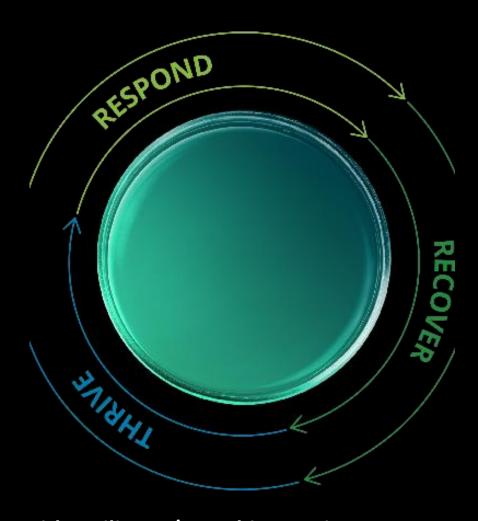
# Deloitte.



**Deloitte Thailand: Combating Covid-19 with resilience | a webinar series #5**Customer Engagement in the SEA digital economy

July 17, 2020



# RESPOND

# **SEA Digital economy**

Marisa Aunhavichai
Partner, Consulting
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# 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.

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#### Platform innovation

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

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#### **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.

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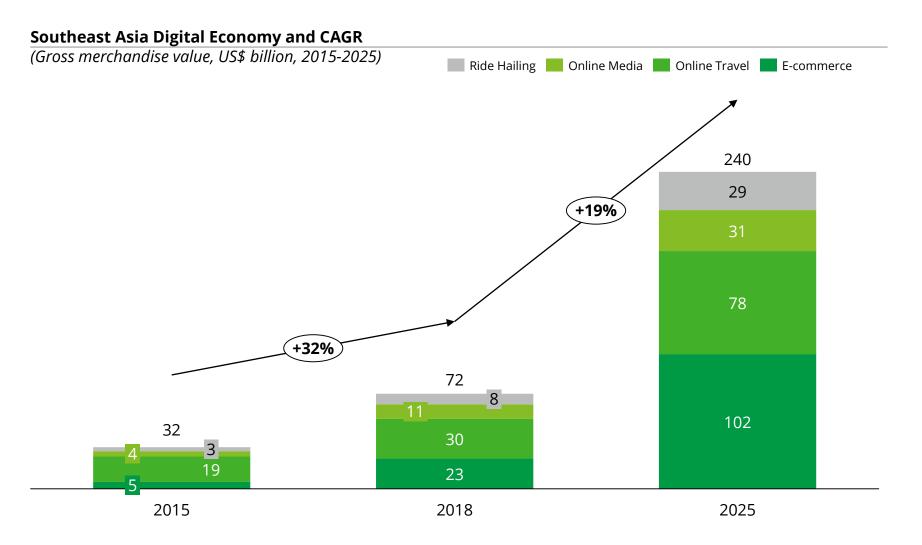


#### Accelerators

- 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.

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



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



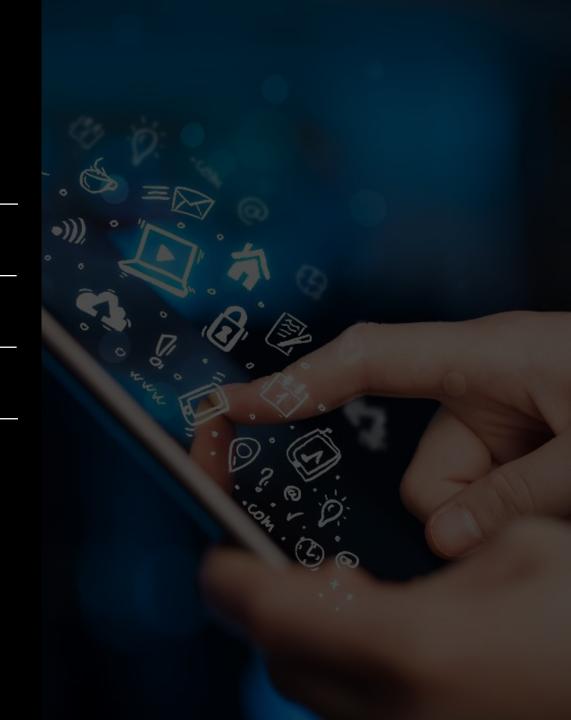
96% SEA marketers agree that social commerce will be increasingly important and 90% agree it drives sales

