Feasible for <u>Later Consideration</u>
Develop digital skin age analysis tools using AR	Currently not scalable considering selected strategies, but will allow beauty reps to do better jobs
Build a Wish List feature in eCommerce portal so customers can save carts and view in store later	Requires higher eCommerce penetration, but offers seamless integrated experience

Strategic Recommendation

Key Question: How can Central Group develop **omnichannel services** that **innovate and leverage** existing services to deliver a **seamless experience** for the customer?



OVERALL IMPACT	THB 5.2B	181k	50%+
	Additional Profit Over Five Years	Digital Customer Conversions by 2019	Gross Margins by 2022

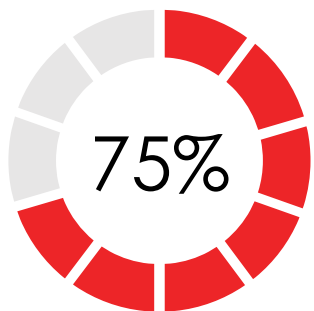


STRATEGY

MAKEUP INDUSTRY TRENDS

Thailand is leading the way in Asia for the makeup category through digital growth and high engagement

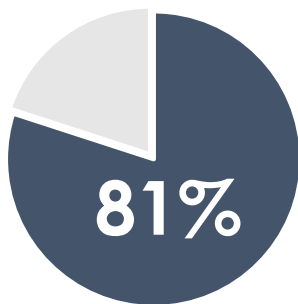
WOMEN



Source: EY Consulting

Women drive consumer sales based on their influence

In Asia, women dominate cosmetic purchases



Source: Retail Tech

MAKEUP



Makeup has become **more engaging on social platforms** than any other category

Source: Corra Beauty

"When it comes to makeup, I need to interact with it in some way."

Source: Market Research Study

THAILAND

20B THB

Makeup has **grown** as a category in Thailand

Source: Export.Gov

Thais spend an **extra hour on the internet** as compared to their regional peers



Source: BCG

OPPORTUNITY: With over **78% engagement** in the makeup category, consumers are more **willing to adopt innovative** approaches

AUGMENTED REALITY MAKEUP PRODUCT PREVIEW

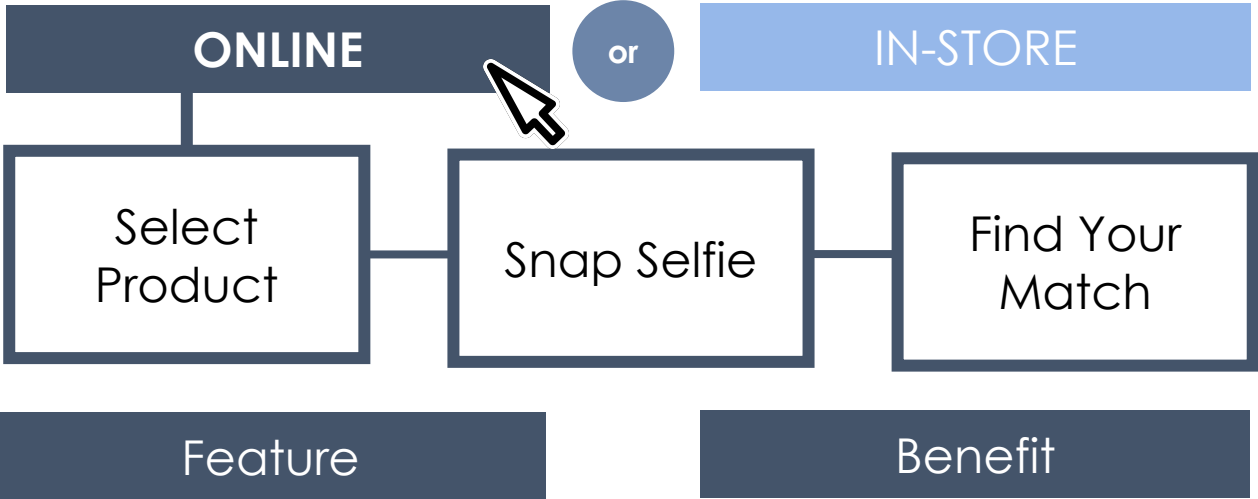
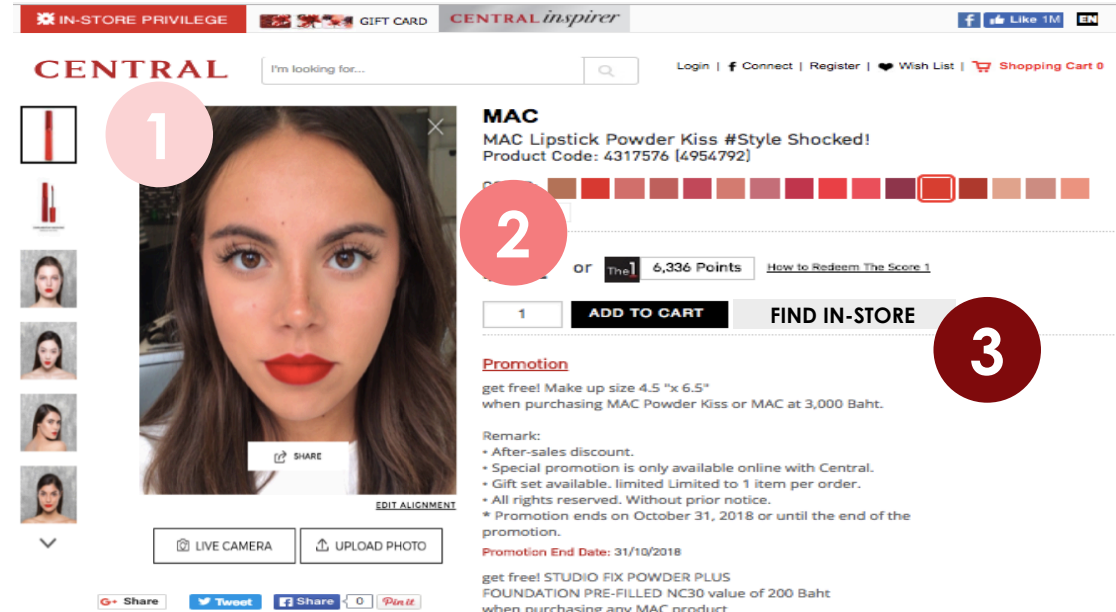
Leveraging AR leads to a personalized omnichannel experience

SOLUTION

MODIFACE

Purchasing technology services from a beauty-specific, augmented reality makeup simulator

Introducing: *MAKE ME UP* (Online)



AUGMENTED REALITY MAKEUP PRODUCT PREVIEW

Leveraging AR leads to a personalized omnichannel experience



Utilizing Modiface technology to leverage in-store AR through blended reality

Introducing: **MAKE ME UP** (In Store)



Case Study: Sephora Beauty



Feature

Benefit

1 Smart Mirror

2 Test Top Products

3 Printed Product Information



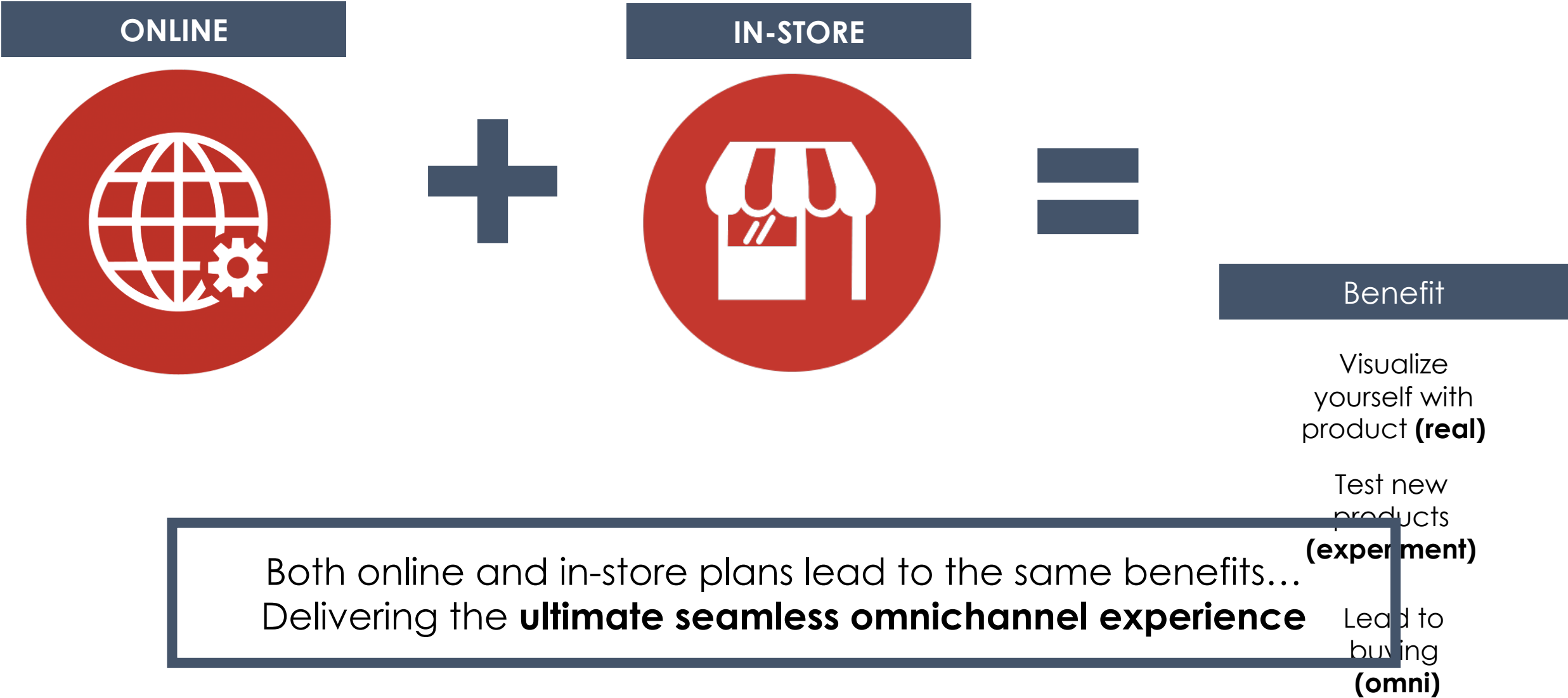
Visualize yourself with product **(real)**

