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Deloitte Asia Pacific
Webcast
REsilience Series

RE-imagining Customer Engagement

April 23rd noon (GMT+8)



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IMPACT THAT
MATTERS
since 1845



Key takeaways – 23 April 2020

Introduction

Economist
Briefing

Panel
Dialogue

Vivian Jiang

Clients & Industries Leader
Deloitte Asia Pacific

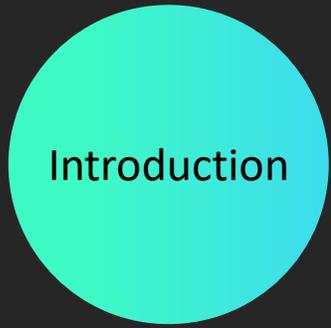
Si Tao Xu

Chief Economist
Deloitte China

Guest Panel

How businesses have
adjusted Customer
Engagement and Digital
Marketing approaches in
response to COVID-19





Vivian Jiang

Deloitte Asia Pacific Clients & Industries Leader

Key messages:

- We are all living in unprecedented times.
- We chose this critical moment to bring our REsilience series to the AP region, because this is the time for us *to share, to learn, and to collaborate* as different markets go in and out of the crisis.
- By sharing our perspectives, we can collectively come out of the crisis more *agile, resilient and stronger than ever*.
- No matter where your office is located or which market or multiple markets you are managing, our webcasts enable you to easily access a diversity of AP insights from esteemed business leaders.
- My hope is that you will come away from today's session (and future webcasts) with positive thinking and bold ideas in how to reach out to and engage with your customers differently.



Focus of our webcast:

How are businesses rewriting the customer engagement playbook in the face of COVID-19?



Key messages:

- If you look at China's economic recovery – our view is positioned against a backdrop of an improving external environment and remaining uncertainties.
- China's growth this year will be above slightly 1% (IMF) and this is against a reading of about 9% last year. The reason we hold a more sanguine view than the IMF is that we still see additional room for more formidable policy responses in Asia especially in China.
- In most major economies there will be a large outright contraction naturally but underlying fundamentals remain and low oil prices will improve current account balances across the region in turn allowing central banks to ease further.
- We are confident about China's economic recovery mainly based on consumers' resilience.
- For China, first quarter was a very severe shock with a GDP growth coming in at minus 6.8%, actually has turned out better than most forecasts. We see the second quarter as flat growth (0%) and third/fourth quarter should be around 7 to 8%. The whole year we are then looking at an overall 3 to 3.5%.
- Our positive view is based on evidences of recovery (e.g., trade data and recent auto sales). The speed around the resumption of business and high frequency data points to continued rebound.

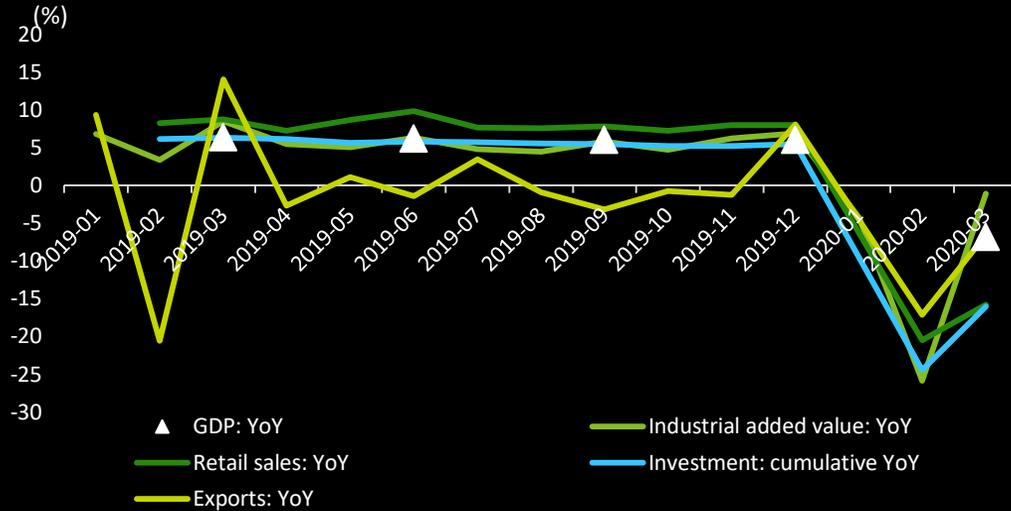
Intra-regional trade is also playing a very key role in the overall outlook.