# Agenda

ASEAN Consumers Before COVID-19

**Impact of COVID-19 on ASEAN Consumers** 

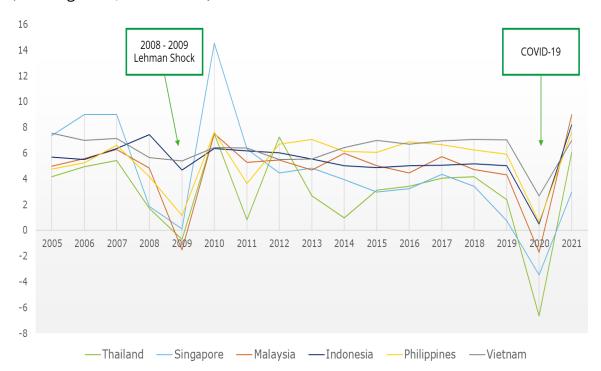
Key Challenges Facing Businesses



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

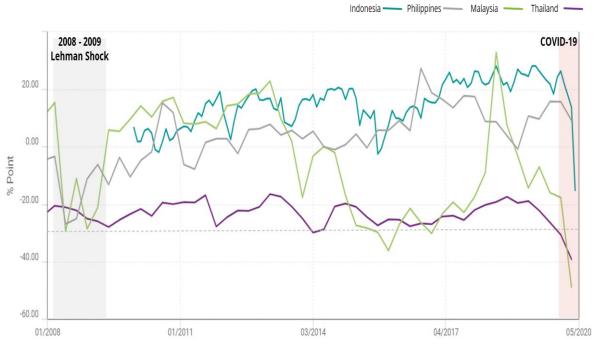
#### **ASEAN-6 GDP Growth Forecast**

(% GDP growth, 2005 - 2021)



## **Consumer Confidence in Selected SEA Countries**

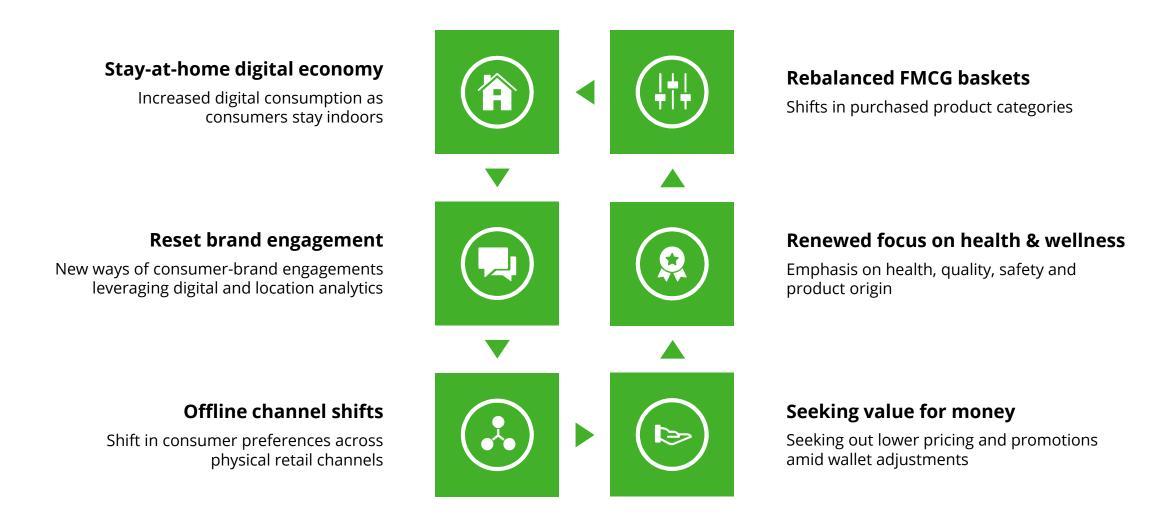
(%, consumer confidence net balance, Jan 2008 – May 2020)