Test new products **(experiment)**

Lead to buying **(omni)**

AUGMENTED REALITY MAKEUP PRODUCT PREVIEW

Leveraging AR leads to a personalized omnichannel experience



Leveraging AR leads to a personalized omnichannel experience

ONLINE

IN STORE

OVERALL IMPACT

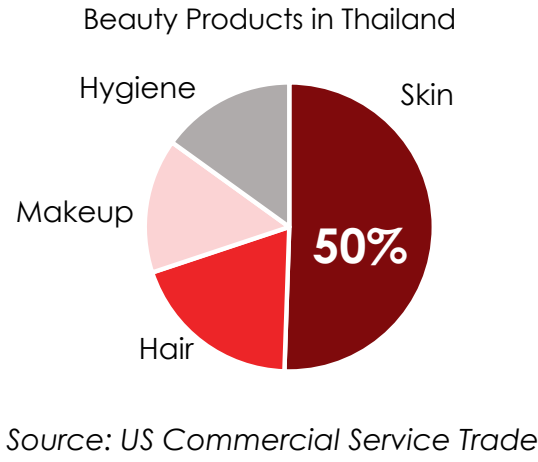
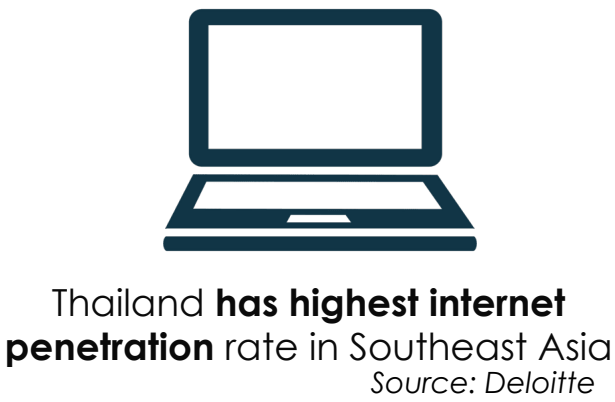
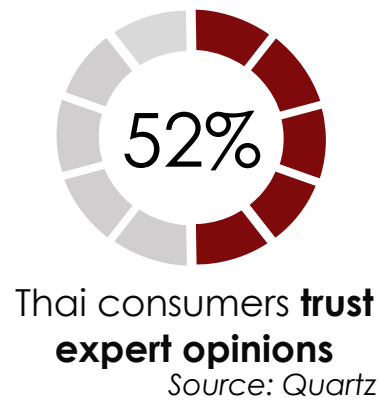
Innovate leads to **conversion rates of 25% and 2M customer impressions over the next 5 years.**

Delivering the **ultimate seamless omnichannel experience**

OPPORTUNITIES FOR SKIN CARE

Skincare requires a consultative approach, which must be incorporated both in-store and online for a seamless service

Proof Points



SITUATION

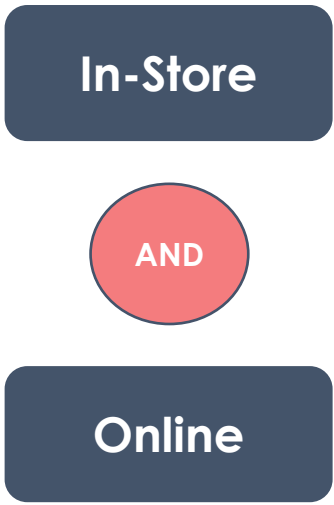
Skincare is a **personal purchase** which requires a **consultative sales** approach

OPPORTUNITY

Central Group can implement its current **Central Chat&Shop** omnichannel service to **enable skin advisory**

BENEFITS

Customers receive the **same buying experience...**



REMOTE LIVE CHAT WITH SKIN ADVISOR

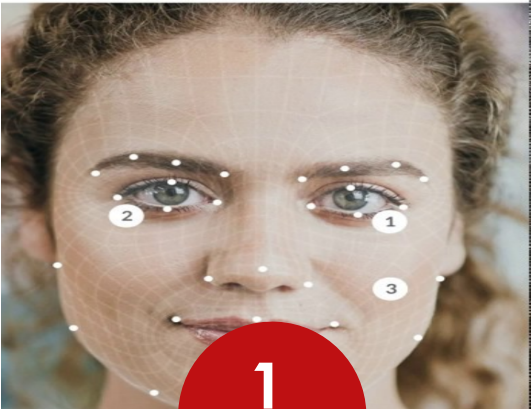
Clinique has been successful in engaging with customers before and after a sale to convert new customers and retain old customers

CASE STUDY: CLINIQUE

INTRODUCING:
Win Your Skin



Customers will now
get the **same
personal
experience** they
receive at a
skincare counter in
the **palm of their
hand**



1
Clinique's Skin Diagnostic tool makes it easy to **learn about the products** that are **best for your skin**



2
Through video conferencing and online messaging, Clinique **connects** with customers, delivering **personalized services**

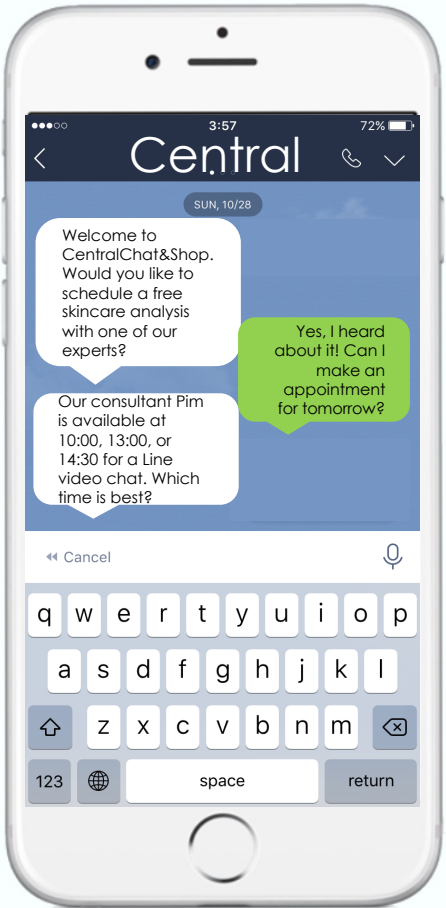


3
Consumer confidence grows through the utilization of expert opinions

CASE STUDY | CLINIQUE SKIN DIAGNOSTIC

Central Group can capitalize on the size of the skincare market in Thailand by offering remote skincare consultation via Central Chat&Shop

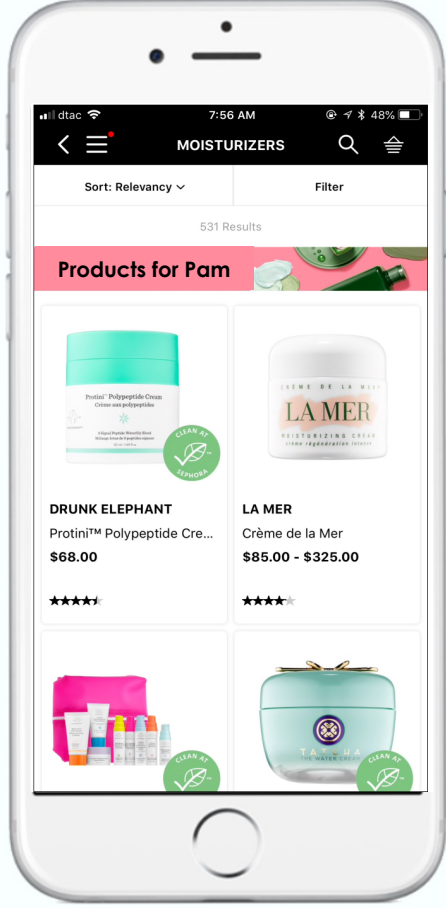
Scheduling Consultation Through Chat&Shop



Video Chat with Skin Advisors



Specific Recommended Products



OVERALL IMPACT

Chat&Shop Skincare Consultation will generate...