For example Vietnam is now China's 5th largest export market, surpassing major European countries.

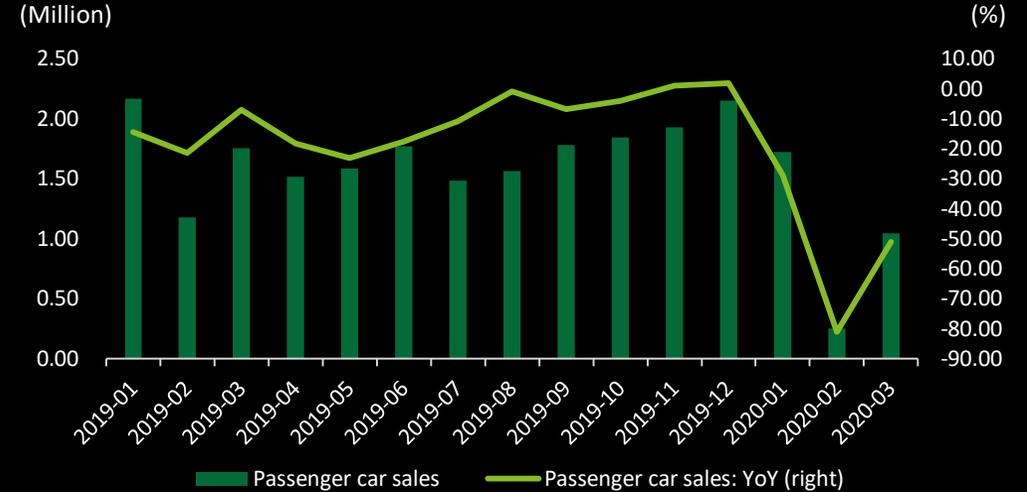
That said, a sustainable regional recovery hinges on a recovery of major economies (the US and Europe) which could trails Asia's by couple of quarters.

We are bullish on China's recovery

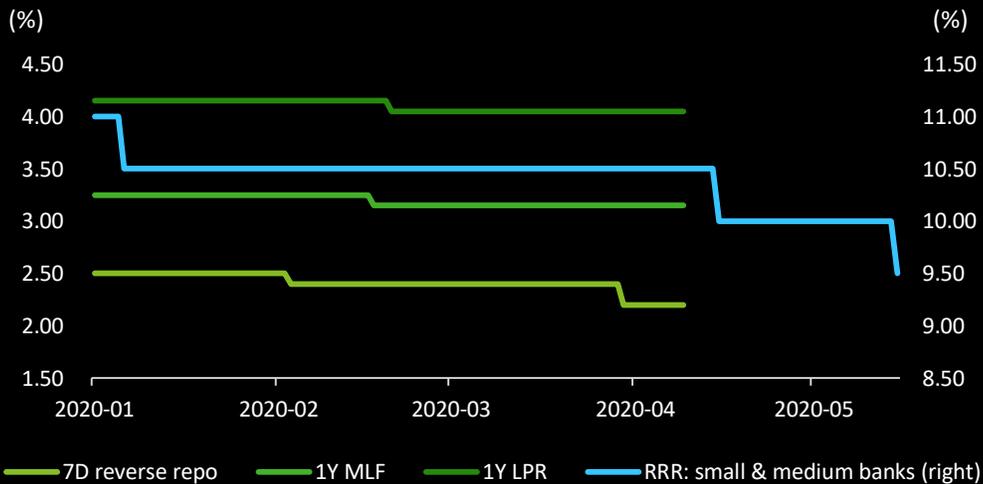
Green shoots of China in the midst of outbreak