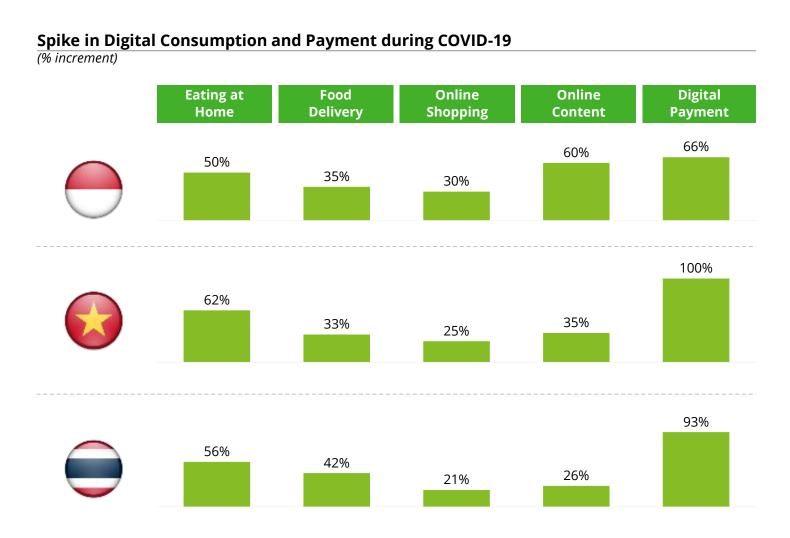
**ASEAN-5 GDP growth forecast:** 4.9% growth to -0.6% contraction

Sharp decline in consumer confidence in SEA

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



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



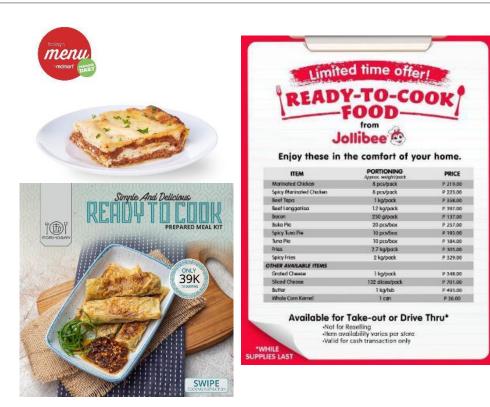
# Shift in consumers' eating habits has also accelerated the growth of meal-kit delivery as well as ready-to-cook food market

#### **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



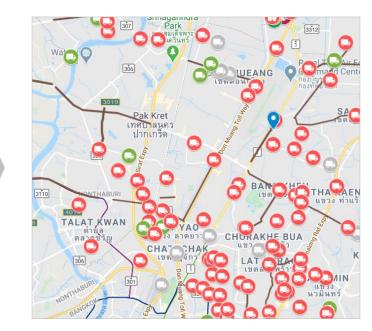
- Prior to COVID, SEA consumers generally preferred eating out
- Meal kit delivery emerging as a convenient way of accessing fresh ingredients and enabling home-cooking

# 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



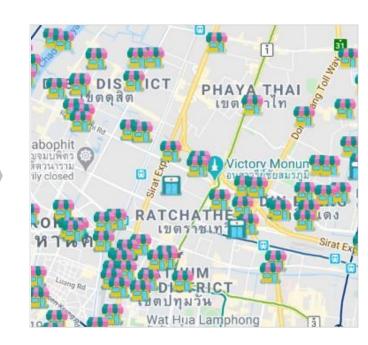
- Also enabled order taking and delivery via LINE app
- Payment through mobile banking
- Next-day delivery by taxi drivers

# 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

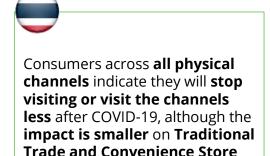


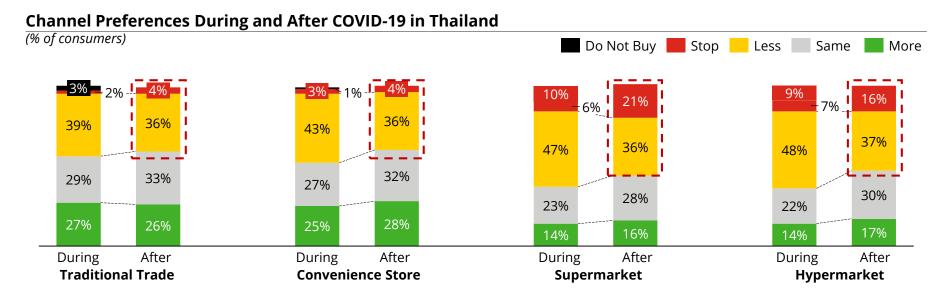
• Customers can find the location of stores in the map