46K appointments generated within 5 years



25,000 new customers over 5 years



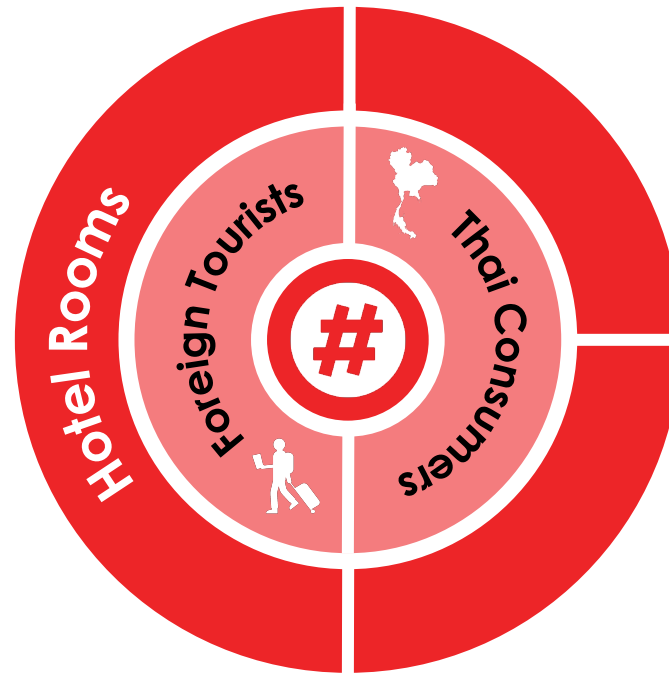
55,000 BHT per year average spend



MARKETING

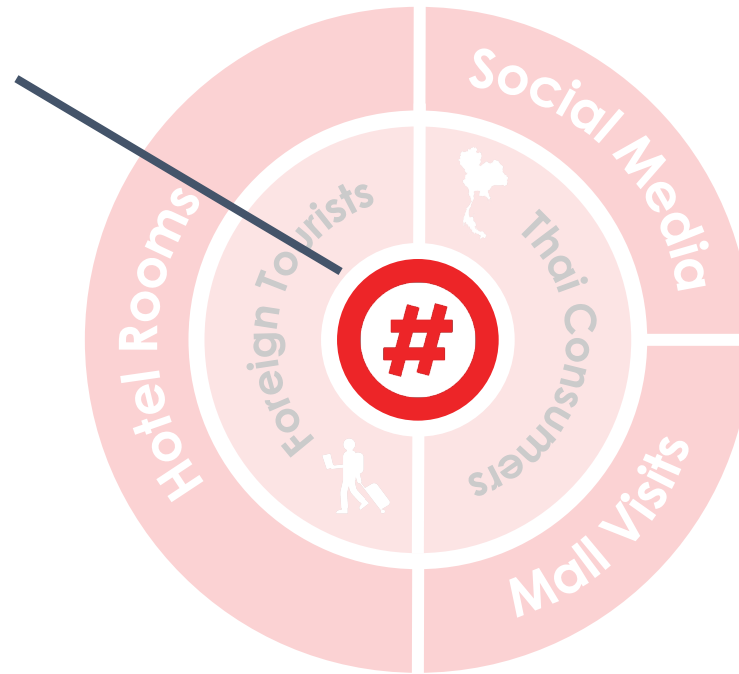
MARKETING – CONSUMER SEGMENTATION

The #LoveYourSelfie campaign allows Central Group to individually target their largest consumer segments



MARKETING – CONSUMER SEGMENTATION

The #LoveYourSelfie campaign allows Central Group to individually target their largest consumer segments



MARKETING – CONSUMER SEGMENTATION

The #LoveYourSelfie campaign allows Central Group to individually target their largest consumer segments

Tourists



The Traveler

High Purchasing Power,
Experience-Focused

Habits



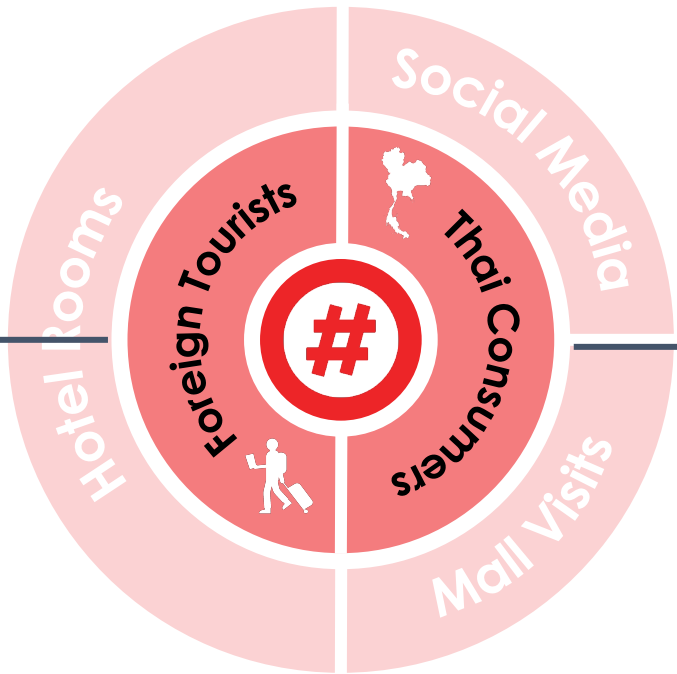
From
China



Large
Spending



Stay in
Hotels



The Researcher

Uses Social Media to
Learn About Trends



The Explorer

Views Shopping as
Social Experience

Thais

MARKETING – CONSUMER SEGMENTATION

The #LoveYourSelfie campaign allows Central Group to individually target their largest consumer segments

What?



Utilize CCTV channel in **Centara hotel rooms** to advertise available omnichannel services

Why?

The average Chinese tourist spends

THB 30K-40K

per trip to Thailand.



Source: Thai Chinese Tourism Alliance



The Traveler

High Purchasing Power,
Experience-Focused

The #LoveYourSelfie campaign allows Central Group to individually target their largest consumer segments




The Researcher

Uses Social Media to Learn About Trends

YouTube

Search



แต่งหน้ารับปริญญาง่ายๆ Ver. มือใหม่หัดแต่ง | MayyR

354,045 views

12K 126 SHARE SAVE

Mayy R
Published on Oct 4, 2018

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เทรดกับโบรกเกอร์แบบ True ECN ที่ใหญ่ที่สุด ในออสเตรเลียได้แล้ววันนี้ เปิดบัญชี

Up next

แต่งหน้าด้วยเครื่องสำอาง 7-11 สดๆ ร้อนๆ | Fah Sarika

Fah sarika 781K views 22:46

EP60 | ปีกก็ on the run ครั้งแรก! เปิดบ้านเจ้าของเซ็กซี่ทรูล์ Mindset TV 2.2M views 18:09

เมื่อครูลูกกอล์ฟพีเรน ณ ลอนดอน!! ผลัดกันวิ่งศัพท์ สำนวน สำเนียง... PEACHII 450K views New 12:14



What?



Connect with consumers through **influencers**, such as beauty blogger Mayy R

Why?



Thai consumers are more than **3X** as likely to trust bloggers than word of mouth.

Source: Quartz Consulting

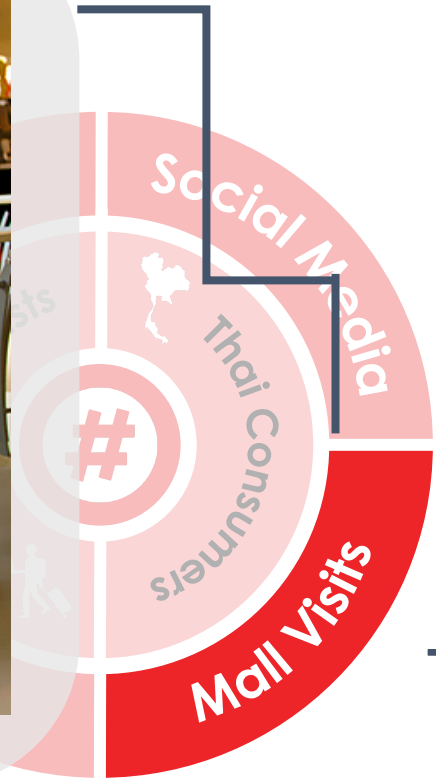
MARKETING – CONSUMER SEGMENTATION

The #LoveYourSelfie campaign allows Central Group to individually target their largest consumer segments



The Explorer

Views Shopping as Social Experience



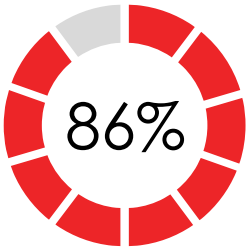
What?



Engage shoppers with **photo-optimized digital billboards** to drive in-store traffic

Why?

Consumer impressions using digital billboards **86%** higher than traditional ads.



