

Deloitte Thailand: Combating Covid-19 with resilience | a webinar series #5

Customer Engagement in the SEA digital economy

July 17, 2020



**MAKING AN
IMPACT THAT
MATTERS**
since 1845

SEA Digital economy



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Deloitte Southeast Asia



Agenda

ASEAN Consumers Before COVID-19

Impact of COVID-19 on ASEAN Consumers

Key Challenges Facing Businesses



The face of the Consumer Business industry has changed drastically due to driving forces of technology, changing demography and lifestyle

New Driving Forces



The rise of the millennials

Millennials are driving the demographic cohort in the marketplace. This group are fingertip sticky, expect 360 degree experiences and are tech-savvy.



Prevalence of Digital Technology

Digital technology has pushed e-commerce and mobile shopping to the mainstream which has now flowed into the optimisation of supply chains. Furthermore, businesses have also looked at digitalising their core.



Platform innovation

Juggernauts like Amazon and Alibaba are proving how real-time convenience innovations are now transforming consumer and B2B buyer expectations.

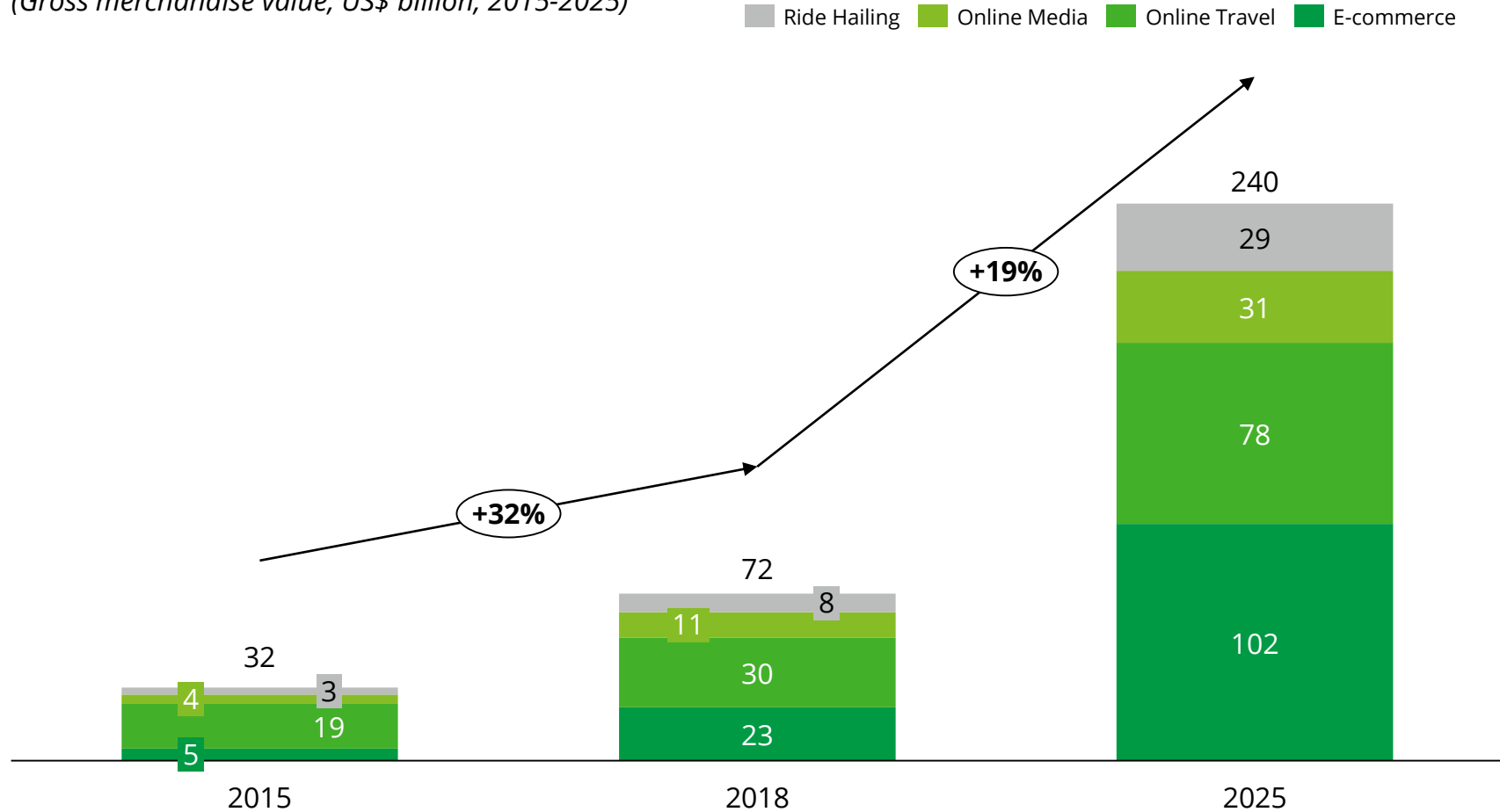


Accelerators

1. 5G: Consumers will be able to connect with brands in real time and will expect faster service and responses.
 2. COVID: Consumer businesses have realised the need to accelerate their digital transformation journey to ensure survival.
-

SEA digital economy was projected to grow rapidly even before COVID-19, driven by a strong shift amongst consumers towards digital consumption

Southeast Asia Digital Economy and CAGR
 (Gross merchandise value, US\$ billion, 2015-2025)



SEA – a **US\$240 billion** digital economy by 2025

90% of SEA population are connected to the internet using smartphone

Deeper consumer engagement through digital marketing has increasingly become key to winning consumers' brand loyalty



SEA **digital advertising** market to grow at **14% CAGR** to reach US\$15 billion by 2026



60% of SEA consumers indicated that their **shopping is influenced by social media**



49% of SEA young consumers (aged 16 to 23) turn to **social media for product information**



96% SEA marketers agree that **social commerce** will be increasingly **important** and 90% agree it **drives sales**

