



Wolfgang Baier

CEO TALKS

Luxasia's Wolfgang Baier's All-around Asian Beauty Strategy

The Singaporean company is expanding its reach to China and India. BY TIFFANY AP

With its close to 2,500 employees and a point-of-sale network that tops 4,200 locations, Singaporean beauty distributor Luxasia is by many counts an established player. But the way its chief executive officer Wolfgang Baier sees it, the company is only just getting started.

When Baier took over as CEO from founder and chairman Patrick Chong in 2016, he was joining a firm that had already established itself as a trusted name for brands to expand in Southeast Asia. For the last 33 years, the company has served brands like La Prairie, Peter Thomas Roth, Bulgari, Ferragamo and Guerlain and acted as the joint venture partner for companies like LVMH Moët Hennessy Louis Vuitton to Elizabeth Arden. But with so much growth coming from other regions such as China, Baier's focus turned to new markets.

Last year, the group ticked off a major milestone: surpassing half a billion Singaporean dollars, or \$369 million at current exchange, in turnover. Group-wide it is reporting double-digit revenue growth as it develops its business away from its home turf of Southeast Asia, particularly in China, which is growing by at least 20 percent each year.

The idea is to become the single partner that luxury beauty brands can rely on to go into APAC seamlessly, utilizing deep local expertise to cut market entry time to as short as a few weeks. Here, Baier shares with WWD his plans for the firm.

WWD: When you first joined the business, what did you make sure to

put right at the top of your agenda?

Wolfgang Baier: Geographical expansion is key for us, but also the expansion into omnichannel. We started that transformation about three years ago. If you look at the last two years, e-commerce has grown by 10 times for us and we've acquired 15 times more consumer data. We've also doubled our China business.

Overall, we have good momentum in the group but we are building up our technology, our understanding of the consumer. That's what we've been doing with our engagement team, analytics team – now collecting data on 20,000 to 40,000 customers every month in our database.

WWD: What did the renewed focus on China look like for the group?

W.B.: Singapore is majority Chinese so I think it was a logical step but it took a lot of work, it's very different. Hong Kong is similar to Singapore in terms of its set-up. While Taiwan was a journey by itself, and then Mainland China – we're very early in our expansion.

But when we look into our North Asia business – we have more than 60 brands across all of them – today, North Asia is already 30 percent of the overall business and we believe it will be 50 percent in 2021.

WWD: How do Chinese consumers distinguish themselves?

W.B.: What's interesting is that in Southeast Asia, we still have 45 percent of our portfolio in fragrances. In North Asia, really the vast majority is skin care. I would

say it's a cultural difference. In North Asia, fragrances are growing but it's still very much light fragrances, nothing invasive.

In China, anti-pollution [products] is very strong, that is very clear. That's the top of consumers' minds that we're seeing. The second trend is also similar to the U.S., very much KOL driven. Social media stars really drive what people are looking for and buying.

Also, the social commerce overall is massive. There's an integrated system that you have on WeChat and other platforms that allow brands to be seamless in the experience and with the click of a button can buy already. Gen Z is a massive group of consumers coming into the market and they are completely digital.

WWD: What are your largest markets?

W.B.: Southeast Asia is still the largest region for us. Within Southeast Asia, the large markets are Singapore, Malaysia, Thailand and Indonesia. We have over 100 brands in some of those markets.

The trick to Southeast Asia, to ASEAN, is really understanding each of the markets. It's all very, very different.

Very often the brands think "I can do Southeast Asia from overseas," and it doesn't work. Each market has different regulations and consumer preferences. Even the brick-and-mortar, the channel mix, the department store players, the commerce houses are very different.

WWD: Can you share some of these differences that you observe?

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W.B.: Malaysia and Indonesia prefer stronger fragrances, woody scents. In terms of the cream consistency that people are looking for, it varies.

It's different in terms of how they are looking for things. You can't use the same KOLs. Each country has their own KOLs. For online platforms, Indonesia has Beauty Haul and Sociolla. Other parts of Southeast Asia rely more on Lazada or Zalora. In Thailand, you have Shopee.

Our recommendation is talk to us so we can help you get into it and you can launch within a couple of weeks. We can tell you where the potential in the market is for the brand, instead of a brand going directly and over two to three years trying and failing in the market.

We can do some pilots and then basically go deep into the market where we have our full warehousing, channel mix, over 400 marketing people who are locally based and we really understand that really well and help you to navigate, working in registration and customs regulation.

WWD: Where do you see your customers' beauty tastes being determined – is it within Asia or global trends?

W.B.: It's more global brand trends that influence Southeast Asia. K and J beauty are very strong for Southeast Asia but at the same time, we have quite a few markets that look to the West. The Philippines is very influenced by what's happening in the U.S., while Malaysia and Thailand look more to Europe and the U.K.

WWD: What about the trend for skin whitening? It is the norm in many places around Asia but courts controversy in the West.

W.B.: To be honest, I think it's an individual choice for every human being to choose how they want to look and what kind of tone they want when they go out. I go out in the summer and if I'm on the beach, I look like a lobster pretty soon. We don't judge people's preferences. Beauty is individual. We don't subscribe to any stereotypes. We provide the products so that every woman and man can see themselves as beautiful.

We don't see a major shift [away from whitening]. It's still there, especially in North Asian markets and some in Southeast Asia. We believe it's going to be there for a while.

WWD: What about South Korea's influence, how far does that extend?

W.B.: We help Korean brands to enter [other parts of] Asia but we have not been there in Korea historically. Right now, it's a very established market. We have over 3 billion consumers under our wings from China to India to Australia. When we compare the effort of going to two established markets, Japan and Korea, it doesn't make as much sense. So we are putting our efforts to growing China, Southeast Asia and growing India.

WWD: Can you share more about how you view India?

W.B.: It is massive to be honest and the distribution landscape is not established or the beauty channels yet. It's a market in the making. It's very fragmented and each state again has its own different players.