

a peek into your
consumer's **future**
2020

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In many ways, the world in 2020 looks nothing like it did a decade ago. In 2010, Asia was home to 764 million internet users. Digital was nascent and trends were often imported from the West. Fast forward ten years, and this is no longer the case. Today, there are over 2.3 billion internet users in Asia.¹ Infrastructure improvements and affordable devices made the web available to virtually everyone and fostered a mobile-only mentality. Creative thinkers leveraged the lack of legacy systems to create innovative business models that are now influencing their Western counterparts. Access and ingenuity, combined with the region's scale, transformed APAC into the internet's new capital.

This rapid digitization ushered in new expectations of personalization and real-time dialogue between brands and their customers. As we graduate from the mobile era into the age of ambient computing, advancements in technology that offer always-on assistance, blur the lines between online and offline experiences, and accelerate the pace of progress will drive this behavioral evolution forward. It will represent a paradigm shift in how consumers gather information and take action. Yet, despite these dramatic changes, one core element of great marketing will remain the same: **know your audience.**

Consumer insights have never been more important, particularly in a region as diverse and dynamic as ours. Only by discerning what matters to customers are we able to deliver relevant products and experiences. To succeed in this increasingly complex and crowded landscape, brands need to offer value by understanding what their customers think, believe, expect, and aspire towards. I hope the consumer shifts in this report will inspire you with new ideas to delight and help your customers in the new decade.

Simon Kahn
Google APAC CMO

Intro

The Importance of Consumer Insights and Trends

To succeed in an ever-changing consumer landscape, it is essential for marketers to understand the importance of consumers insights and trends. This has been the core value guiding this report since its launch in 2018 and continues to define the approach of the 2020 edition. The goal is to encourage marketers to adopt an outside-in perspective, one which encourages them to understand and adapt to the complexities of consumer behaviour. Such an approach

involves having a balanced “art and science” view of consumers, where data is used in tandem with intuition to make critical decisions about what products and services should be introduced to the market.

Marketers now have access to an abundance of data about the wants, needs, desires, and aspirations of consumers. Through careful analysis this data can be used for both a broad and specific understanding of current and future customers.

Business leaders must carefully consider these insights, gather the relevant ones, build a holistic picture, and most of all, integrate them into the decision-making processes of their organisations. Those who end up using these complex consumer insights to shape strategic perspectives and guide tactical decisions will be able to create the most relevant and innovative products and services. And ultimately, succeed.

The Future Consumer in Asia Pacific

APAC's transformation from follower to leader has been swift and unprecedented. It has become the most advanced digital economy in the world and is leading the way in innovation.

Home to 60% of the global population, APAC is the world's fastest growing internet market and consists

of two impossible to ignore countries—India and China—each with a population of over a billion.² In addition to these behemoths, the region boasts of the world's largest Muslim nation, Indonesia, which has a population of over 220 million.³ APAC is also home to Pakistan, the 6th largest population in the world with over 207 million people, which will soon overtake Brazil's 209 million.⁴

With half of the internet population residing in APAC and 70% of them owning a smartphone, the region has led the charge in global app growth by generating 53% of the world's total app revenue in 2016, along with 86.2 billion downloads.⁵ And while APAC's

internet penetration is on par with the rest of the world, 98% of the users in the region are mobile internet users in comparison to 85% in the US.⁶ On average, they spend three hours on mobile internet daily.⁷ In fact, the top 3 most engaged mobile internet countries in the world are from APAC.⁸ Thailand is at first place with an average of 5:13 hours per day, followed by the Philippines at 4:58 hours per day, and in third place is Indonesia with an average of 4:35 hours per day.⁹

Since Asian consumers are spending a significant amount of time on mobile internet, they tend to be very receptive towards new technology and business models.¹⁰ This is one

of the major reasons behind the exponential growth of the start-up ecosystem and the birth of unicorns in the region; with two sectors—ride-hailing and e-commerce—growing at a record pace.¹¹

Southeast Asia is a shining example of this boom in APAC. The cumulative internet economy of Indonesia, Vietnam, Malaysia, Philippines, Thailand, and Singapore is currently pegged at \$100 billion¹² and has received more than \$37 billion in capital over the last four years.¹³ While the majority has gone to e-commerce and ride-hailing unicorns, investments in nearly 3,000 start-ups in the region also remain sizable.