Source: Nielsen



Meet Pam



Notices the
**#Love Your
Selfie** ad
campaign

**Visits Central
Dept. Store** to
see makeup



Interacts with
Smart Mirror
and finds
lipstick

**Does not
complete her
purchase** in
store



Uses **Make Me
Up at home** to
test colors

**Buys her
shade online**



Hears about
Win Your Skin
from blogger

Makes
appointment
via **Line
Chat&Shop**



Experiences
Central fully
through her
omnichannel
journey...
**completely
seamless**

Impact: Innovate and Leverage work together synergistically to **innovate new ideas for omnichannel services**, while **leveraging existing resources** within Central Group



FINANCIALS

Implementation Timeline

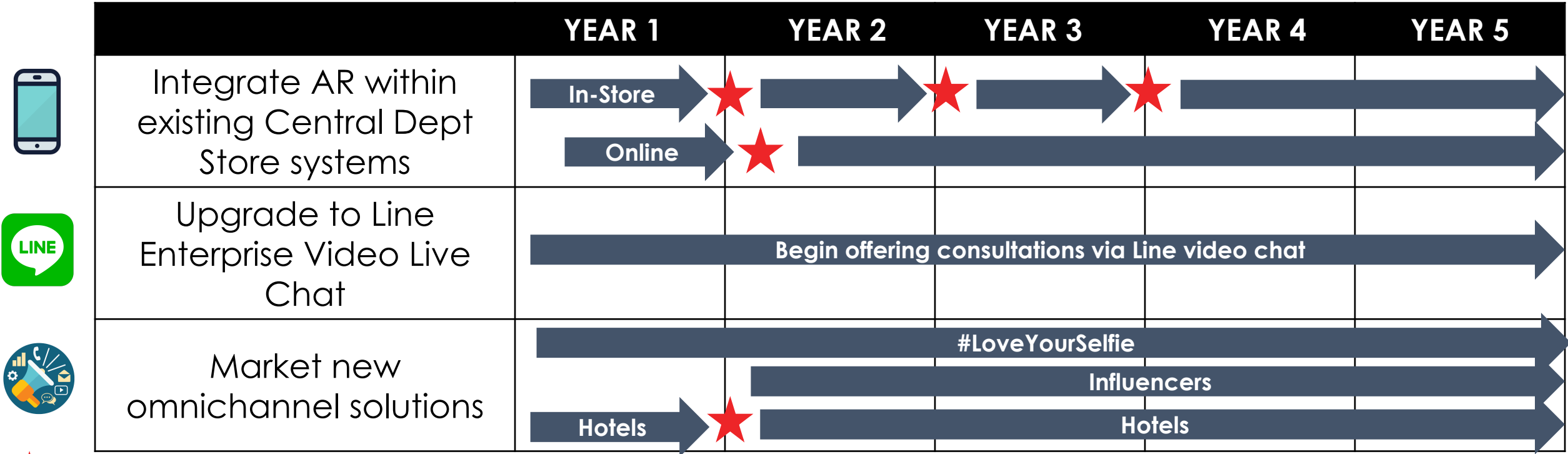
**ACTION
STEPS:**

- 1

Purchase Modiface Software for Make Me Up
- 2

Integrate Win Your Skin with existing Chat&Shop
- 3

Leverage Central Marketing Group for #LoveYourSelfie

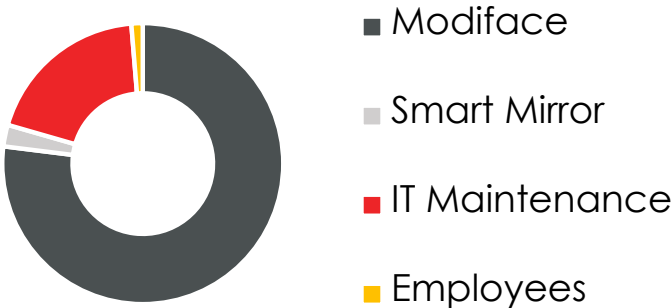


Evaluation Point

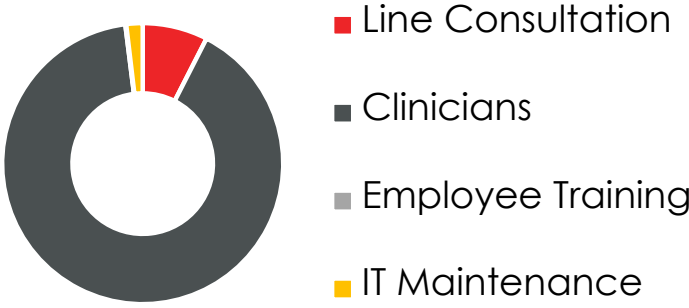
INVESTMENT BREAKDOWN

Investments in omnichannel services and accompanying marketing campaigns contribute to Central Group’s revenue ambitions

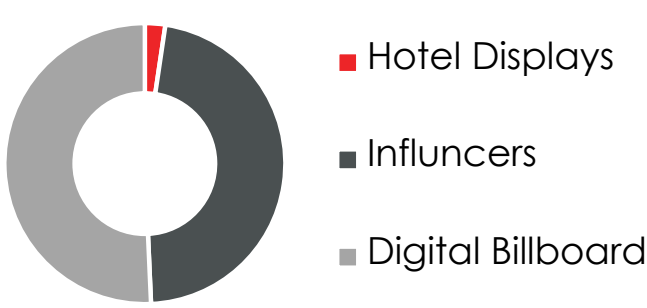
Innovate Expenses



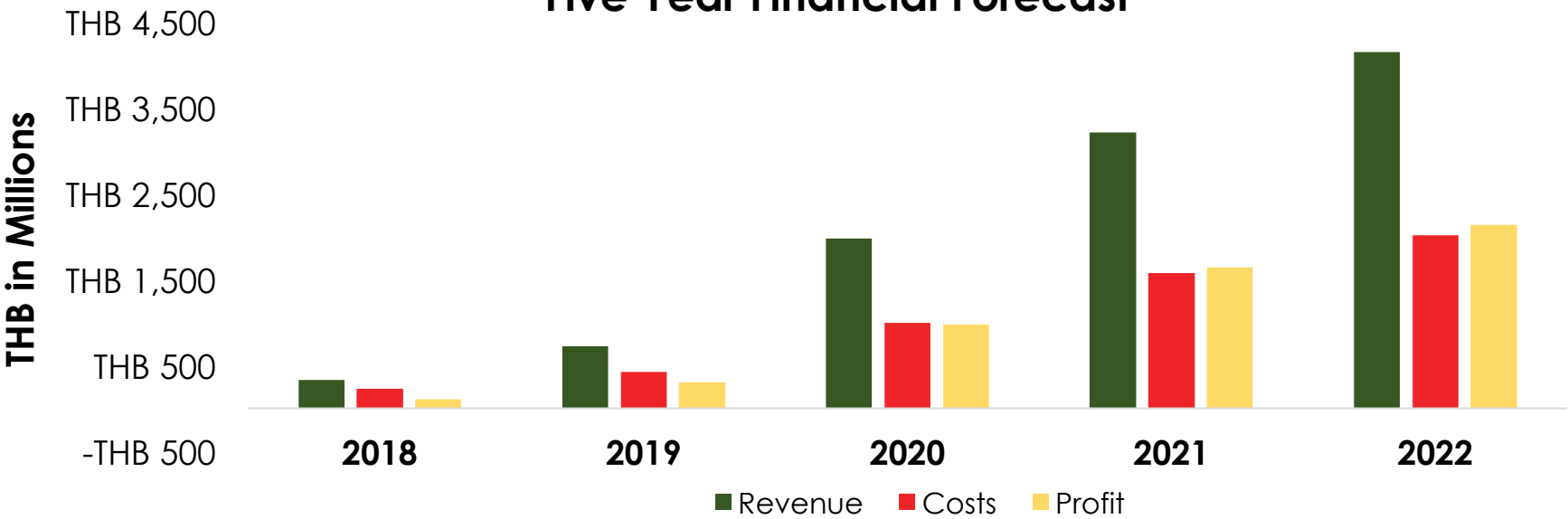
Leverage Expenses



Marketing Expenses



Five Year Financial Forecast



THB 4.14B

New revenue in 2022

THB 2.01B

Associated costs in 2022

>50% Gross Margins

Outperforming industry standards in the shoe & appliance sectors

CUSTOMER LIFETIME VALUE

Improve Customer Lifetime Value (CLV) by increasing product engagement and Average Order Value