 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

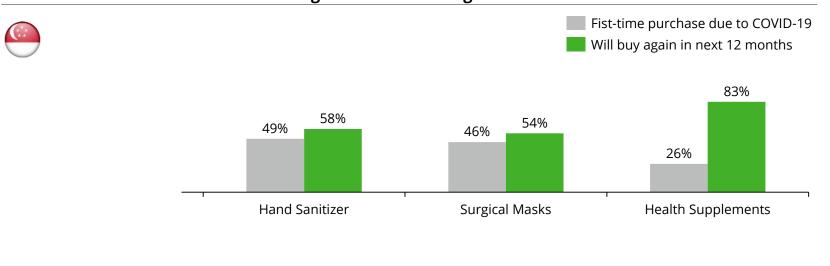




# The pandemic has heightened consumer focus on health and wellness, with increased emphasis on health-related purchasing factors







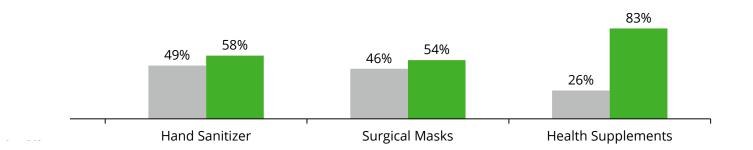


**73%** of SEA consumers expect themselves to be more health-conscious post-COVID-19



**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

# Agenda

ASEAN Consumers Before COVID-19

Impact of COVID-19 on ASEAN Consumers

**Key Challenges Facing Businesses** 



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

	1 Respond	2 Recover	3 Thrive
	How can I ensure business continuity?	How can I learn & emerge stronger?	How can I succeed in new normal?
Consumer Engagement	<ul> <li>How can I service my consumers under restrictions?</li> <li>How do I engage with consumers in an virtual / constrained environment?</li> <li></li> </ul>	<ul> <li>How have my consumers' behaviours and preferences changed?</li> <li>What should be my new value propositions?</li> <li></li> </ul>	<ul> <li>How can I build a seamless, omni-channel customer journey?</li> <li>How can I deepen engagement and build loyalty?</li> <li></li> </ul>
Financing & Liquidity	<ul> <li>How do I ensure cash preservation and optimise working capital?</li> <li></li> </ul>	<ul><li>How to right size support functions?</li><li></li></ul>	<ul> <li>How to maintain robust financial forecast and scenario planning?</li> <li></li> </ul>
Strategy	<ul> <li>What are the strategic re-prioritisation that needs to be made?</li> <li></li> </ul>	<ul> <li>How can I realise organic growth, partnership and/or M&amp;A ambitions?</li> <li></li> </ul>	<ul> <li>How should I re-design my business model to thrive in ecosystems of the future?</li> <li></li> </ul>
Workforce & Talent	<ul> <li>How can I protect the well-being of my employees?</li> <li>What flexible work arrangements are needed?</li> <li></li> </ul>	<ul> <li>How can I re-deploy and/or re-skill my employees?</li> <li></li> </ul>	<ul> <li>How can I upskill existing employees and attract new talents to operate in new environment?</li> <li></li> </ul>
Operations & Supply Chain	<ul> <li>How can I rapidly re-design operations and supply chain to minimize disruptions?</li> <li></li> </ul>	<ul> <li>How can I increase resilience through diversification?</li> <li></li> </ul>	<ul> <li>How can build a Digital Supply Network to ensure end-to-end visibility and agility?</li> <li></li> </ul>
Digital Capabilities	<ul> <li>How can I rapidly acquire key capabilities to reach and engage my existing customers?</li> <li></li> </ul>	<ul> <li>How can I leverage new digital capabilities to optimise e-commerce and consumer engagement?</li> <li></li> </ul>	<ul> <li>What new digital operating model and long-term digital transformation is required?</li> <li></li> </ul>