Sources: ^{2,3}Think with Google: Insights on APAC Region

⁴World Bank: National Accounts Data and OECD National Accounts Data

⁵Think with Google: 3 ways to uncover and acquire high-value app users in APAC

⁶We are social: Digital in 2018: World's internet users pass the 4 billion mark

⁷Chandler Nguyen: Digital index for APAC countries in 2017

⁸Hootsuite: The global state of digital in 2019

^{9, 11, 12, 13}Think with Google: e-Economy SEA 2019: Swipe up and to the right: Southeast Asia's \$100 billion internet economy

¹⁰McKinsey Digital innovation in Asia: What the world can learn

Beyond economic development milestones, the role of culture and its impact on consumption choices in APAC is equally important when defining the region's progress. The immeasurable emotions that comprise each cultural experience help shape views and preferences. A love of K-pop could drive a consumer to book a trip to Seoul, while a preference for fine dining on a budget, could lead one to peruse travel sites for weekends in Bangkok. The intangible cultural elements that drive a nation's people to crave spicy foods and another nation to favour romantic comedies over dramas are the facets that help shape cultural identity. They provide the impetus for consumers

outside of these countries to learn and explore their geographical neighbours.

There is now also a demand for stories that resonate with consumers' individual tastes and cultural preferences. And it has led to a growth in products and services that deliver relatability in one form or another. This shift from the hegemony once led by countries outside of Asia creates opportunities for marketers to celebrate the cultural dynamism that defines national identity.

In some cases, the development of localized services specifically created for Asian consumers are now working their way out of the region as ideas or business models that

resonate internationally. With Japanese brands helping to set the global beauty agenda and K-pop inspiring audiences from Jakarta to Shanghai, the intra-Asia influence on buying behaviour is visible across categories like leisure, food service, fashion, health, and learning.





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What we are seeing is a demand for better local content. Whether it is better regional or better local content, it's really just two sides of the same coin. The region has extraordinary disparate local cultures with iconic local stories being told and a breadth in local context with regard to local languages, local customs and religion. There's a blossoming of local culture that I think the internet is really embracing. 80 percent of the reason why iflix subscribers join the service is to access unique local content. It's become such a truism in our business, we've almost stopped reflecting on it.

”

Mark Britt

Co-Founder & Group CEO of iflix

Given the significance of APAC as the epicentre of all things digital and consumer trends trailblazer, an in-depth understanding of the region's consumers and their shift in behaviour could transform the reach, growth, and revenue of brands.

In this report, we present three consumer shifts that shed light on some powerful consumer opportunities that are likely to impact and influence the way marketers design, build, and market their products and services within the Asia Pacific region.

Methodology

This report is based on a triangulated methodology across:

1 Internal Data

Using Google Internal data and Google Trends¹⁴, we analyzed a variety of signals like absolute growth, relative share, and country-by-country comparisons to understand which trends were clearly emerging on Google Search and YouTube content.

2 Quantitative Research

We then partnered with Qualtrics to launch a survey across 12 key markets in APAC: China, India, Indonesia, Japan, Philippines, Vietnam, Thailand, South Korea, Malaysia, Australia, Taiwan, and Singapore. We managed to reach online consumers, proportionately represented with the internet population in each market by means of age and gender.