Makeup CLV – 20 years



THB 75k

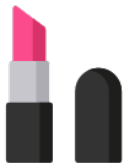
Skincare CLV – 20 years



THB 930k

Source: Market Research

Product Engagement



10x

Increase in number of products interacted with

Source: Team Analysis

Average Order Value



31%

Increase in cart size

Source: TechCrunch

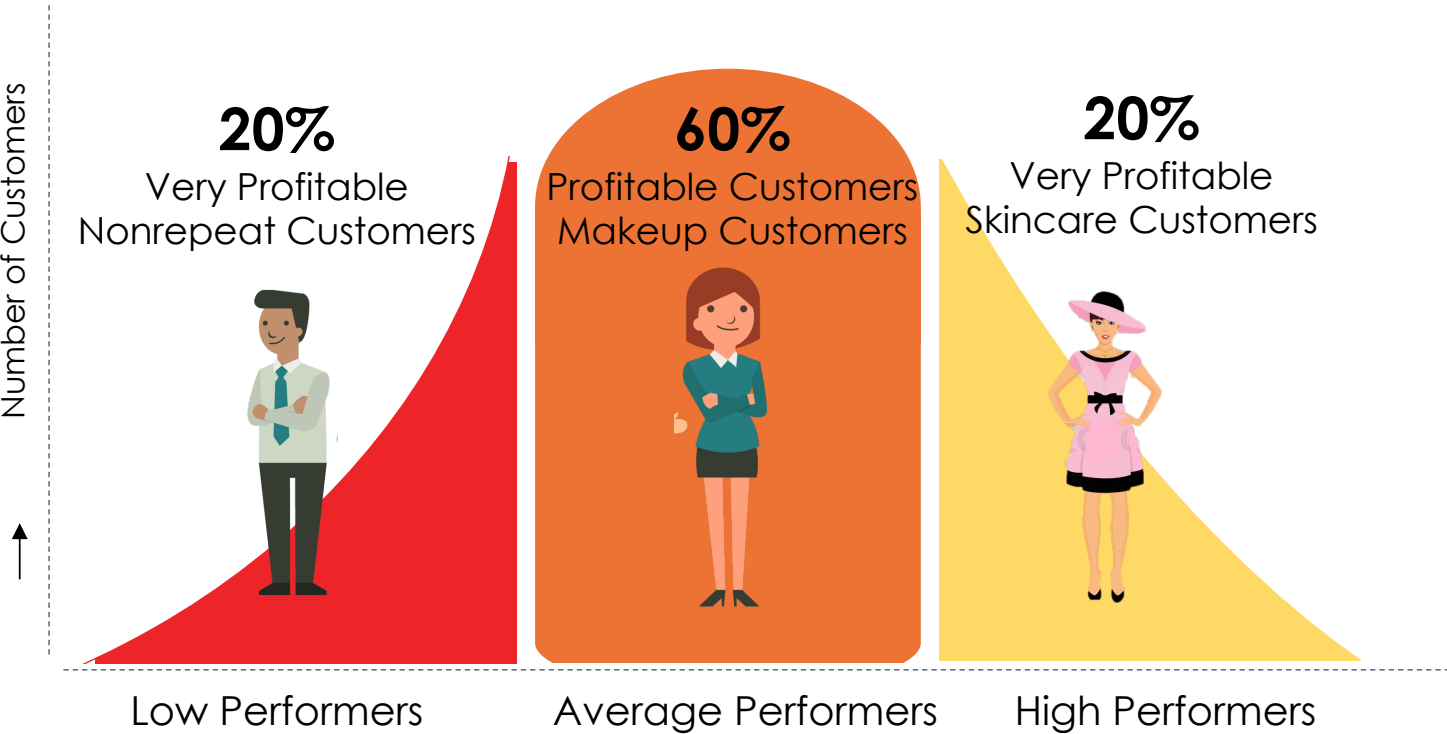
Conversion Rates



65%

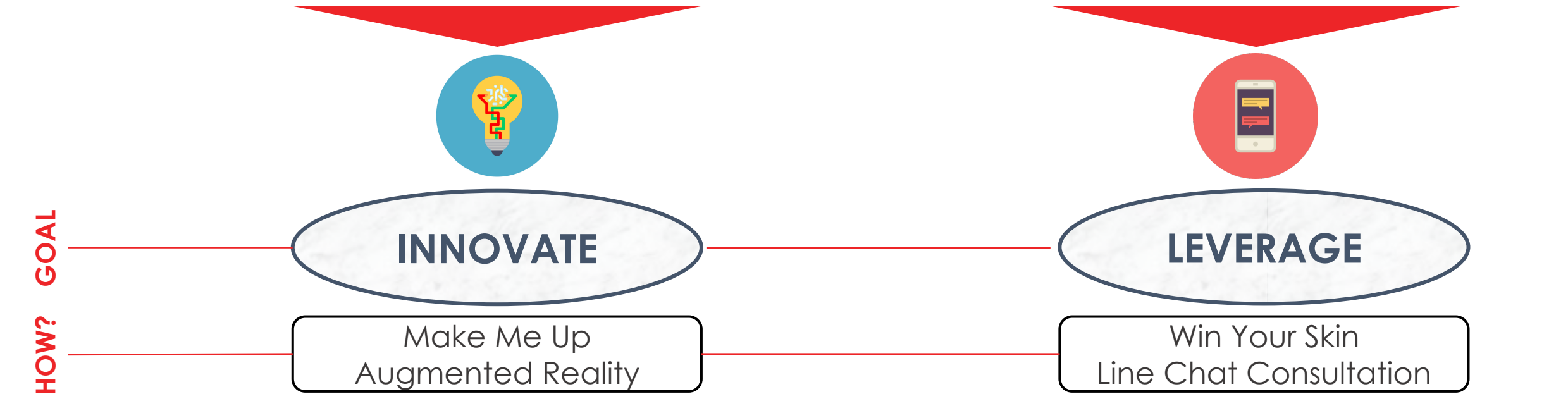
Conversion from personalization

Source: Medium.com



Strategic Recommendation

Key Question: How can Central Group develop **omnichannel services** that **innovate and leverage** existing services to deliver a **seamless experience** for the customer?



OVERALL IMPACT	THB 5.2B	181k	50%+
	Additional Profit Over Five Years	Digital Customer Conversions by 2019	Gross Margins by 2022

ANALYSIS

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- [4. Alternatives Considered](#)
- [5. Executive Summary](#)

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- [14. #LoveYourSelfie Overview](#)
- [15. #LoveYourSelfie + CMG](#)
- [16. Market Segmentation](#)
- [17. Hotel Advertisements](#)
- [18. Influencer Videos](#)
- [19. Digital Billboards](#)

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- [7. Online AR Experience](#)
- [8. In-Store AR Experience](#)
- [9. AR Synergy Equation](#)
- [10. AR Overall Impact](#)

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- [21. Investment Breakdown](#)
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LEVERAGE

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- [55. Industry Standard Margins](#)

Risk Analysis

RISK

Thai consumers are slow to adapt to digital implementation

Consumers utilize technology tools but do not complete purchase

Hiring skin advisors becomes too difficult to sustain



MITIGATION

Optimize most user-friendly technology to ease adoption

Start following-up with consumers through email marketing campaigns

Invest in additional Modiface technology to digitize the process

DIGIDAY

Modiface is becoming the go-to provider of augmented reality to beauty brands



Today, brands pay ModiFace around \$200,000 to \$500,000 per year to use its technology, with the cost depending on the number of platforms (mobile, online or in-store) within which they want to use it. Whenever there's an integration of a new category — like a hair dye or mascara, or a tool, like live streaming — it's applied to all brand partners; there's no pay-to-play in terms of technology advancements.

CNET > Appliances > Smart Home > MAC Cosmetics ModiFace Mirror > Prices

ModiFace Mirror **Prices**

EDITORS' TAKE



ModiFace Mirror

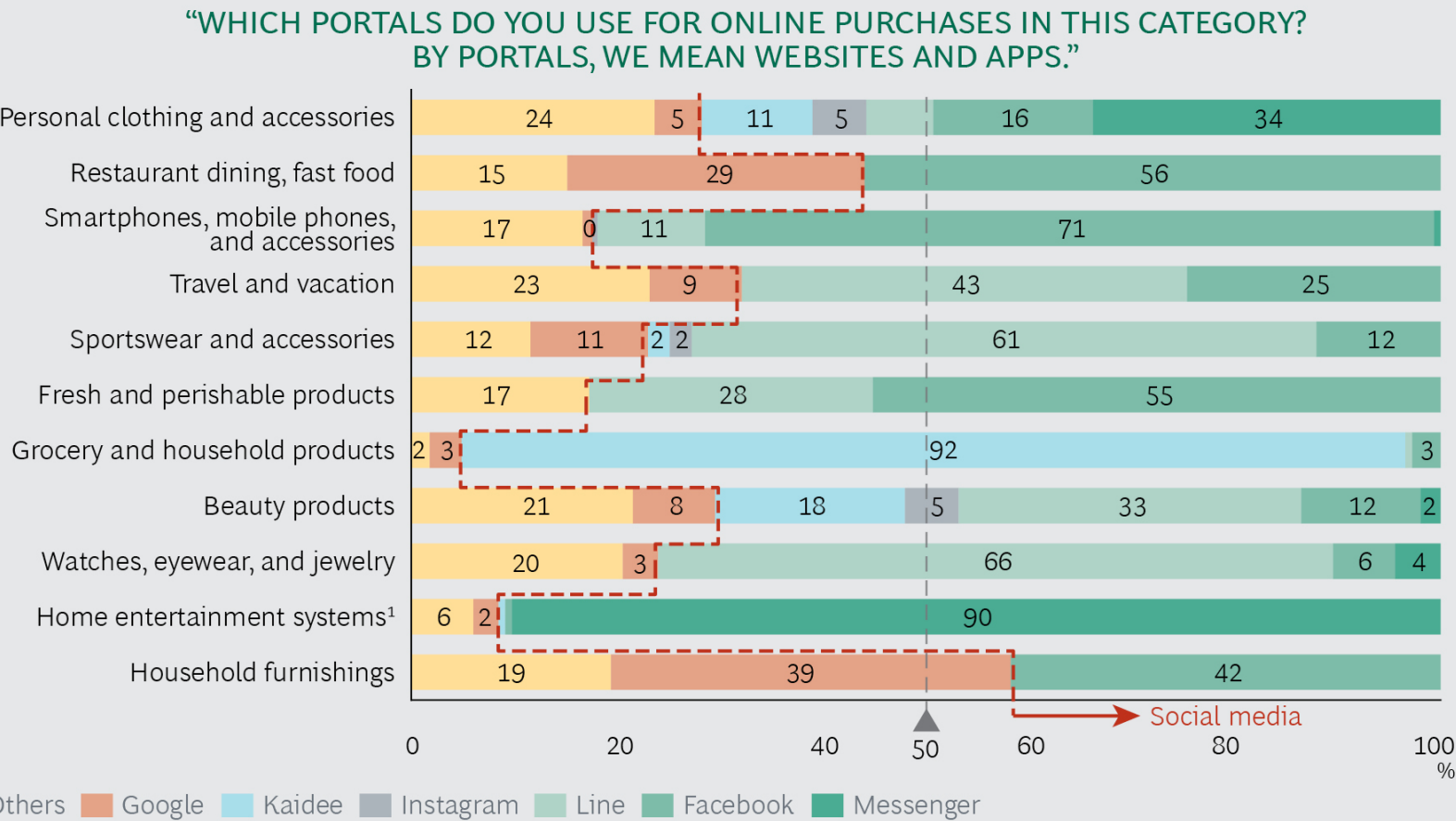
Part Number: Modiface Mirror

MSRP: \$2,000.00

Company Name	Description
Wanna Nails	First AR nail polish try-on
Make App 3.0	AI based app that adds and removes makeup from any face
Fabby Hair	Uses technology to try different hair colors on users
Sephora Virtual Artist	Instantly try on any makeup, virtually
Amazon Skin Care Bot	Amazon Skin Care Bot is personal shopping bot assistant for Amazon Skin Care Products.