Auto sales have reinforced consumption upgrade theme

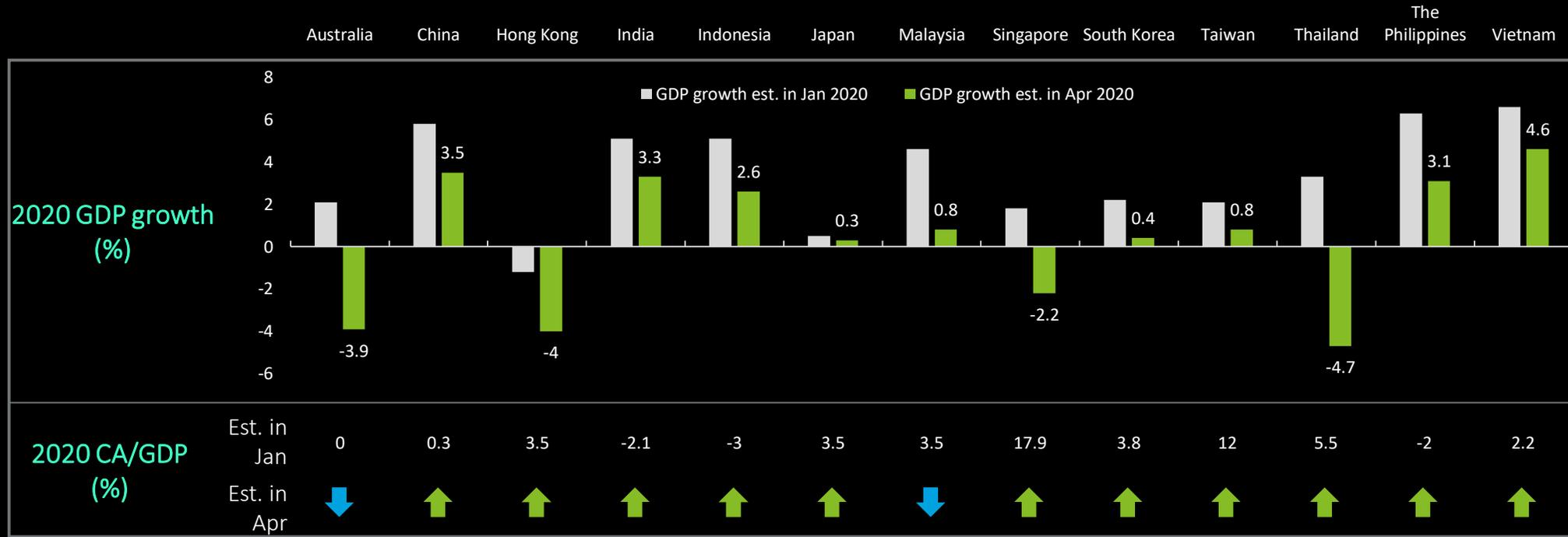


Interest rates have more room to fall in China



- Structural trends remain intact (e.g., urbanization and consumerism)
- Beijing still has many tools despite various constraints
- How do we see IMF's sobering forecasts?

Asia is likely to bounce back first



- Policymakers increasingly prioritize business resumption
- Policy responses have become more decisive
- External environment more favorable

Recovery: trajectory, opportunities and risks

China's recovery is a welcome boost for Asia

Economic outlook for Asia

	Share of exports to China (%)	Share of tourists from China (%)	China's share of inward FDI (%)
Australia	34.9	15.2	1.8
Hong Kong	55.2	78.3	31.9
India	9	2.6	
Indonesia	19.5	13.5	15
Japan	19.1	30.1	3.1
Korea	31	31.2	12.4
Malaysia	13.9	11.4	13
Philippines	12.9	16.3	20.7
Singapore	24.3	18.4	5.8
Taiwan	27.9	24.4	38.1
Thailand	11.8	27.6	18.5
Vietnam	17.3	32	31.4

Asia's recovery is likely as...

- Given the assumptions that the worst phase of virus will be over by early Q3 in major economies
- Oil price slump, a one-off boost to most Asian economies' current account balance

Certainly, downside risks still remain ...

- Dollar's strength remains a concern
- Renewed US-China trade tensions
- Rising nationalism and populism

Key messages:

How will Asia rebound back?

- We think Asia is going to rebound back first. China is almost the biggest market across the board – Chinese tourism plays a huge role.
- China is the largest foreign direct investment provider to many markets.

What is the resilience of Asia Pacific?

- In the past few weeks policy makers are increasingly prioritising business resumption.
- We're seeing the process of phasing out various restrictions – depending on the country.