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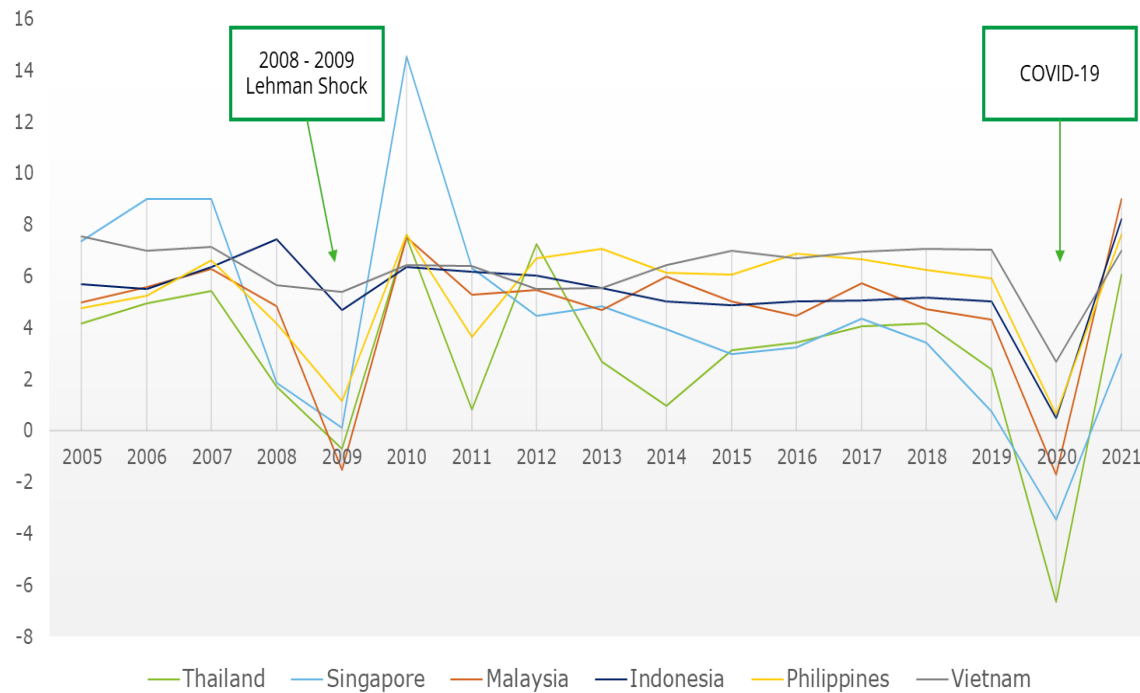
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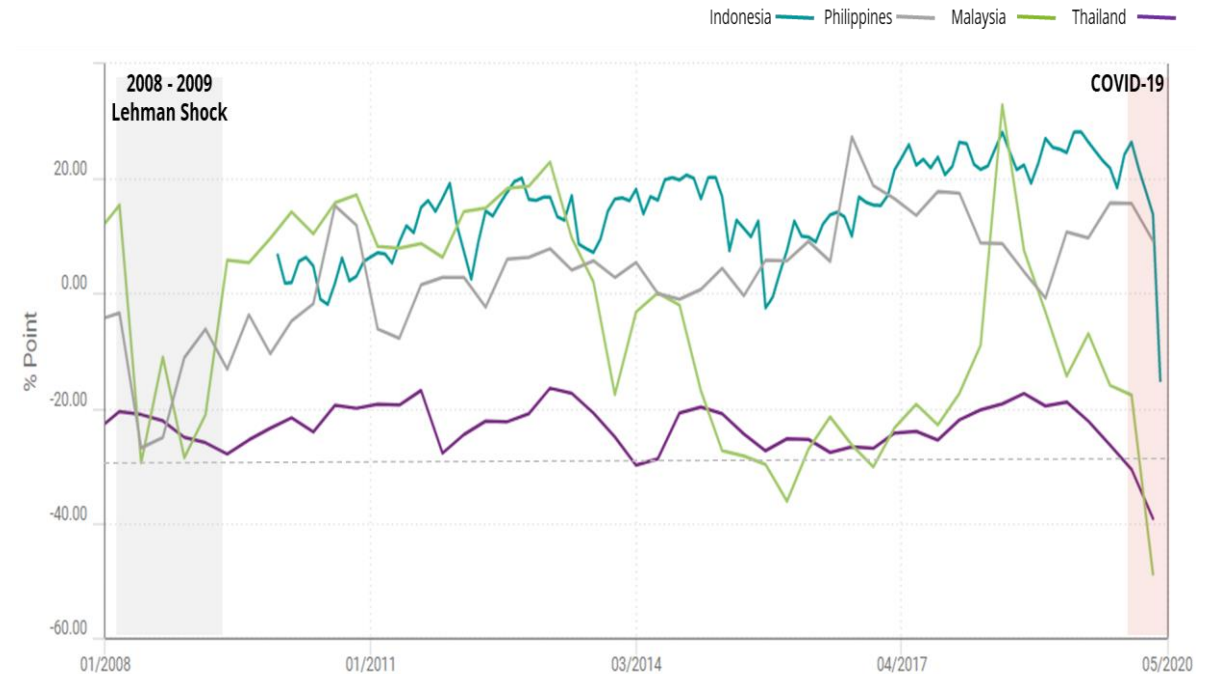


COVID-19 is forecasted to have greater impact on SEA economies than the Financial crisis in 2008

ASEAN-6 GDP Growth Forecast
(% GDP growth, 2005 - 2021)



Consumer Confidence in Selected SEA Countries
(%, consumer confidence net balance, Jan 2008 – May 2020)



**ASEAN-5 GDP growth forecast:
4.9% growth to -0.6% contraction**

Sharp decline in consumer confidence in SEA

New consumer behaviours and business responses are reinforcing one another to forge a new normal going forward

Stay-at-home digital economy

Increased digital consumption as consumers stay indoors



Reset brand engagement

New ways of consumer-brand engagements leveraging digital and location analytics



Offline channel shifts

Shift in consumer preferences across physical retail channels



Rebalanced FMCG baskets

Shifts in purchased product categories

Renewed focus on health & wellness

Emphasis on health, quality, safety and product origin

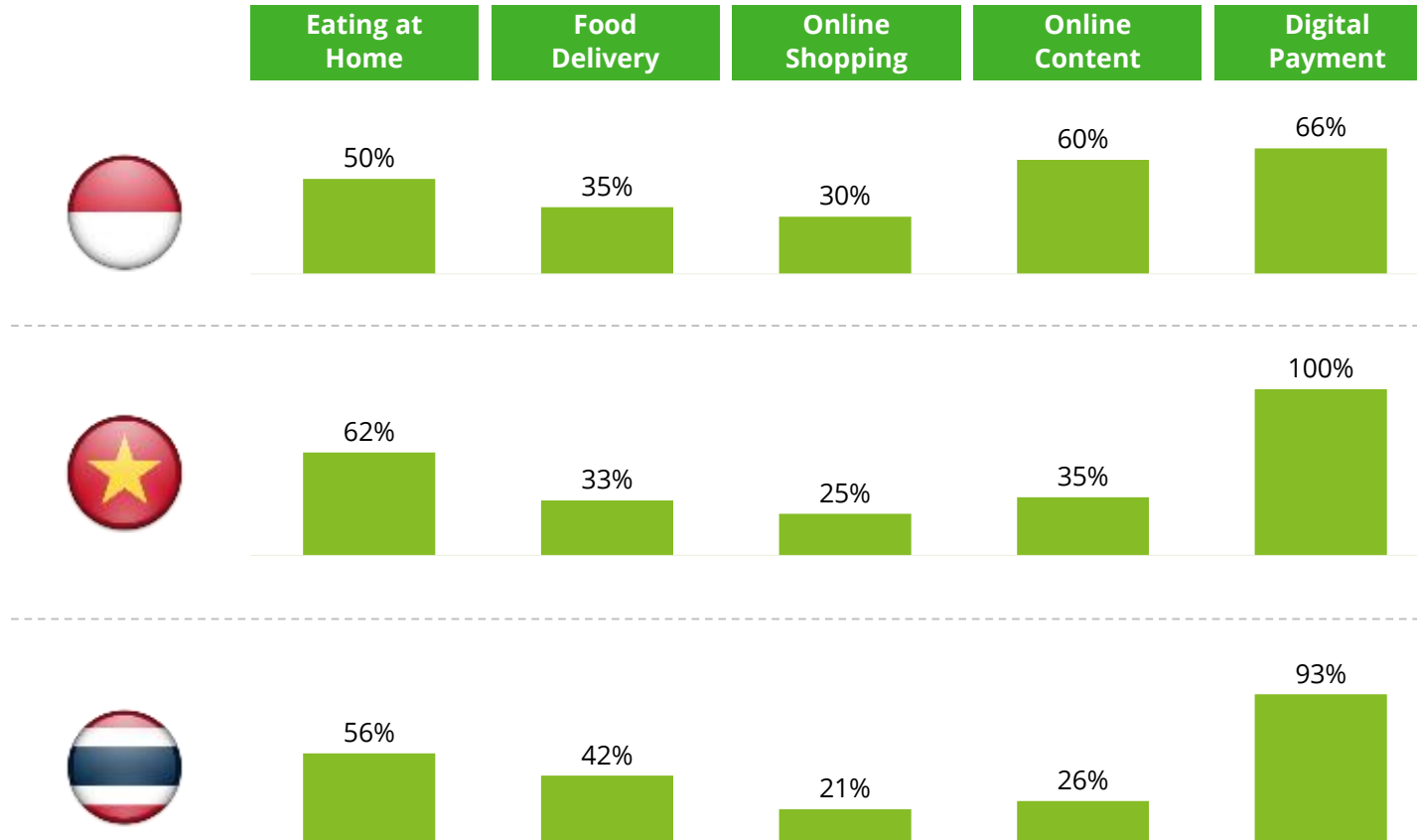
Seeking value for money

Seeking out lower pricing and promotions amid wallet adjustments

The stay-at-home restrictions are driving up digital consumption and digital payment, which will continue to stick after the outbreak

Spike in Digital Consumption and Payment during COVID-19

(% increment)



Source: Nielsen, Snapcart, SimilarWeb, news search, Deloitte analysis

Shift in consumers' eating habits has also accelerated the growth of meal-kit delivery as well as ready-to-cook food market

Global Trend of Meal Kits Delivery Services



- Meal kit delivery experiencing **uptick in demand**
- Many first-timers turning to these for **convenience and price** amid social distancing

Ready to Cook as Emerging Trend in South East Asia



Limited time offer!