Thai consumers use Line more for Beauty purchases than Home & Clothing

EXHIBIT 2 | Social Media Sites Account for Many Online Sales



Sources: BCG Thailand consumer survey, 2017; BCG analysis.
Note: Because of rounding, not all percentages add up to 100.

WHICH INFLUENCERS WILL WE USE?



Mayyr

1.1 Million
YouTube Subscribers



Momay

185 K
YouTube Subscribers



Ice Paddy

512 K
YouTube Subscribers



Archita

1 Million
YouTube Subscribers

Modiface technology has brought augmented reality to the beauty industry



L'ORÉAL



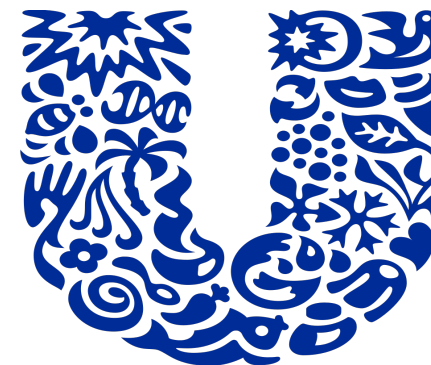
L'oreal purchased
Modiface in Mar 2018



Companies that use Modiface technology



PROFESSIONAL MAKEUP



Unilever

CENTRAL Group

Clinique works to engage its customers through online chat, video conferencing and skin care & makeup FAQ's

CLINIQUE

Holiday

New

3-Step

Skin Care

Makeup

Fragrance

Men

Last Chance

Discover

Q

Help

Talk to an Online Consultant.

Our highly trained skin care and makeup pros are the gold standard in the business, known for their in-depth expertise. **Text** or share a **photo** for a more personalized experience.

Product & Usage Questions

Find your perfect-fit foundation, a great new look or the best routine for your skin.
Monday – Friday 10AM–8PM EST
(except holidays)

Technical & Order Questions

Text chat to solve technical issues or for help with an order while you're shopping.
Monday – Friday 8AM–10PM EST
Saturday – Sunday 10AM–8PM EST

LIVE CHAT

OR

CHAT ON FACEBOOK MESSENGER

OR

TEXT A CONSULTANT 1-646-846-1433

Skin Care & Makeup FAQs

Quick Answers for your most-asked questions from our Clinique Online Consultants.

3-Step

Colour

Skin Care

When should I start using Clinique 3-Step?

How do I determine the right 3-Step Skin Care System for me?

Do I need to use all 3 steps?

Why does Clinique recommend a soap? Will it dry my skin?

What is Clarifying Lotion and why do I need it?


What is the difference between Dramatically Different Moisturizing Lotion+ and Dramatically Different Moisturizing Gel?

Can Clinique be used by sensitive skins?

Will 3-Step Skin Care help with my breakouts?

Our **Skin Diagnostic** makes it quick and easy to find your customized 3-Step System. We also offer individual consultations—including **photo upload and text chat online**—with an Accredited Clinique Consultant from 10am–8pm ET Monday through Friday. And a visit to your **local Clinique counter** is also a great way to get started on a great-skin routine.

Meet Our Consultants





Elizabeth


Started using Clinique: Since I was 16
Years working with Clinique: Nearly 4 years
Skin Type: Skin Type 3 (4 in summer)


Favourite Tip: Exfoliating Scrub is great for oilier skin types and feels refreshing during hot summer months.

Elizabeth's Top 3 Products

 Stay-Matte Sheer Pressed Powder

 Quickliner™ For Eyes

 Blended Face Powder and Brush





Elaina


Started using Clinique: Middle School
Years working with Clinique: 11
Skin Type: Skin Type 4

Favourite Tip: I love a modern, fuller brow to define the face. To get the look, start by tracing just below the brow line with SuperFine Liner For Brows. Be sure to use a light touch. Then use Brow Shaper to fill in any sparse areas.

Elaina's Top 3 Products

 Even Better Clinical™ Dark Spot Corrector

 Chubby Stick™ Moisturizing Lip Colour Balm

 Liquid Facial Soap

Success of Clinique

“By integrating digital technologies into the Clinique shopping experience, we are offering the consumer a stimulating and socially modern way to connect with the brand.”



“By integrating digital technologies into the Clinique shopping experience, we are offering the consumer a stimulating and socially modern way to connect with the brand.”

The diagnostic tool processes over 180,000 product combinations that precisely match each consumer's personal needs.

Today's consumer has more tools and devices than ever before to communicate, connect and learn. From the explosion of smartphones to Google to Facebook, our consumers are looking beyond a one-dimensional experience,”
(Ricardo Quintero, Clinique's Senior Vice President, Global General Manager, Market Development.

Thai consumers have become more cautious and have adopted more sophisticated attitudes when it comes to purchasing

Result:

Increase time spent online researching beauty products.

- Influencers
- Reading reviews
- Waiting for deals and promotions on skin products



Brands have been forced to innovate and diversify products to include more benefits



With increased demand among consumers and success of international brands with large budgets, R&D spend is up and Thialinad is now focusing on product development

The Beauty Market

The Market:

- Thailand's beauty and personal care products market was valued at approximately \$4.7 billion in 2017, a 7.8% increase over 2016.
- Skincare products were valued at \$2.2 billion (47% of the market). Hair products were valued at \$846 million (18% of the market). Makeup products were valued at 658 million (14% of the market). Personal hygiene products were valued at \$752 million (16% of the market).

Shifts:

- Consumers shopping for beauty and personal care is shifting through multi-brand beauty stores, which are offering mass to high-end products in one shop.
- With the entrance of Sephora Thailand in 2014 and its online store in 2016, there are many local multi-brand beauty stores which have a significant impact in Thailand by offering over 100,000 SKU products at competitive prices.

Components of the beauty market

Skin Care

Annual growth of 8.7% in 2017. Thailand is entering an aging society and demand is rising for anti-aging products in various styles with low-to-premium positioning. Facial care accounted for 84%, whereas body care was about 16%.

Makeup

Makeup products grew 7.6%. There is a growing focus on a more natural beauty trends among Thai consumers. Color cosmetics with multiple benefits are desirable for consumers.

Hair Care

Demand for hair care is becoming increasingly heterogeneous. As a result, the number of hair care suppliers is also on the rise, including traditional hair care providers, hair coating, and specific hair treatments in various textures of oil, serum, and leave-on.

Small Cooking Appliances Markets Remains Fragmented

- Since the entry level for this category is low and does not require high technology or special product expertise, many small players are present in different categories in the country.
- Only Sharp Thai City and Philips Electronics posted double-digit volume share in 2017; while more than 30 players offered small cooking appliances in Thailand.

Shoe Market is Moving to Mass Customization Options

- As a department store, Cenntral does not produce shoes it just sells good to consumers, makeing it extremely hard to get into the shoe business as a retail store.
 - Example: 3D shoe printing by companies like Nike

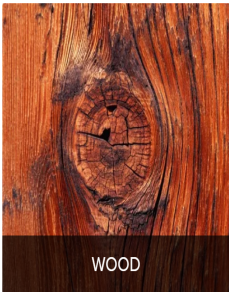
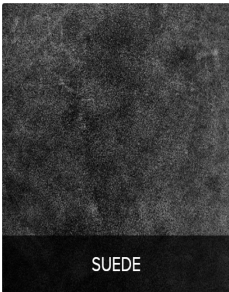
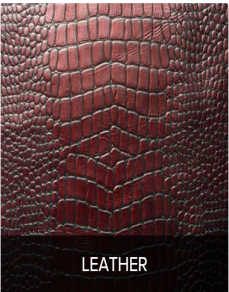
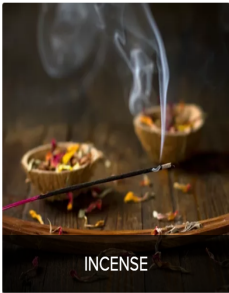
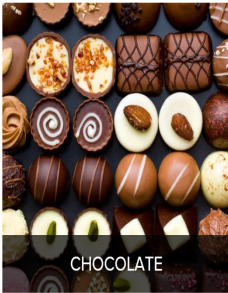
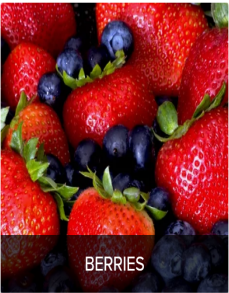
Overall

- Brand loyalty is not the best between the two product options.

