

RETAIL

# Boots straps up for expansion in Asia to target middle class

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Walgreens Boots Alliance (WBA), the owner of Boots health and beauty chains, says it will continue expanding its business in Asia and Thailand because of the growing middle class.

On the heels of Boots Thailand's 20th anniversary, co-chief operating officer Ornella Barra said Asia, particularly China, South Korea and Thailand, are integral to the company's expansion plans.

Driven by urbanisation, 53% of the global middle class will be in Asia-Pacific by 2020, according to key financial institutes such as the IMF, Euromonitor, Credit Suisse, Planet Retail and Ernest & Young.

The Asia-Pacific region is forecast to account for over one-third of the global economy by 2021. Growth rates in the region continue to outpace the mature economies of the West, driven in part by the rising middle class.

Moreover, the market is led by regional

and domestic players but still fragmented, she said.

Watson and Dairy Farm (a leading pan-Asian retailer) are the only leading regional players that have actively expanded outside their home markets, tailoring their models on a country-by-country basis.

Strong beauty brands have huge opportunities for growth in many Asian markets, especially those that can build on the brand awareness built in established markets like the US & UK, said Mrs Barra.

She said WBA has two priorities in the region. The first is to develop and increase awareness of its own brands. The second is to improve professional services for consumers utilising the qualities of the WBA group.

"Asia is an important region for health and beauty retail business. For Thailand, though the economy is struggling to gain traction, we absolutely remain committed to our long-term investment here. Boots has a strong presence in the country," said



Mr Thompson and Ms Barra discuss the company's growth plans during a visit to Thailand last week. SOMCHAI POOMLARD

Mrs Barra.

Though competition in the Thailand retail market is fierce, she said Boots has been successful on account of its unique

business, blending pharmacy, retail and wholesale at a single location, along with its unique product portfolio.

"We are in the best position to make a

genuine difference in people's lives as we are the first pharmacy chain in Thailand to be 100% certified by the Ministry of Public Health," said Mrs Barra.

There are 277 Boots stores in Thailand, a number which Dean Thompson, regional managing director, Asia Retail Pharmacy International, said is not important compared to the outsize quality Boots offers to the Thai market.

The company aims to continue investing in innovation to increase the number of Boots-owned brands, which currently include No7, Soap & Glory, Seventeen and Botanics.

Mr Thompson said Thailand's transformation into an ageing society will result in greater need for healthcare products and services, boosting Boots' growth opportunities in the country.

"It's important that Boots plays a positive role in this effort. When I was born, my mother always visited Boots. We are a multi-generational company. I always do

like my parents did. In Thailand, we can do as we've done in other countries. It's about the cycle of life," he said.

Mr Thompson said by 2020 people aged 60 and older will outnumber children under five years old.

With demographic changes increasing demand for healthcare, a more holistic approach to wellness is required by healthcare providers to encourage a change in mindset by patients, with the emphasis shifting to preventative treatment, he said.

Meanwhile, Mrs Barra said WBA is confident going forward despite some stumbling blocks.

"The challenge I saw in the Thai market is the political environment, but we are confident of being able to work through this situation and have the commitment of everyone at Boots Thailand," she said.

Mrs Barra said the company's 20 years of experience in the Thai market is a testament to the company's ability to adapt to local needs.