READY-TO-COOK FOOD

from Jollibee

Enjoy these in the comfort of your home.

ITEM	PORTIONING /Approx. weight/pack	PRICE
Marinated Chicken	8 pcs/pack	P 219.00
Spicy Marinated Chicken	8 pcs/pack	P 223.00
Beef Tapa	1 kg/pack	P 358.00
Beef Langgarisa	1.2 kg/pack	P 397.00
Bacon	250 g/pack	P 137.00
Buko Pie	20 pcs/box	P 257.00
Spicy Tuto Pie	10 pcs/box	P 193.00
Tuna Pie	10 pcs/box	P 184.00
Fries	2.7 kg/pack	P 305.00
Spicy Fries	2 kg/pack	P 329.00
OTHER AVAILABLE ITEMS		
Grated Cheese	1 kg/pack	P 148.00
Sliced Cheese	132 slices/pack	P 701.00
Butter	1 kg/tub	P 493.00
Whole Corn Kernel	1 can	P 36.00

Available for Take-out or Drive Thru*

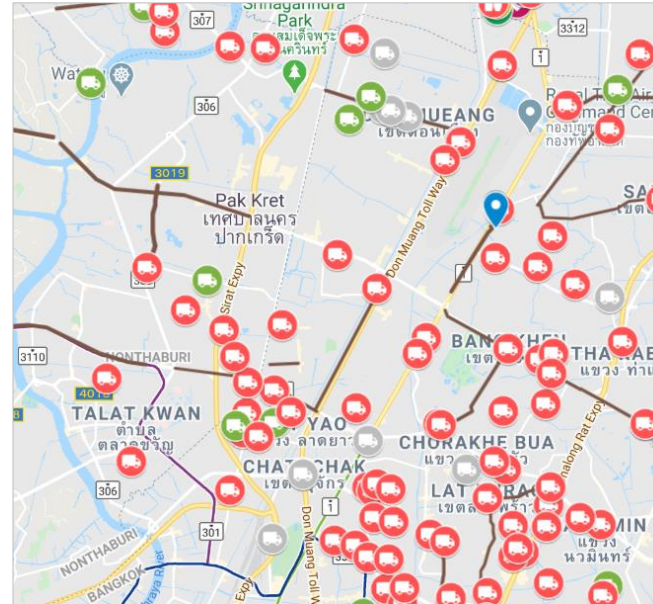
*Not for Reselling
*Item availability varies per store
*Valid for cash transaction only

***WHILE SUPPLIES LAST**

- Prior to COVID, SEA consumers generally preferred eating out
- Meal kit delivery emerging as a **convenient way of accessing fresh ingredients** and enabling **home-cooking**

As consumers become more digitally reliant, it enables more innovative ways of reaching and engaging consumers, leveraging location analytics

Thai Traditional Market Gets Creative with Grocery Deliveries



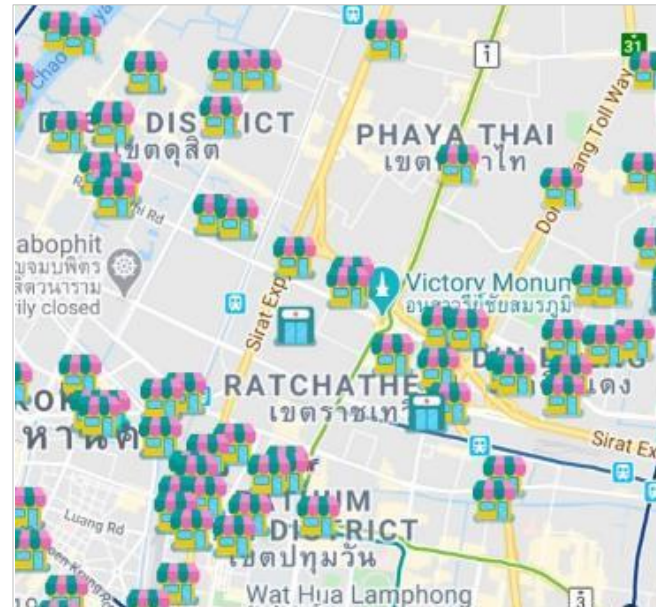
- **Simummuang Market**, Thailand's largest vegetable and fruit distribution centre
- > 3,000 vendors

- Put up **grocery delivery truck** details on **Googlemaps**
- **Customers able to track truck locations** and call them up

- Also enabled order taking and delivery via **LINE app**
- Payment through **mobile banking**
- **Next-day delivery** by taxi drivers

Traditional mom-and-pop stores are leveraging chatbot coupled with location intelligence to better serve their consumers

Chatbot-enabled Delivery Services for Thai Traditional Retail Shops



- **Chatbot** launched by Thai government to help consumers locate mom-and-pop stores
- Aims to have **20,000 stores nationwide** by this year

- Customers can **find the location of stores** in the map

- Consumers able to find out **types and availability** of masks, sanitizing gels and other **essential goods** on the map

The pandemic has also shifted consumers' offline channel preferences

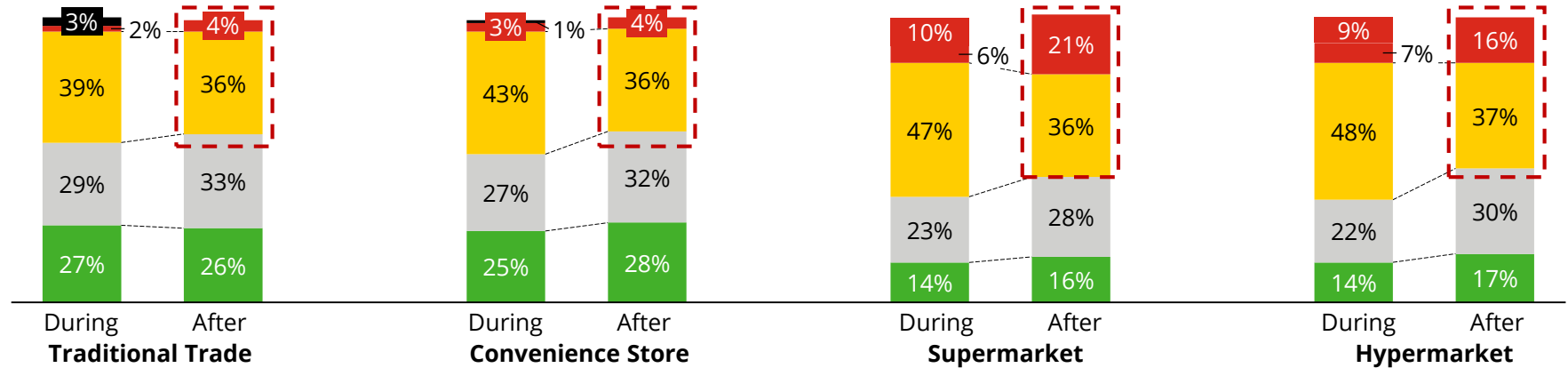


Consumers across **all physical channels** indicate they will **stop visiting or visit the channels less** after COVID-19, although the **impact is smaller on Traditional Trade and Convenience Store**

Channel Preferences During and After COVID-19 in Thailand

(% of consumers)