Fragrance Quiz

WHAT DO YOU NATURALLY GRAVITATE TO?

Please choose one!



2 / 3

Provides shopper the opportunity to find a smell that fits their preferences and lifestyle

WHERE WOULD YOU RATHER BE?

Please choose one!



1 / 3

Smelling Technology of the Future

Our Vision

We believe that your home is a sacred space

As such, we understand that fragrance has the power to transform an ordinary space to a special one that keeps you happy, satisfied and calm.

We developed a palm-sized, portable device that will soon replace inefficient sprays, old-fashioned candles and clumsy air fresheners.

With the touch of your finger on your smartphone, you can customize your Scent-experience, making this device perfect for the modern homeowner.

Possibly the future
of perfume
technology



Price Point

Affordable



NYX Professional Makeup
Butter Lipstick - BLS21 #Staycation

฿ 295



ASHLEY
ASHLEY BB Skin Cream #25

฿ 399

Middle Income



MAC ลิปสติก Powder Kiss Lipstick
#Burning Love

฿ 880



CLINIQUE
CLINIQUE 7 Day Scrub Cream Rinse
Off Formula 100 ml.

฿ 1,150

High End Products



ESTÉE LAUDER
ESTÉE LAUDER Pure Color Envy
Sculpting Lipstick #211 Surprising

฿ 1,300



THREE
THREE Aiming Cream 26 g.

฿ 5,200

Case Study: Disney Must Do

Disney Must Do is an extremely successful hotel room marketing capigm that Disney has used to promote its other opeeering to tourist within their hotel room



Competitive Analysis :



Currently has Virtual Artist allowing consumers to interact with products



Starting to implemented interactive beauty products with their stores

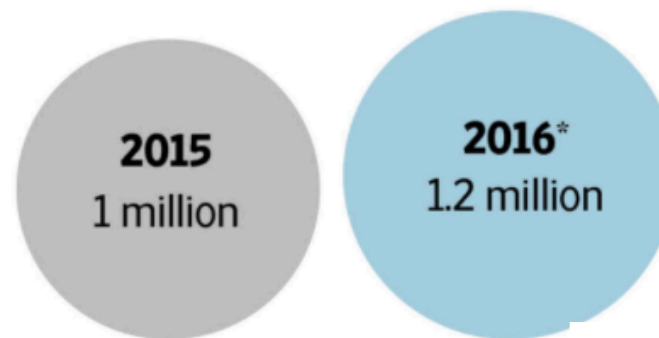
Doctors' Virtual Consults With Patients To Double By 2020 (Forbes)

Total numbers of virtual consults is growing 10% a year with 16.6 million this year with growth projected to hit 26.9 million

- Growth Areas:
- Mental Health
- Dermatology.

The Virtual Doctor Is In

The number of virtual doctor visit
in the U.S.



Selfie Marketing Case: Axi

Axe Deodorant



@rachyxoxo3, your [#KissForPeace](#) is live in Times Square right now. You're kind of a big deal.

12:28 PM - Jan 31, 2014

♥ 8 👤 See AXE's other Tweets

Valentine's Day campaign to promote a good cause. Axe asked its fans to show their sentimental side and share a selfie with hashtag [#KissForPeace](#) in honor of the brand's global mission of nonviolence.

Result:

The campaign received more than 10,000 tweets and another 8,000 posts on Instagram. Axe shared its favorites across its social media channels in addition to cross-promoting the campaign through traditional advertising — such as digital billboards in Times Square.

Digital Billboard Case Study

Revlon

- Revlon, a multinational cosmetics and skin care company, has been trying to rebrand itself in the 21st-century.
- They began using LED video boards to promote their products in Times Square.
- It proved to be a remarkably effective way to engage with customers.

They Are Memorable

55 percent of customers recalled the advertising message from a digital billboard.

Engagement Benefits

According to one study of 41 consumers across the country, people spend significantly more time looking at digital signs than traditional billboards.

Assumptions	
USD	THB
0.031	THB 1.00
Projected Inflation	1.10
Annual Revenue	THB 327,255,000,000
1 Modiface Mirror	\$ 2,500
# of Central Dept Stores	28
IT Maintenance Cost	25%
Average annual makeup spend	THB 2,500
Gross Margin Makeup	45%
Views online	1.50%
Thailand Residents	7,000,000

PROJECTED ANNUAL COSTS FOR INNOVATE STRATEGY (MAKEUP)

Projected Annual Costs for Innovate Strategy (Make up)					
	2018	2019	2020	2021	2022
Modiface Software (Max amount of platforms)	THB 30,000,000	THB 35,000,000	THB 40,000,000	THB 50,000,000	THB 60,000,000
Modiface Mirror (hardware)					
Number of Stores Implemented	6	12	20	28	28
Mirrors per Store	2	2	3	3	3
Cost per Mirror	THB 80,645	THB 80,645	THB 80,645	THB 80,645	THB 80,645
Modiface Mirror (Hardware)					
Total Cost	THB 967,742	THB 1,935,483.87	THB 4,838,710	THB 6,774,194	THB 6,774,194
IT Maintenance	THB 7,500,000.00	THB 8,750,000.00	THB 10,000,000	THB 12,500,000	THB 15,000,000
Employee Expense					
Number of Stores Implemented	6	12	20	28	28
Affiliated Employees per Store	5	6	7	8	9
Hours of training	3	3	3	3	3
Cost per Hour	THB 450	THB 450	THB 450	THB 450	THB 450
Total Training Cost	THB 40,500	THB 97,200	THB 189,000	THB 302,400	THB 340,200
Work hours allocated weekly	4	4	4	4	4
Hourly wage	THB 450	THB 450	THB 450	THB 450	THB 450
Cost per week	THB 1,800	THB 1,800	THB 1,800	THB 1,800	THB 1,800
Weeks per year	THB 52	THB 52	THB 52	THB 52	THB 52
Annual employee expense from allocated time	THB 468,000	THB 561,600	THB 655,200	THB 748,800	THB 842,400
COGS from Additional Sales	THB 88,391,250	THB 212,150,813	THB 717,084,671	THB 1,184,928,620	THB 1,482,027,135
Total Costs Innovate	THB 127,367,492	THB 258,495,096	THB 772,767,580	THB 1,255,254,014	THB 1,564,983,929

PROJECTED ANNUAL REVENUE FOR INNOVATE STRATEGY (MAKEUP)

Projected Annual Revenue for Innovate Strategy (Make up)					
	2018	2019	2020	2021	2022
Number of Stores Implemented	6	12	20	28	28
Mirrors per Store	2	2	3	3	3
Hours Store Open Per Day	11	11	11	11	11
Customer engagement per hour	10	10	10	10	10
Total Customer Interaction Per Day	1,320	2,640	6,600	9,240	9,240
Per Year	481,800	963,600	2,409,000	3,372,600	3,372,600
Conversion Rate In store	15%	17%	20%	22%	25%
Converted Customers	72,270	163,812	481,800	741,972	843,150
Spend per Converted Customer in Store (Makeup)	THB 2,500	THB 2,750	THB 3,250	THB 3,500	THB 3,850
Total In Store Additional Revenue	THB 180,675,000	THB 450,483,000	THB 1,565,850,000	THB 2,596,902,000	THB 3,246,127,500
Customers using online	105,000	115,500	127,050	139,755	153,731
Conversion Rate Online	10%	11%	12%	13%	14%
Converted Customers Online	10,500	12,705	15,246	18,168	21,522
Spend per Converted Customer Online (Makeup)	THB 1,500	THB 1,650	THB 1,815	THB 1,997	THB 2,196
Additional Online Additional Revenue	THB 15,750,000	THB 20,963,250	THB 27,671,490	THB 36,272,711	THB 47,266,133
Revenue from Innovate Strategy	THB 196,425,000	THB 471,446,250	THB 1,593,521,490	THB 2,633,174,711	THB 3,293,393,633
Profit	THB 69,057,508	THB 212,951,154	THB 820,753,910	THB 1,377,920,698	THB 1,728,409,705

PROJECTED ANNUAL COSTS FOR LEVERAGE STRATEGY (SKIN CARE)

Projected Annual Costs for Leverage Strategy (Skincare)					
	2018	2019	2020	2021	2022
Line Enterprise Chat Percent of Sales	4.98%	4.98%	4.98%	4.98%	4.98%
Total Line Enterprise Chat Expense	THB 4,302,720.00	THB 8,715,000.00	THB 13,558,050.00	THB 21,131,136.00	THB 32,628,960.00
Number of Active Clinicians	60	70	75	80	90
Annual Wage	THB 864,000	THB 864,000	THB 864,000	THB 864,000	THB 864,000
Clinican expenses	THB 51,840,000	THB 60,480,000	THB 64,800,000	THB 69,120,000	THB 77,760,000
<i>Employee training</i>					
Number of New Clinicians	60	20	20	20	20
Cost per employee	THB 1,000	THB 1,000	THB 1,000	THB 1,000	THB 1,000
Total Training Cost	THB 60,000	THB 20,000	THB 20,000	THB 20,000	THB 20,000
COGS for Additional Sales	THB 38,880,000	THB 78,750,000	THB 122,512,500	THB 190,944,000	THB 294,840,000
IT Maintenance	THB 1,075,680	THB 2,178,750	THB 3,389,513	THB 5,282,784	THB 8,157,240
Total Cost Leverage Strategy	THB 96,158,400	THB 150,143,750	THB 204,280,063	THB 286,497,920	THB 413,406,200