- When we look at the financial markets – there has been unprecedented volatility.
- From the beginning of April the stock market has begun to stabilise.
- The external environment for Asia has become more positive.
- Oil pricing is also a key focus area to monitor.
- The speed of recovery will differ depending on the particular circumstances.
- China's recovery is underway.

Three key risks:

#1 The US dollar remains quite strong – this could entail cash hoarding and risk aversion.

#2 Troubled US and China relations – collaboration is needed.

#3 Rising nationalism and populism.

Panel discussion

Host: Peter Sedivy

Digital Leader
Deloitte Asia Pacific

Jun Fang

VP Data & Digital
Unilever

Alexander Chiu

Medical Director
AXA Hong Kong

Alastair Symington

CEO
Blackmores

Leora Nevezie

Partner
Deloitte Digital



Panel
discussion:
key messages

Jun Fang
VP Data & Digital
Unilever

Question:
How are businesses adapting and
what recovery is taking place?

Key messages:

- It's clear that there are more people on the street and stores are opening for longer. This is in contrast to a month ago.
- Every year March is our peak season of new products and drives. We've had to postpone our sales drive focus to April 2020.
- Shoppers are starting to come in and our new products are starting to move. *Business is growing.*
- There are signs that consumers are staying cautious and traffic is below pre-epidemic level.
- We do see the economy recovering, although questions remain about whether there will be a second wave?
- Some policies are changing and we still take a lot of caution not to be over optimistic. However, opportunity is there for the taking.
- Innovation is accelerating. For example a hygiene related product that was scheduled for late March was brought earlier to late February/March.

The Chinese word for *crisis* can mean both danger *and* also opportunity.

Panel
discussion:
key messages

Jun Fang
VP Data & Digital
Unilever

Question:
What has been the impact on
interacting with customers and the
move to online/digital methods?

Key messages:

- COVID-19 is new but pandemics are not new to China.
 - The area of e-commerce and home delivery services is something that has been growing very fast. The difference is that during this pandemic we have seen it grow exponentially.
 - A large proportion of business comes from grocery and convenient stores – an increase of more than 100% at times.
 - There might be a permanent shift in shopping and consumer behaviours off the back of COVID-19.
- Older consumers are now being converted to the power of online channels – they are able to get their products delivered to their home or office via a few clicks on their phone or computer.
 - From significant increases in video content to the move towards livestreaming, we're seeing how these digital elements are becoming mainstream across a diversity of services, products and solutions.

“
How do we structure our
communications to consumers
during these changing times?
”

Panel
discussion:
key messages

Alexander Chiu
Medical Director
AXA Hong Kong

Question:
What are you seeing and where does
face-to-face interaction now sit?

- It's all about looking for the opportunities out there – across the changing 'crisis' landscape.
- Now with people working from home there's a strong drive for digitisation.
- Tele-medicine is moving front and centre.
- In a previous COVID-19 world, medical professionals might have asked about what tele-medicine would mean for their liability insurance and other areas.
- Now because of the COVID, people don't want to go to the doctors and they are looking at the options of tele-medicine.
- We are now in a situation of being able to change certain approaches or rethink processes.
- Tele-medicine here to stay.

“
Tele-medicine is a sector that is
undergoing significant change.
”

Panel
discussion:
key messages

Alastair Symington
CEO
Blackmores

Question:
What are you seeing across the
changing landscape?

- When it comes to tele-health, we have a route to market: the end point is reaching our consumer but that typically goes through a health care practitioner.
- If you think about providing a consultation for natural medicine, it goes through a naturopath or integrated GP.
- The impact? Today we know that 60% of GP consultations have been done by tele-health in the last eight weeks. A dramatic upstream.
- Putting oneself in the shoes of a consumer, if you are an elderly patient used to weekly or monthly check-ups, now the situation means that you can access your GP from home. Initially there might have been some resistance to this.
- It's a process of breaking habits that might have once seemed permanent. The patient experience is now happening virtually.
- When it comes to accessing pharmacists and the sales representative approach, it's interesting to explore ways that this can be done digitally or through other means.

“
More than three million
Australians have accessed tele-
health in the last three weeks - a
big shift.
”

Panel
discussion:
key messages

Alastair Symington

CEO

Blackmores

Question:

What shift in operations have you seen around direct to consumer models?