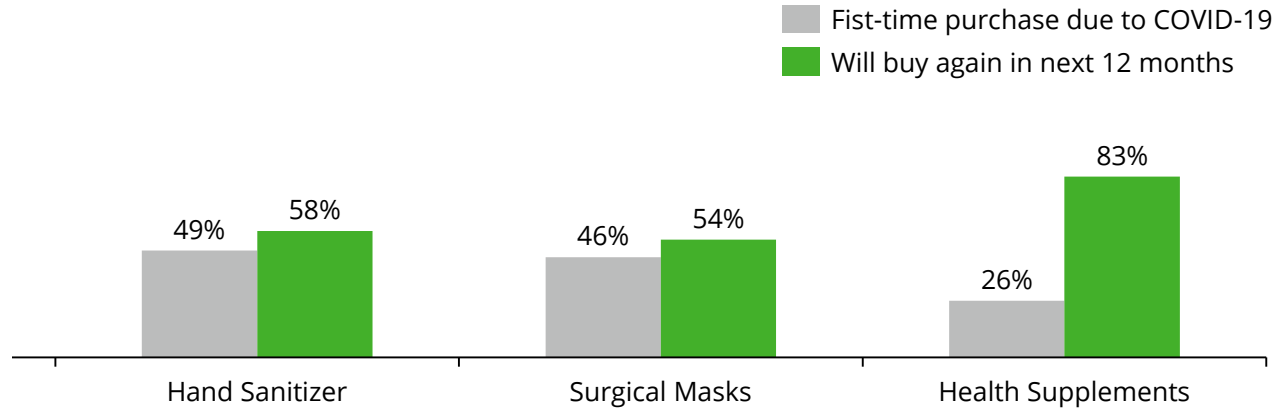
Do Not Buy
 Stop
 Less
 Same
 More



The pandemic has heightened consumer focus on health and wellness, with increased emphasis on health-related purchasing factors



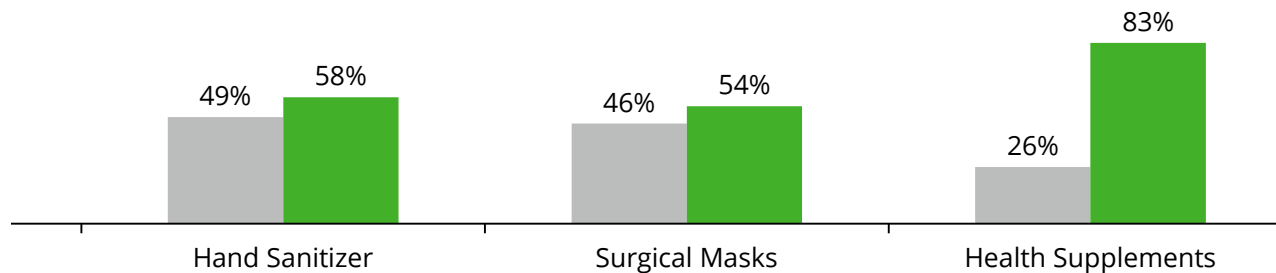
Increased Health & Wellness Purchasing Behaviours During & After COVID-19



73% of SEA consumers expect themselves to be more health-conscious post-COVID-19



3x to 5x increase in multivitamin supplements sales during COVID-19 in Singapore



71% of Vietnamese cooked their meals at home due to concerns about food hygiene of restaurants and takeout food

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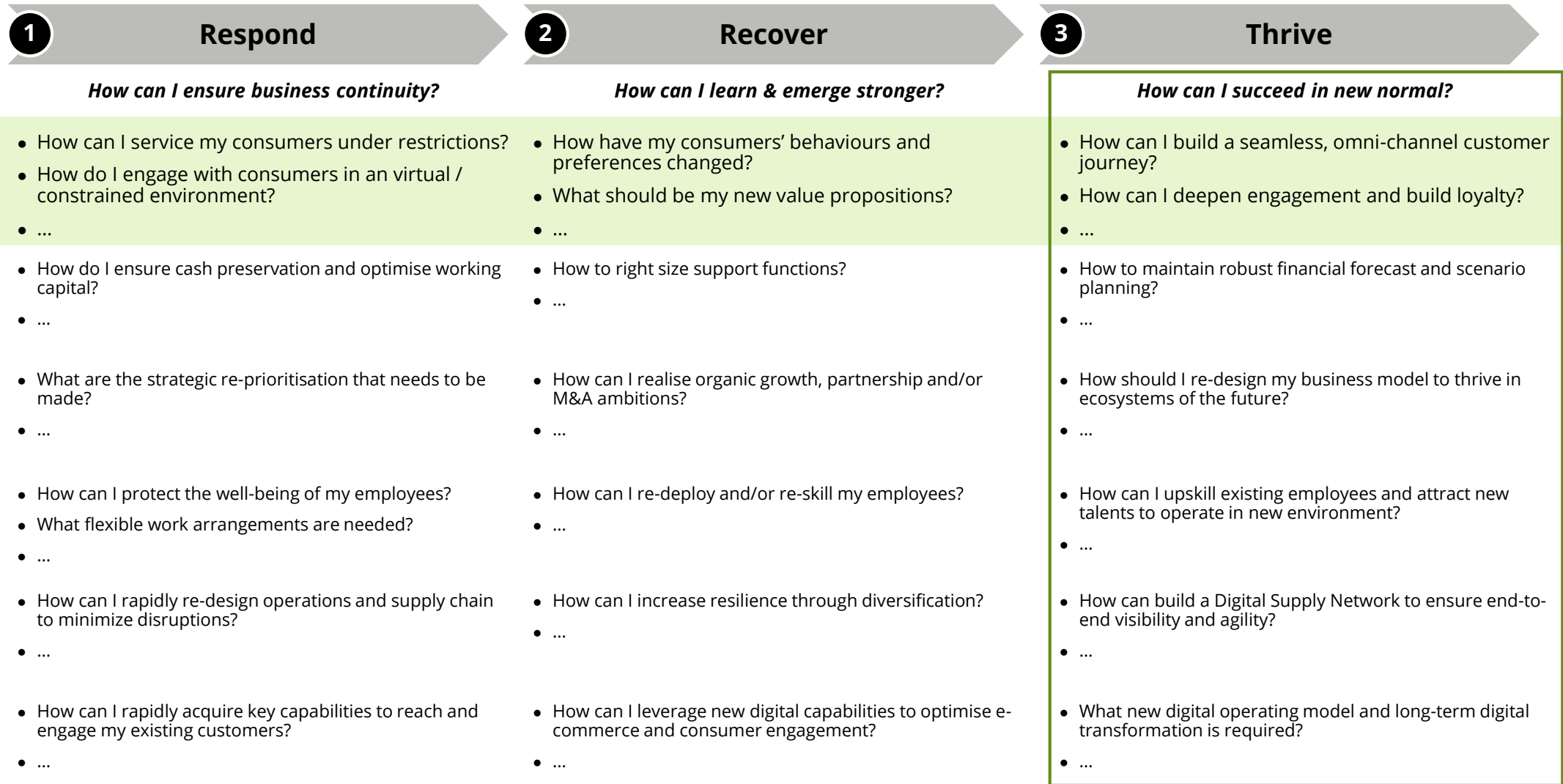
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Amongst the key challenges faced by businesses, it is imperative to understand and address fundamental shifts in consumer behaviours in the new normal