# **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...

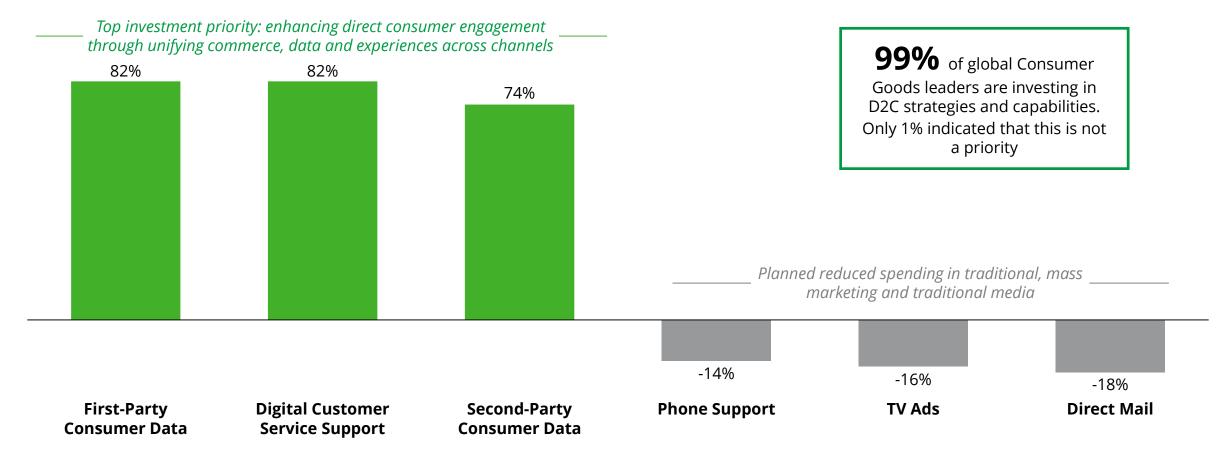


chain

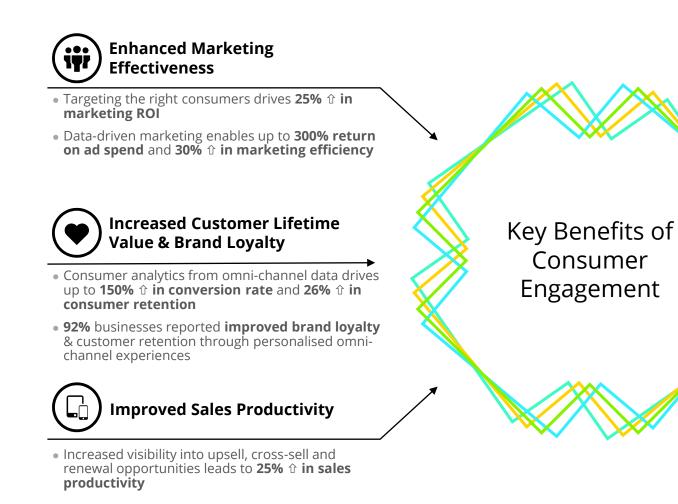
# Leading consumer brands are investing in capabilities to better understand and engage consumers directly

#### 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



**Lower Acquisition Costs** 



Leveraging consumer analytics capabilities drives
 30% lower cost-per-acquisition

# Increased Quality Leads & Sales via Targeted Marketing



- CRM-enabled sales/marketing leads to 27% û in leads volume & 30% û in lead conversion
- Using integrated tech stack to drive personalised marketing drives **25% û in revenue**

## Enable Informed Decision-Making via 360 View of Consumers



- Firms with top revenue growth are 2x more likely to use real-time data to inform decisions
- High performing companies are 10x more likely to create a single view of consumers across BU

Agenda

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

# Lack of consumer insights

 Lack consumer data and data-driven insights on rapidly evolving consumer preferences and purchase behaviours, to make informed business decisions

# Sub-optimal internal governance & capabilities

- Siloed brand teams with lack of overall portfolio view to increase customer lifetime value
- Lack internal capabilities to drive endto-end consumer marketing and engagement

## Unable to differentiate in existing channels

- Retail partners find it challenging to differentiate clients' products
- Unable to drive and maintain traffic in ecommerce channel
- Channel proliferation in market



#### Low speed-to-market

 Slow response to rapidly evolving market demands, with the rise of selfdirected consumers who seek selfdiagnosis and targeted health needs