- We are seeing a shift to online sales.
- Making that shift to online needs tailored communication - depending on the audience.
- It's about looking at older versus younger audiences – one needs to think carefully how to reach these consumers.
- When we look at the product development side of things, there's a big focus on immunity.
- We have 1400 product lines and immunity related products are a key focus area.
- There's often a two speed business happening – trying to source raw materials to keep up with the intake on the one hand, and then a flat dormant area of other elements.
- When it comes to communicating and contact consumers directly, one needs to ask questions around how you re-engage with consumers who might have exited certain product lines?

Three key focus areas:

#1 Access to health

#2 Route to market

#3 Innovation

Jun Fang

VP Data & Digital
Unilever

Alastair Symington

CEO
Blackmores

Alexander Chiu

Medical Director
AXA Hong Kong

Panel
discussion:
key messages

What supply chain, logistics or people issues have you experienced?

- There has been a lockdown of some provinces and other government/city level blocks.
- Logistics has been challenging – when it comes to shipping raw materials from a factory or warehouse etc.
- For example, running short of packaging materials has been a challenge. Lack of supply can inhibit movement and jumping on opportunities quickly.
- Our truck drivers need to carefully plan their route to avoid any problematic areas - logistics is a constant challenge.
- One of the major challenges has been that due to the volatility of the market we have seen panic buying that has transitioned across different geographies.
- Managing the forecast is a challenge (production planning, standing up the right supply chain resources etc).
- Volatility around pricing due to the restriction of supply has been one to navigate. Air freight costs have sky rocketed. When you are moving from long to short lead against a backdrop of price hikes/restrictions etc, that causes a flow on.
- From a people perspective, wellbeing is fundamental and there's a big shift happening in how people manage their day.
- Insurance is very human to human.
- The whole industry might not be ready to convert to everything online yet - but the COVID pandemic has been a catalyst for thinking through ideas.
- How do you manage people? If we look at COVID-19, there's no steering committee or go to market strategy. We need to ensure that we communicate the key focus areas around hand washing, social distancing and masks.
- By focusing on those key areas, it will help keep everything in check.

Panel
discussion:
key messages

Leora Nevezie
Deloitte Digital Partner
Deloitte Australia

Question:
What are you hearing from clients and seeing across the COVID-19 space?

- When it comes to a crisis and the opportunity: we are seeing you can negotiate your relationship with your customers.
- I'm seeing that we are at this intersection where businesses are willing to experiment – with customers driving the way!
- There is an increased tolerance for new channels - out of necessity but also for patience.
- It's a great time to experiment a little - the speed is incredible!
- For example when it comes to superannuation, it's an industry that engages with customers two or three times a year.
- With government responses around accessing super early, we saw the demand on call centres rapidly rise.
- We developed a chat bot to help answer those enquires and divert traffic.
- A successful innovation and outcome! From a call on the Friday, within 48 hours the chat bot had been delivered and launched on the Monday.

“
It's time to revisit what
customers need HERE and NOW.
”

Poll question #1

What's the major threat to Asia's recovery?

- 2nd wave of COVID-19: 39%
- A far deeper recession in the US and the EU: 34%
- Inadequate counter-cyclical measures in the region: 10%
- Disruptions of supply chain: 16%



Poll question #2

Aside from protection your employees, what is the biggest business challenge facing your business now?

- Supply chain challenges: 18%
- Finding alternative markets: 16%
- Standing up or enhancing e-commerce and/or CRM capabilities: 22%
- Cash flow: 38%
- Other: 6%



Poll question #3

What is the most significant area in which your business will be forever changed?

- Commercial model: 16%
- Supply chain: 5%
- Customer mix: 5%
- Products and offerings: 6%
- Workforce/ways of working: 66%
- Other or N/A: 2%



Thank you & please tune in to our next webcast

Vivian Jiang

Deloitte Asia Pacific Clients
& Industries Leader

Our next scheduled broadcast will be on Thursday 30 April, 12pm to 1pm , GMT+8 on [Reimagining Business Continuity to Thrive in the Post COVID-19 World](#).

For COVID-19 related insights and resources, visit:

<https://www2.deloitte.com/global/en/pages/about-deloitte/topics/combating-covid-19-with-resilience.html>





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