D2C Engagement



Viney Hora
Executive Director, Consulting
Deloitte Southeast Asia



Agenda

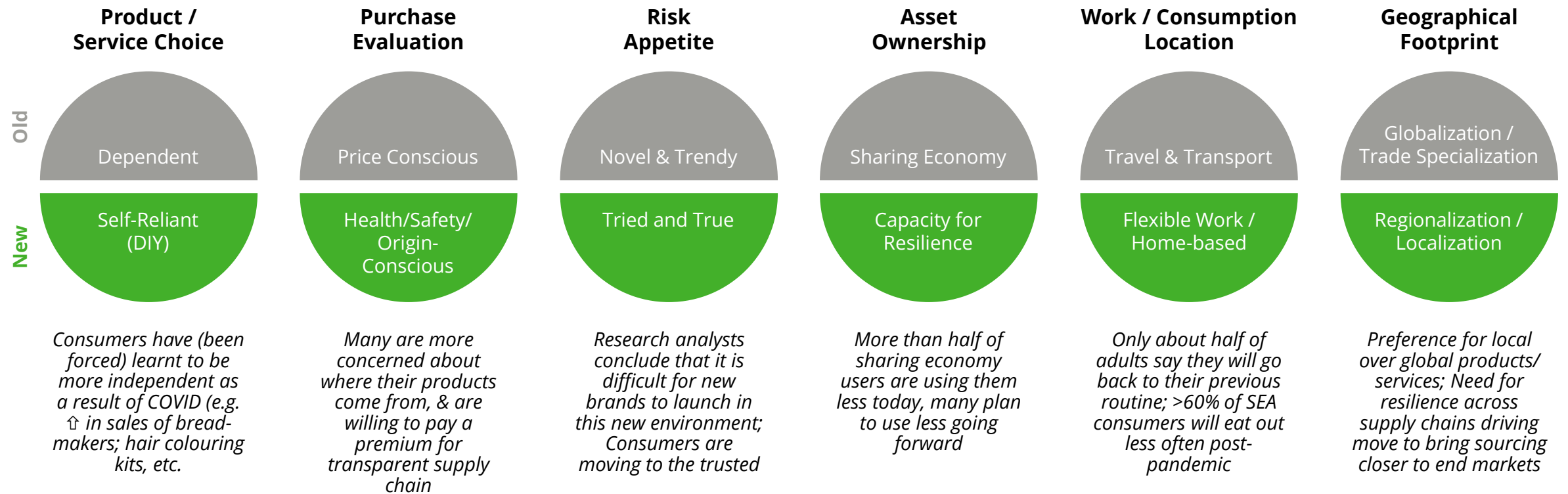
D2C Engagement: Imperative for the New Normal

Case Example: Cloud-Enabled D2C Engagement



COVID-19 is redefining consumer behaviour in an unprecedented manner

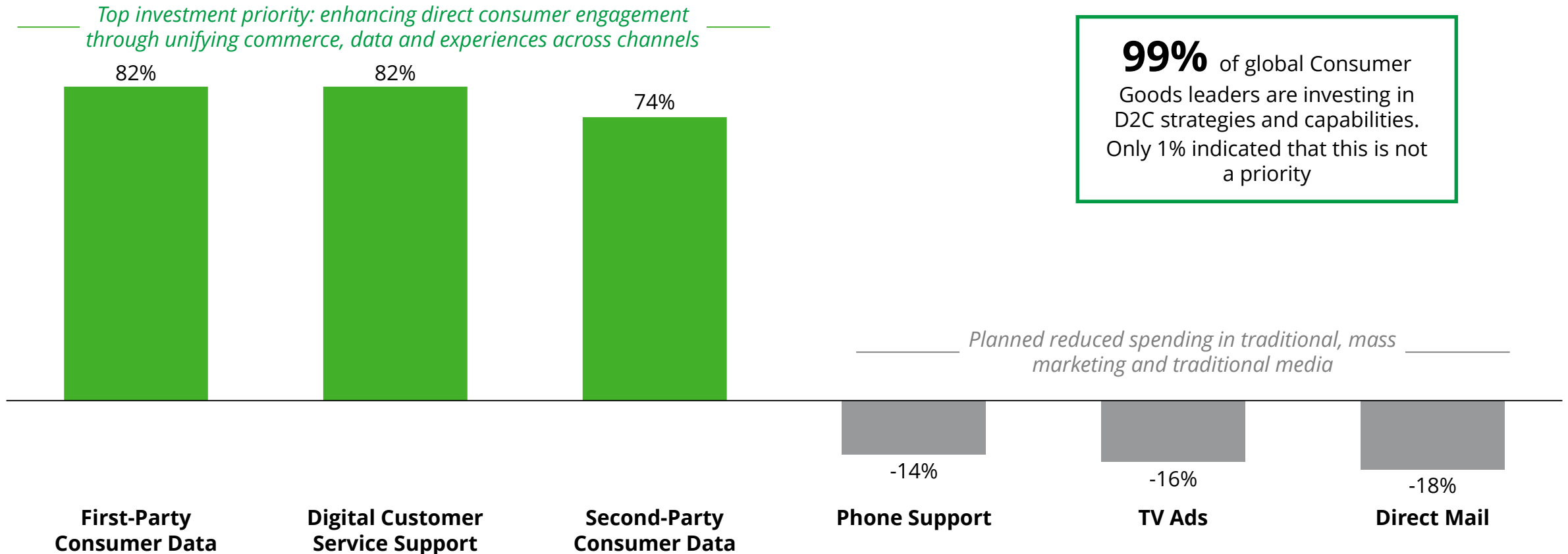
A New Normal for future of consumer...



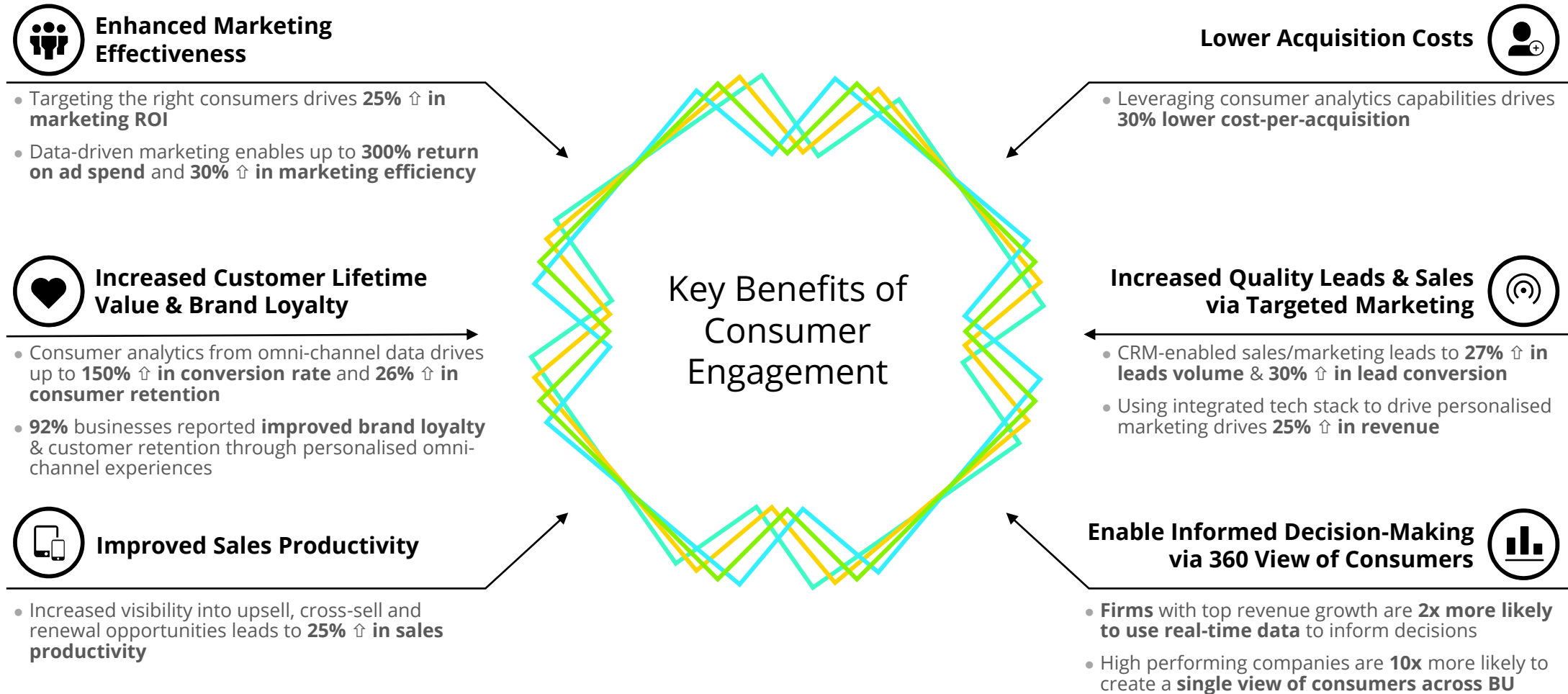
Leading consumer brands are investing in capabilities to better understand and engage consumers directly