## Limited effectiveness in conventional marketing

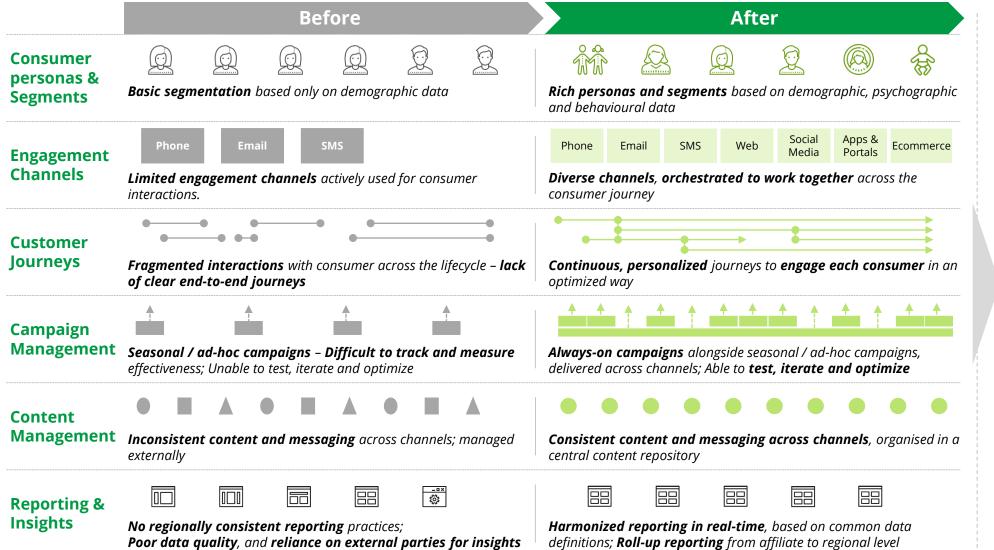
- Challenging to switch consumers' loyalty from competitors' brands
- Increasing adoption of alternative channels (e.g. social media) by consumers to obtain nutrition information
- Limited ability to measure channel effectiveness

## Regulatory restrictions on marketing

- Restriction in ability to promote certain products and brands (e.g. infant formula)
- Competitors seizing opportunities to promote better nutrition to mothers, which is largely unregulated



