

“UNMATCHED” BUSINESS RESEARCH LABORATORY OPENS IN SHANGHAI
Fung Group’s Omnichannel Platform Experiments with the Future of Retail

Shanghai, 24 September 2015: A large-scale laboratory for rapid experimentation with omnichannel techniques and trends that are shaping the future of retail was unveiled today in Shanghai by the Fung Group, a Hong Kong-based multinational with international brands and retail operations across China.

Named “Explorium”, the laboratory is an omnichannel platform and exhibition operated by the Fung Group in partnership with data and analytics technology leader IBM, and brand activation company Pico. It is located within more than 23,000 sq m (nearly 250,000 sq ft) of trade exhibition space at LiFung Plaza, where it provides a controlled setting for businesses to observe and explore in real time how consumers interact with new technologies, products and environments.

Among technologies in the laboratory, which has been functioning on a soft-opening basis for three months, are virtual-reality fitting rooms, magic mirrors that bring images to life and 3D printing for creating customised products. Brands are also using Explorium to understand opportunities in China for their products and services, based on consumer feedback collected and analysed at the laboratory. Retailers are using it to test different store concepts.

Unveiling Explorium, Fung Group Chairman Dr. Victor K. Fung said the initiative was sparked by challenges occurring in retail across the world, especially in China.

“Everything we thought we knew about how consumers decide upon what they buy, where they buy, when they buy, how they buy and how they pay is changing,” he told more than 200 guests at a launch event attended by leading international and domestic brands and retailers, and mall owners and developers.

“Technology is the catalyst empowering consumers. The Internet and mobile communications are disrupting the way consumers behave and, in so doing, providing unique opportunities for retailing to come up with new business models. Nowhere is this more evident than in China, one of the world’s most exciting, challenging retail markets.”

Dr. Fung added that he believed the future for retail in China and globally is omnichannel, which is, online-to-offline (“O2O”) or a combination of “bricks and clicks”.

“Chinese consumers are setting shopping trends globally, especially with their avid use of social media. And Shanghai is home, arguably, to China’s most vibrant, tech-savvy consumers. That is why we chose Shanghai as the launch pad for this major Fung Group initiative.”

Dr. Fung added that there were no preconceived ideas about which omnichannel business models would emerge from Explorium. “As with most experiments of any lasting value, the greatest measure of success may simply be how much we learn from the results,” he said. “A key advantage for participating brands and retailers is that, with Explorium, they can experiment, incubate and iterate at high speed while minimising their cost and risk.”

IBM global retail industry leader Mr. Stephen Laughlin said IBM is gathering data in the Explorium and analysing it for insights. “With analytics, IBM can help retailers in the Explorium deliver personalised, relevant marketing interactions to consumers in real-time, delighting them and differentiating the retailer from the competition. Consumers will be able to opt-in to receive offers and rewards from their favorite brands via social media and their mobile device -- all tailored to their location and unique preferences.”

Mr. Lawrence Chia, Group Chairman of Pico Far East Holdings Limited said, “As a state-of-the art omnichannel marketing research laboratory, Explorium delivers substantial value within the omnichannel universe. We are extremely pleased that our unique 360-degree integrated marketing capabilities have played a significant role throughout the planning and implementation of Explorium. Working with leaders from the retail and data technology industries, our strong project team has played a vital part in the strategy, planning and execution of Explorium in areas related to branding, experiential marketing and digital media.”

Explorium’s Shanghai-based Director, Mr. Simeon Piasecki, said it is a laboratory for rapidly testing omnichannel business strategies in a realistic environment. “We identify and systematically track the changing preferences of consumers. Based on what we learn from each experiment, we move quickly to the next iteration. Explorium is doing all this on a scale and intensity that we believe is unmatched.”

Already, Explorium, which is membership based, has close to 12,000 active participants registered from among employees and family members of the Fung Group and its business partners IBM and Pico. Typically, members spend over three hours there per visit.

“Children are among Explorium’s biggest fans,” said Mr. Piasecki. “We believe that creating a space where parents and children can bond through learning together and teaching each other will help drive purchases of higher-margin electronic toys, such as drones.”

He added that while children’s products are a special focus during Explorium’s first phase, it will go on to feature women’s and men’s apparel, and home products. “Explorium’s priority in coming months is to design, build, run and measure a greater number and variety of experiments to produce a pool of data that will enable participating brands and retailers to obtain unique insights for their individual businesses,” said Mr. Piasecki.

About the Fung Group

The Fung Group is a privately-held multinational group of companies whose core businesses are sourcing, logistics, distribution and retail. The major shareholder is Fung Holdings (1937) Limited, a privately held business entity headquartered in Hong Kong. The Group's listed entities are Li & Fung Limited (SEHK: 00494), Global Brands Group Holding Limited (SEHK: 00787), Convenience Retail Asia Limited (SEHK: 00831) and Trinity Limited (SEHK: 00891). The Fung Group employs 46,800 men and women across 40 economies worldwide, with total revenue of over US\$24.65 billion as of December 2014.

About IBM

For more information on IBM retail, please visit www.ibm/industries/retail

About Pico Far East Holdings Limited

Pico is a leading Total Brand Activation company with a worldwide presence and a proven track record nearly half a century long. Leveraging on an international network of more than 2,000 staff in nearly 40 major cities around the globe, we have built an impressive portfolio and a worldwide reputation for creating integrated and powerful brand experiences across multiple activation platforms — from world expos, exhibitions and events; to retail and branded environments, museums and themed environments, visual identity solutions, sports marketing and overlays, venue management and consultation. In 2015, Pico was voted Asia Pacific's Best Event Agency by CEI Asia magazine's CEI Industry Excellence in Business Events survey and won Gold in the B2B Agency category at Marketing Magazine's Agency of the Year Awards in Hong Kong. In North America, Pico was ranked in the top three in Special Events Magazine's 50 Top Event Companies listings for three consecutive years from 2012 to 2014.

Pico Far East Holdings Limited has been listing on the Stock Exchange of Hong Kong since 1992 (HKEx Stock Code: 752). Our associate company, Pico (Thailand) Public Company Limited was also listed on Thailand's MAI in 2004 (Stock Code: PICO).

Please visit www.pico.com for more information about Pico.

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