Top Areas in Which Consumer Goods Leaders Plan to Increase / Decrease Investments from 2020-2023

(% of surveyed global consumer goods companies)



The case for consumer activation is anchored in a set of business benefits and positive return on investments



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D2C Engagement: Imperative for the New Normal

Case Example: Cloud-Enabled D2C Engagement

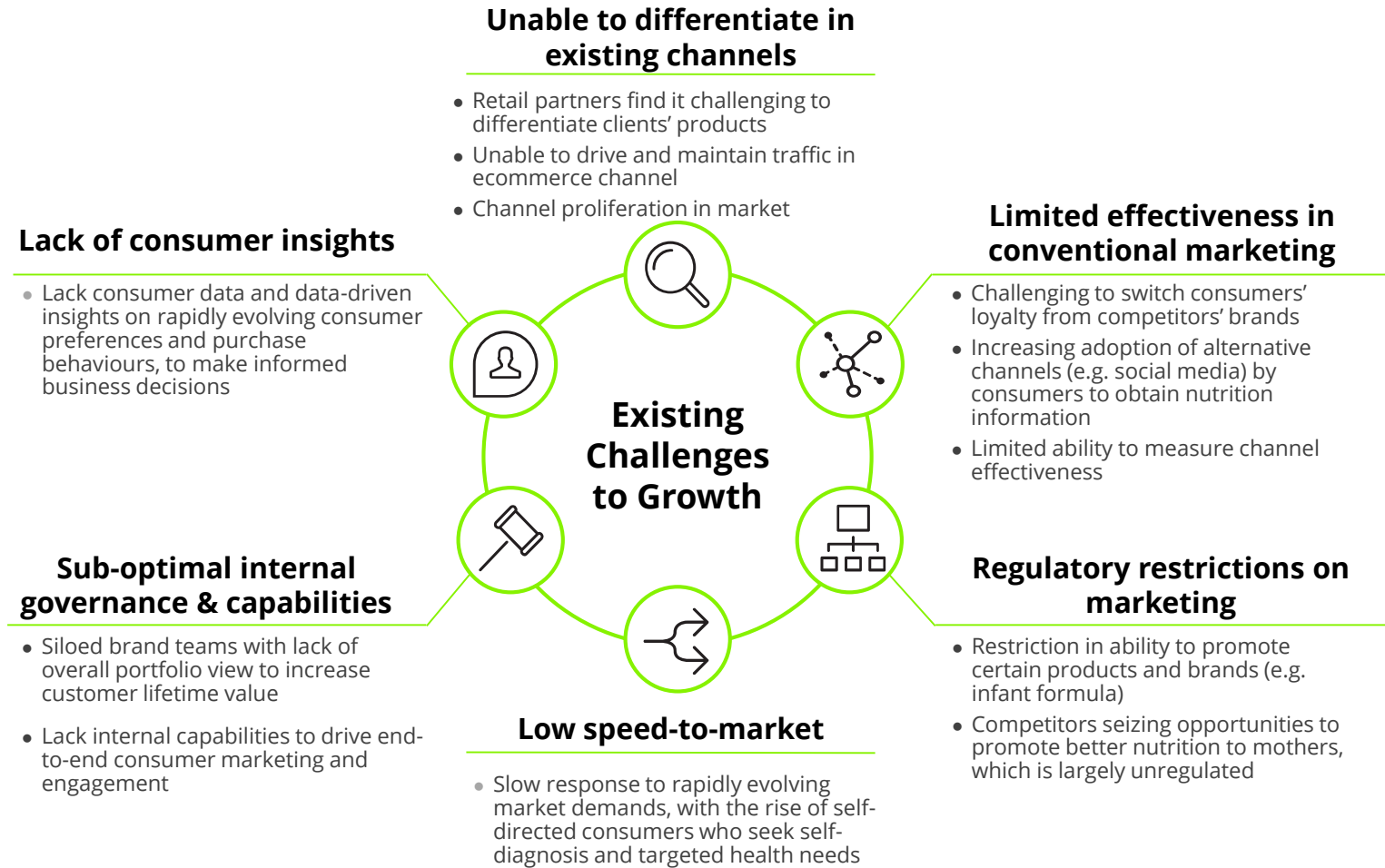


To drive growth, a Global Consumer Nutrition Company sought to re-think its route-to-market to focus on direct consumer engagement