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





Increased quality leads



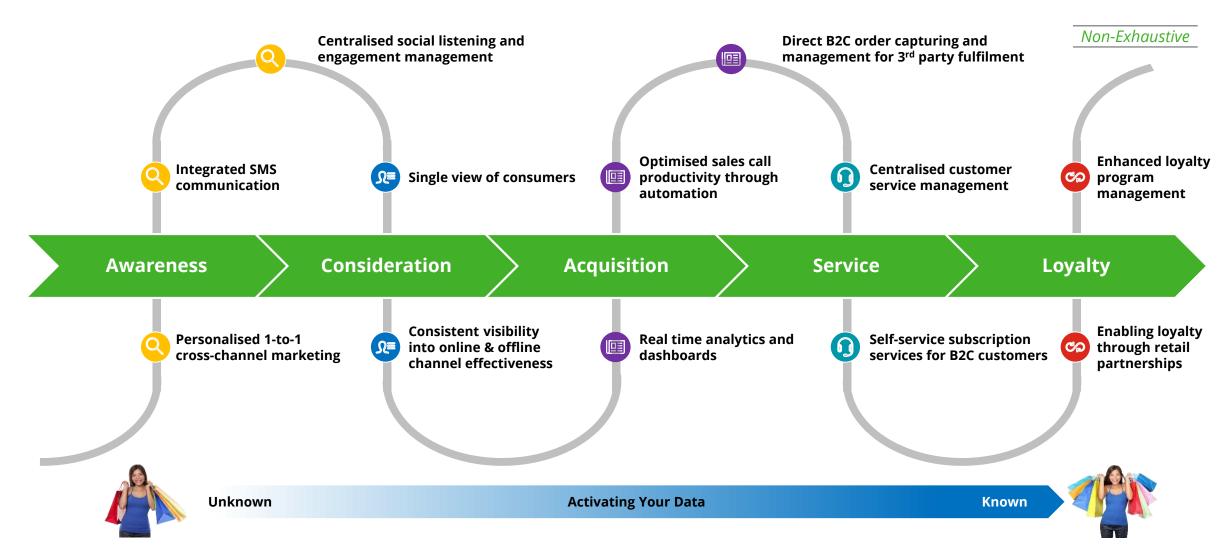
Increased consumer conversion



Increased consumer retention



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

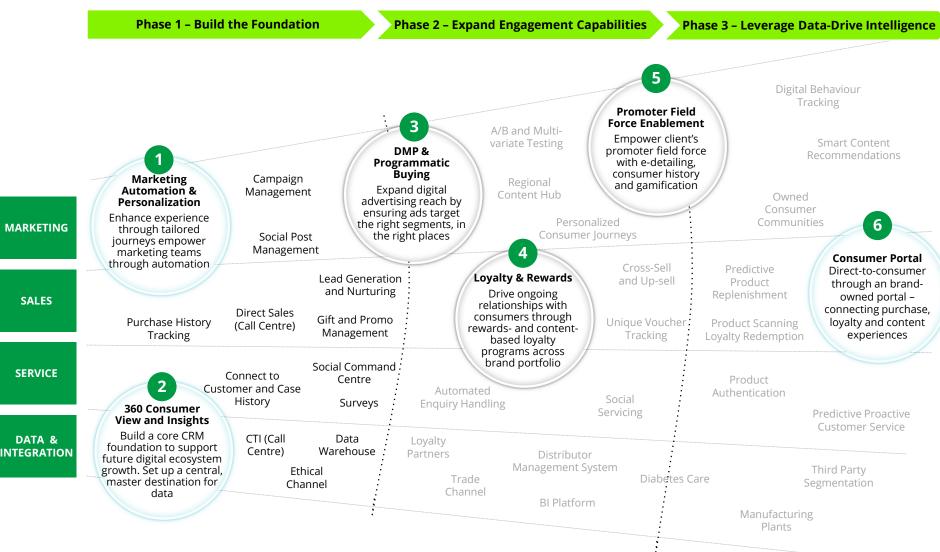
#### Fit-for-Purpose Transformation Roadmap

#### Phase 1

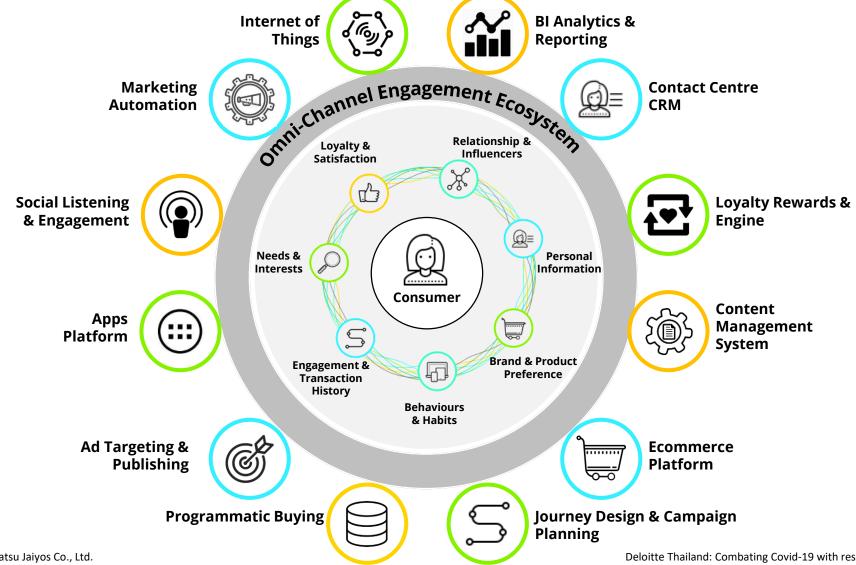
- Focuses on building the core foundation of the Consumer Activation ecosystem
- Enabling incremental capability gains in marketing, sales and service
- Key in unlocking possibilities for a connected, omnichannel consumer experience

#### 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 nextgeneration 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

# What is Our Winning Aspiration?

- What are our growth and financial ambitions?
- How will the New Normal impact our ability to realise our ambitions?
- What should be our vision and key objectives for refreshed consumer engagement strategy?

## Where Will We Play?

- Which consumer segments should we prioritise? Do we have sufficient consumer insights to drive segmentation?
- Can we drive differentiation in existing channels? What new channels do we need?
- With what products and service offerings? Are we satisfied with our speed to market?

## How Will We Win?

- Is our mass marketing effective? How can we achieve personalised consumer engagement at scale?
- What new competitive advantages should we build through D2C engagement?

## What Capabilities Must We Have?

- What new technology and data & analytics capabilities are required?
- What kind of people and skills does our consumer engagement strategy imply?
- What new governance and processes are required?

## What Management Systems Do We Need?

- How do we measure the success?
- What systems are required to inform decision-making processes?
- What **culture** do we want to encourage?

## Panel Discussion

#### **Moderator**



**Dr. Narain Chutijirawong**Director, Clients & Industries
Deloitte Thailand

#### **Panelists**



**Viney Hora**Executive Director, Consulting
Deloitte Southeast Asia



Marisa Aunhavichai
Partner, Consulting
Deloitte Southeast Asia



# Questions/ Feedback