PROJECTED ANNUAL REVENUE FOR LEVERAGE STRATEGY (SKIN CARE)

Projected Annual Revenue for leverage Strategy (Skincare)					
	2018	2019	2020	2021	2022
Number of Active Clinicians	60	70	75	80	90
Hours per week	40	40	40	40	40
Appointments per hour	2	2.5	3	3.4	4
Appointments per week per clinician	80	100	120	136	160
Total appointments	4,800	7,000	9,000	10,880	14,400
Conversion Rate	40%	50%	55%	60%	65%
Total Converted Customers	1,920	3,500	4,950	6,528	9,360
Average annual spend per converted customer (Skin Care)	THB 45,000	THB 50,000	THB 55,000	THB 65,000	THB 70,000
Projected Annual Revenue for Innovate Strategy	THB 86,400,000	THB 175,000,000	THB 272,250,000	THB 424,320,000	THB 655,200,000
Profit	-THB 9,758,400	THB 24,856,250	THB 67,969,938	THB 137,822,080	THB 241,793,800

PROJECTED ANNUAL MARKETING COSTS

Projected Marketing Costs					
	2018	2019	2020	2021	2022
Hotel Marketing Campaign	THB 150,000	THB 150,000	THB 150,000	THB 150,000	THB 150,000
Influencer campaign					
# of Influencers	4	5	6	7	8
Cost per influencer	THB 750,000	THB 750,000	THB 750,000	THB 750,000	THB 750,000
Total Influncer Cost	THB 3,000,000	THB 3,750,000	THB 4,500,000	THB 5,250,000	THB 6,000,000
Digital Billboards in Malls					
Number of malls present	6	12	20	28	28
Amount per mall	3	4	4	5	6
Amount per month one billboard	THB 15,000	THB 15,000	THB 15,000	THB 15,000	THB 15,000
Amount annually per billboard	THB 180,000	THB 180,000	THB 180,000	THB 180,000	THB 180,000
Total Billboard Cost	THB 3,240,000	THB 8,640,000	THB 14,400,000	THB 25,200,000	THB 30,240,000
Total Marketing Costs	THB 6,390,000	THB 12,540,000	THB 19,050,000	THB 30,600,000	THB 36,390,000

PROJECTED ANNUAL MARKETING REVENUES

Projected Marketing Revenues					
	2018	2019	2020	2021	2022
Number of customers acquired (Makeup)					
Hotels	100	150	200	250	300
Influencer	2,000	2,200	2,400	2,600	3,000
In Mall Ads	200	250	300	350	400
Total New Customers	2,300	4,514	6,857	11,014	13,098
Average Annual Revenue (Makeup)	THB 4,000	THB 4,400	THB 5,065	THB 5,497	THB 6,046
Total Makeup Revenue Gained	THB 9,200,000	THB 19,859,906	THB 34,729,730	THB 60,538,915	THB 79,193,211
Number of customers acquired (Skincare)					
Hotels	100	150	200	250	300
Influencer	600	700	800	900	1,000
In Mall Ads	200	250	300	350	400
Total New Customers	900	1,100	1,300	1,500	1,700
Average Annual Revenue (Skincare)	THB 45,000	THB 50,000	THB 55,000	THB 65,000	THB 70,000
Total Skincare Revenue Gained	THB 40,500,000	THB 55,000,000	THB 71,500,000	THB 97,500,000	THB 119,000,000
Total Gained Marketing Rev	THB 49,700,000	THB 74,859,906	THB 106,229,730	THB 158,038,915	THB 198,193,211
Profit	THB 43,310,000	THB 62,319,906	THB 87,179,730	THB 127,438,915	THB 161,803,211

SEGMENT	AVERAGE ANNUAL SPEND
Skin care	Teens + Ages 20 – 25: 25,000 – 37,000 Ages 30-35: THB 35,000 – 50,000 Age 45+: THB 50,000 - 180,000 *One consumer we asked testified that he spends THB 500,000 annually, but his data was considered an outlier
Perfume	THB 5,000
Makeup	THB 2,500 – 5,000

CUSTOMER LIFETIME VALUE CALCULATIONS

Annual profit contribution per customer

X

Average number of years that they remain a customer

-

Initial cost of customer acquisition

=

Customer Lifetime Value (CLV)

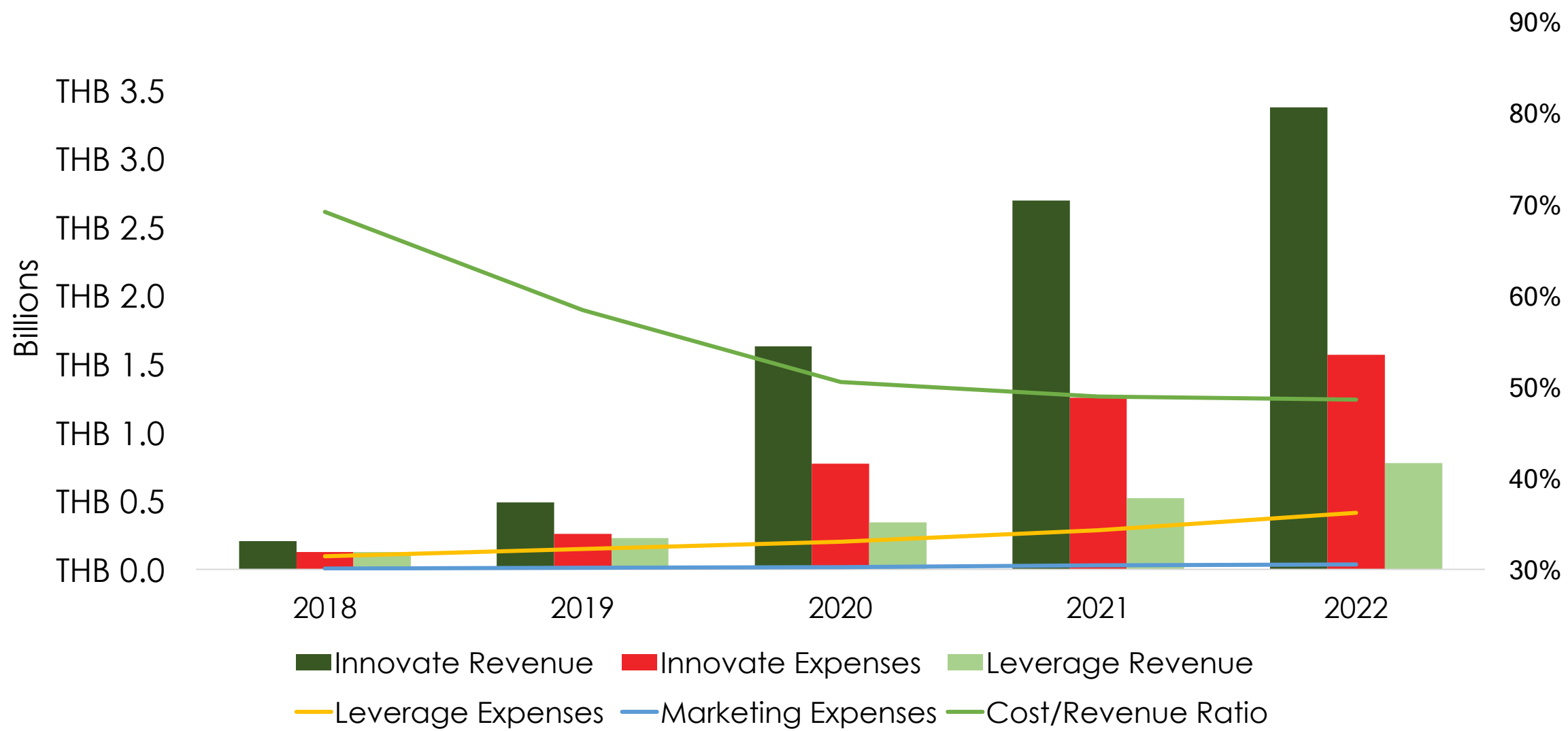
CLTV	MAKE UP	SKIN CARE
Average Revenue	THB 3,850	THB 50,000
Year as a customer	20	20
Total Rev	THB 77,000	THB 1,000,000
Acquisition Cost	THB 2,778	THB 70,000
Overall CLTV	THB 74,222	THB 930,000

OVERALL PROFITABILITY SUMMARY FORECAST

	2018	2019	2020	2021	2022
Revenue	THB 333	THB 721	THB 1,972	THB 3,216	THB 4,147
Costs	THB 230	THB 421	THB 996	THB 1,572	THB 2,015
Profit	THB 103	THB 300	THB 976	THB 1,643	THB 2,132
Profit/Revenue	31%	42%	49%	51%	51%

Five year Financial Projections by Strategy

A
P
P
E
N
D
I
X



Comparing Beauty, Appliance, and Shoe Brand Categories

Category	Industry Standard Gross Margins
Beauty	35% - 55%
Appliance	28% - 40%
Shoe	35% - 45%