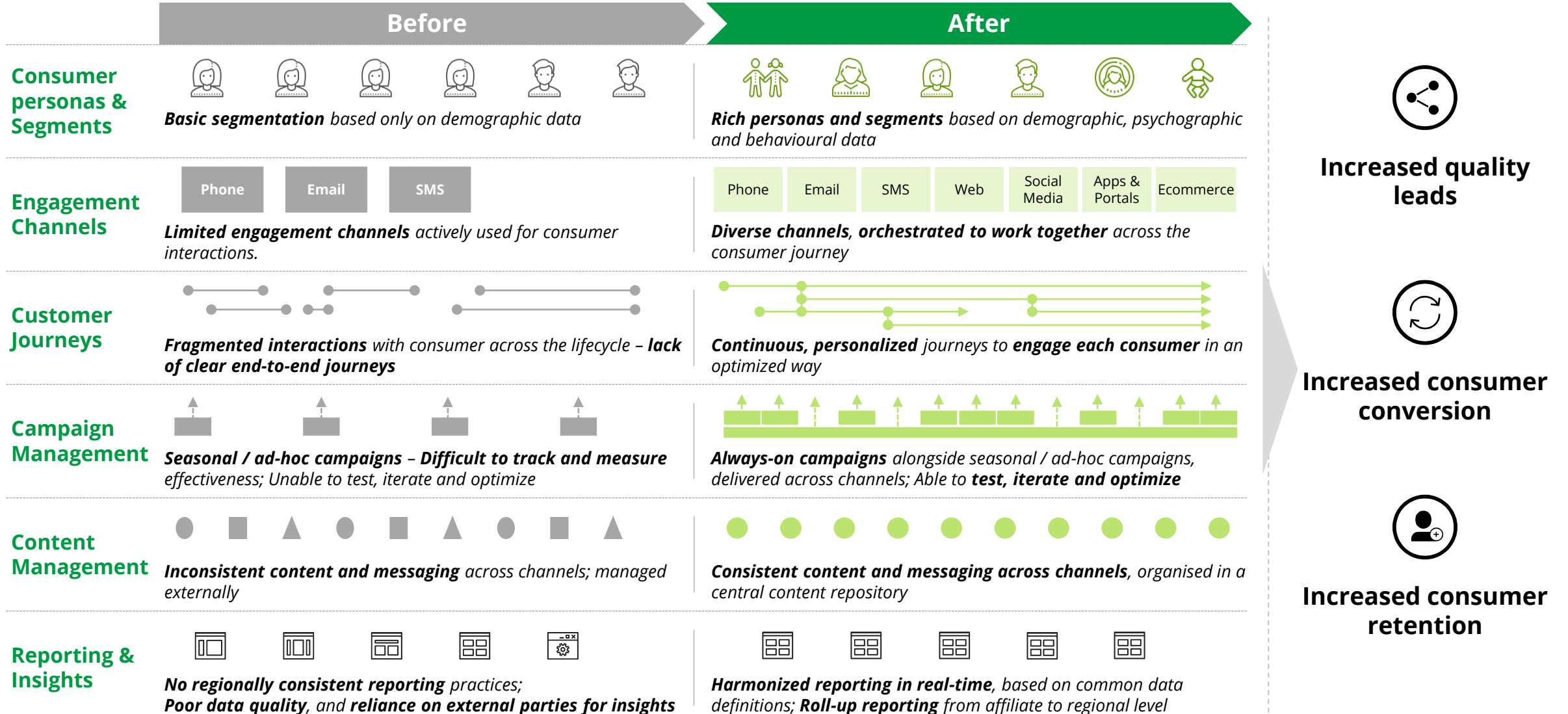
Client Case

Global Consumer Nutrition Company

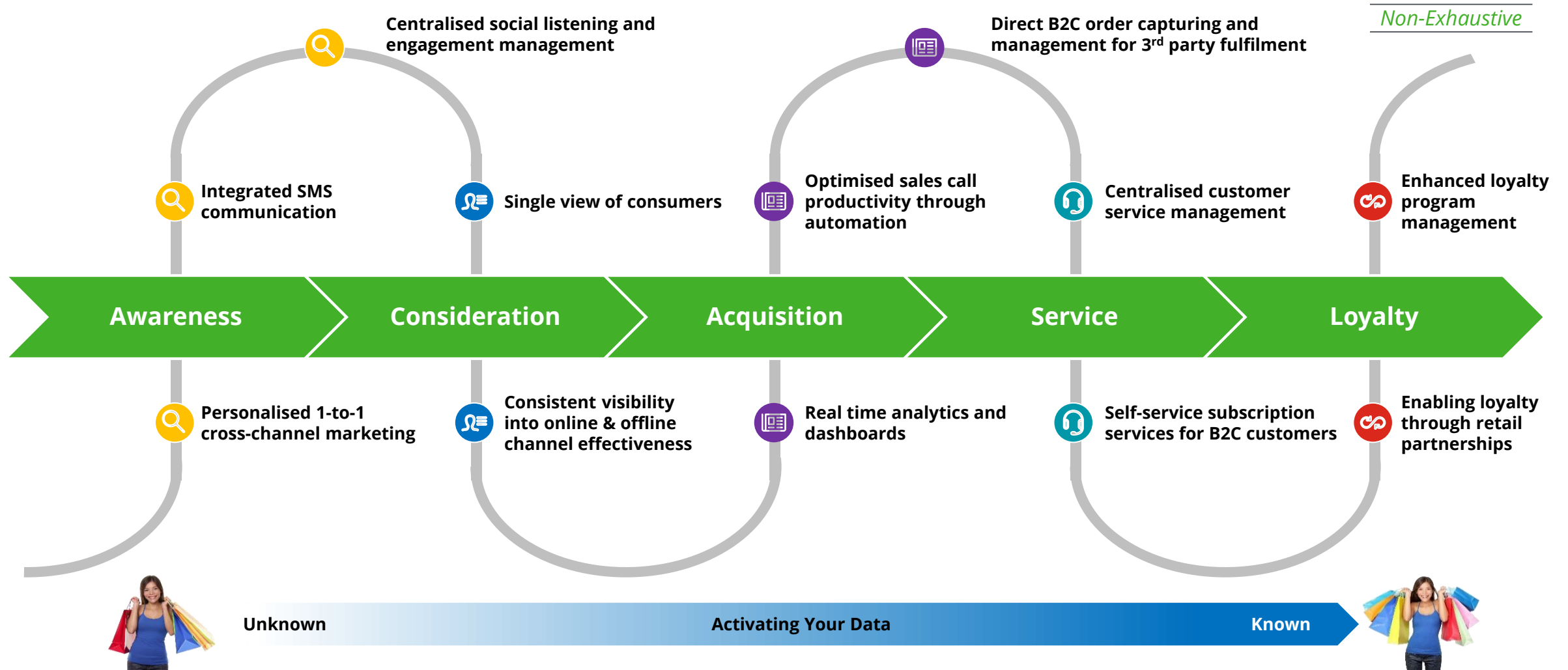
- Ambitions to **double revenue** within three years
- Historically **focussed on healthcare professionals (HCPs) engagement** to **drive demand generation**



2 The desired future state across key consumer engagement transformational areas was established in order to unlock critical business drivers



4 A set of key capabilities was prioritised for the build-out, in order to engage consumers and provide them with a connected, seamless journey



Activities culminated in a comprehensive, fit-for-purpose roadmap to prioritize and guide the implementation journey

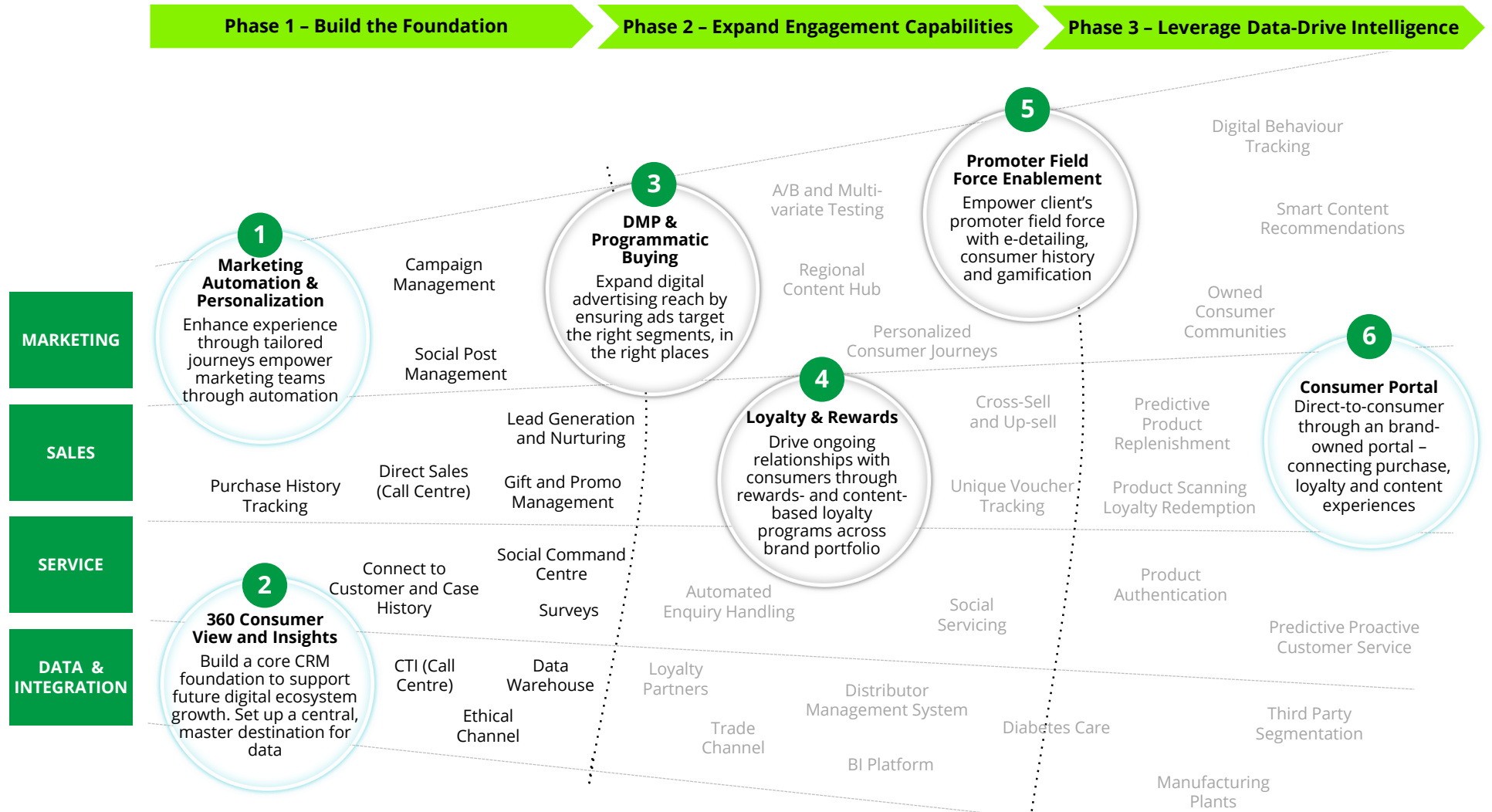
Fit-for-Purpose Transformation Roadmap

Phase 1

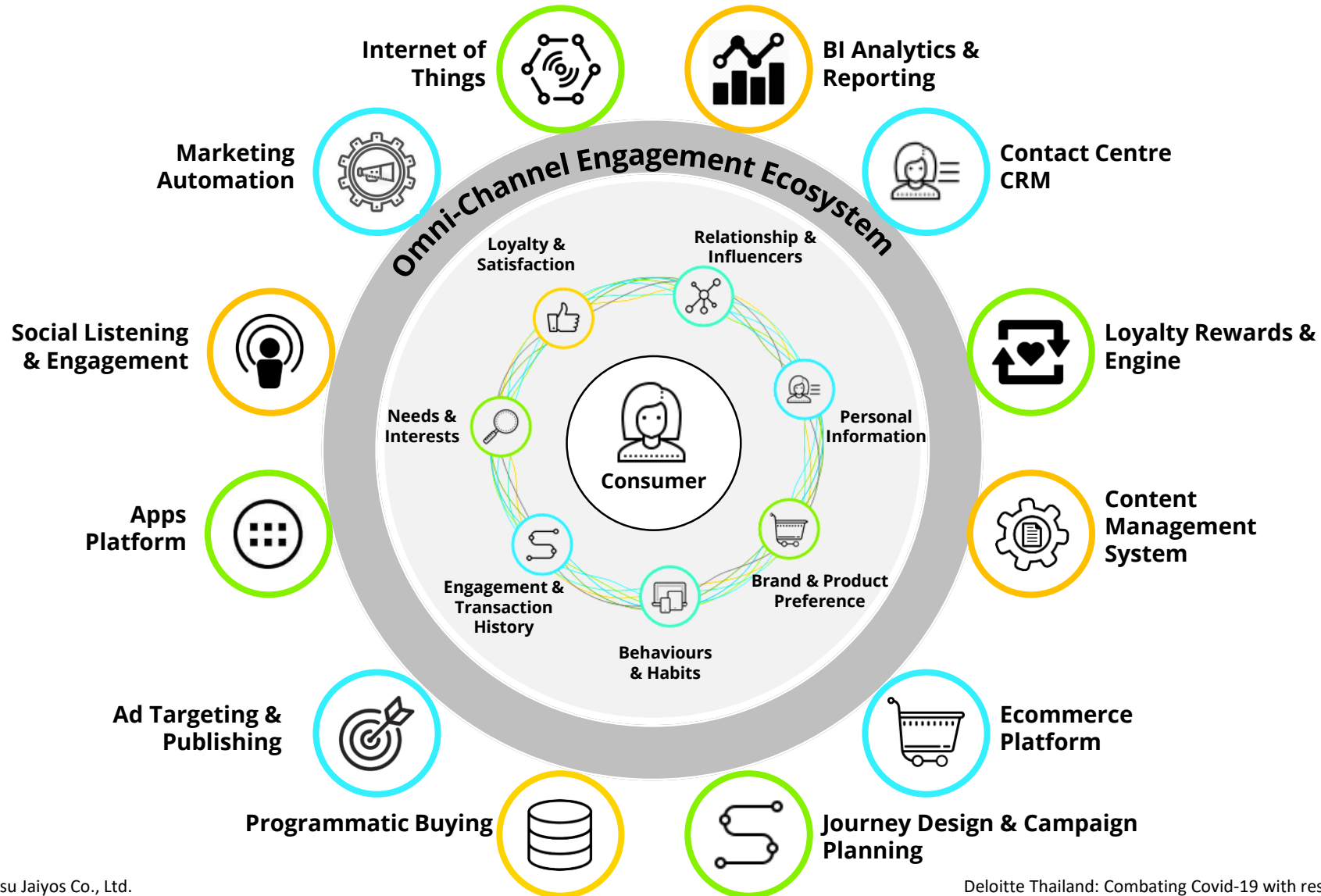
- Focuses on building the core foundation of the Consumer Activation ecosystem
- Enabling incremental capability gains in marketing, sales and service
- Key in unlocking possibilities for a connected, omni-channel consumer experience

Phase 2 and beyond

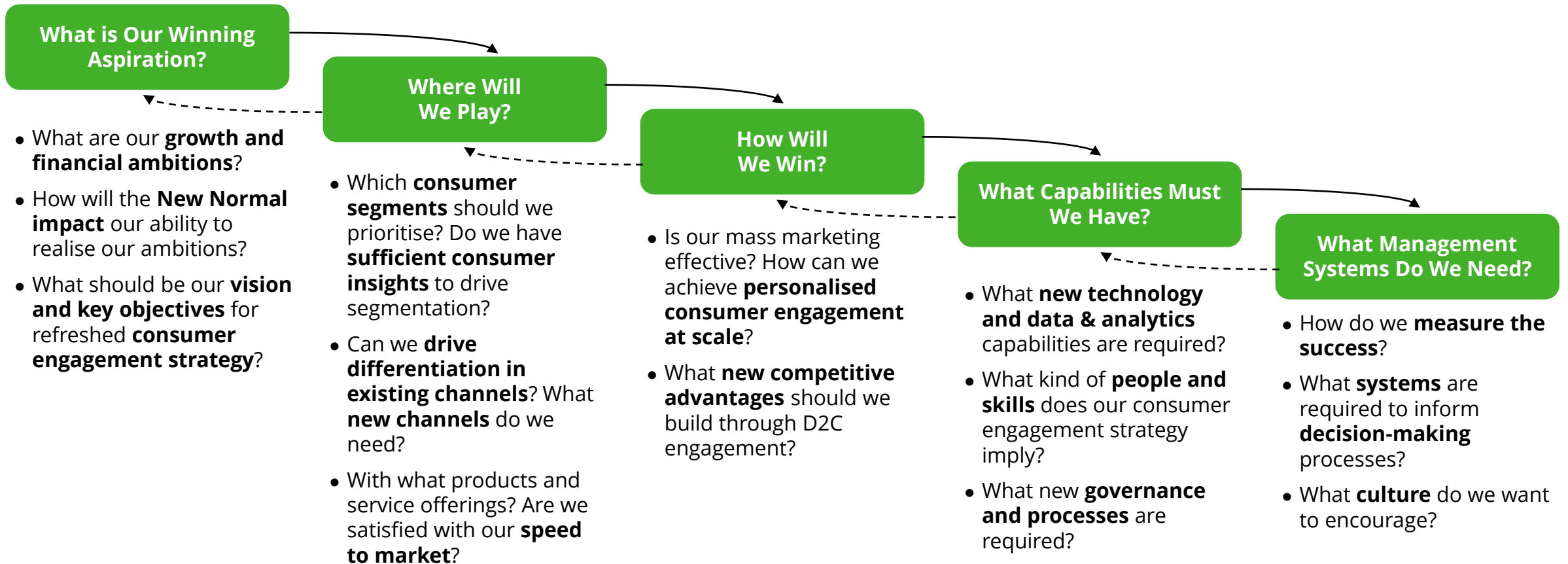
- Focuses on developing intelligent solutions, applications and experiences
- Continue to building upon the core to deliver a connected ecosystem between client and its customers



The end state is an omni-channel engagement ecosystem that enables the next-generation consumer activation model



D2C engagement will be a critical piece that helps consumer-facing companies answer the set of strategic questions needed to win in the New Normal



Panel Discussion

Moderator



Dr. Narain Chutijirawong
Director, Clients & Industries
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Panelists



Viney Hora
Executive Director, Consulting
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Questions/ Feedback