3 Expert Interviews

During this sampling phase, we put a weightage on the numbers of respondents for each market to the country's actual internet populations. We conducted the fieldwork between the Q2 2019 and Q3 2019, and we closed the online survey with a total N of 7166 qualified respondents. Concurrently, we conducted interviews with early adopters and industry experts from the region to gather qualitative data and triangulate our findings and focus on the key trends we would bet on.

The screens used were: Momentum, Integrity, Identity and Actionability.

1 Momentum

Do we have any signals that show a historic trend to build up future growth?

2 Integrity

Does the shift manifest itself in at least two independent sources across primary, secondary, and internal data research?

3 Identity

Is the shift being driven from APAC and/or manifesting itself faster than other regions?

4 Actionability

Is the shift being driven by key developments in technology that businesses can leverage?

Contributing Partners

qualtrics^{XM}

Qualtrics is a digital platform that powers surveys related to market research, customer experience, product testing, employee experience, and brand tracking. Trusted by over 80% of the Fortune 100 companies, it is used by 9,000+ businesses and institutions worldwide. Qualtrics's survey software is designed to help clients optimise the four core experiences of business: customers, employees, products, and brands.



Asian Consumer Intelligence is a trend forecasting and branding consultancy focused on Asia-Pacific helping global companies use strategic foresight to position brands more effectively in APAC.

It informs strategy by delivering qualitative, future-forward intelligence utilising proprietary technologies to provide marketing insight and innovation solutions to help drive growth.

With Me

[wið mi]



Consumers increasingly seek participatory content and use online interaction as a means to share experiences



With Me emphasizes the importance of gaining a sense of community via the consumption of interactive and experiential online videos for consumers. It revolves around the emergence of live streams and videos of common

everyday activities like cooking, cleaning, packing, or eating, where creators invite viewers to be a part of the action through live comments or experience a shared solidarity by indulging in the very same activities.



More than half (51%) of all the online APAC consumers treat videos and live stream as a way of connecting with friends.¹⁵





**More than half
(53%) of all
the online APAC
consumers feel
like they are
part of a bigger
community
when they watch
a live stream.¹⁶**



When the practise of 'mukbang'—an activity where creators live stream themselves eating large amounts of food while interacting with online audiences—emerged from South Korea in 2009, it may have been viewed as fringe behaviour. But a decade later, not only has the trend of participatory content gone mainstream, it has also expanded beyond eating. In the first half of 2019 alone,

YouTube viewers in Korea watched over 500 years of *With Me* content across various categories.¹⁷

Other APAC nations reveal similar growth patterns as consumers shift to interactive viewing. In Pakistan, watch time for videos related to *With Me* grew by 150% in the first half of 2019,¹⁸ while in Indonesia it grew by over 180%.¹⁹

Sources: ¹⁶ Google/Qualtrics Consumer Shift Survey 2019

¹⁷ Google Data, South Korea, Jan - Jun 2019

¹⁸ Google data, Pakistan, Jan - Jun 2019 vs Jan - Jun 2018

¹⁹ Google data, Indonesia, Jan - Jun 2019 vs Jan - Jun 2018

So, what activities do Asians like to watch? From the unique and rare to the routine everyday like cooking macarons, shopping for outfits, packing suitcases, cleaning bedrooms, game-alongs, product demonstrations, brushing up on language skills, and many more. From light-hearted fare to in-depth tutorials, summary overviews to expert commentary, consuming content while literally consuming is the new norm. Recipients are seeking a sense of community while

carrying out their own tasks, apart from factual instructions. It's not too far-fetched to imagine that a viewer watching someone pack a suitcase could be simultaneously doing the same. Especially in a region where consumers are poised to spend \$200 billion on travel online by 2025.²¹

**In Malaysia
watch time for
mukbang content
has grown
by over 150%
in the last year.²⁰**



Sources: ²⁰ Google data, Malaysia, Oct 2017-Sept 2018 vs. Oct 2018-Sept 2019

²¹ The Telegraph: The unstoppable rise of the Chinese tourist



In Australia, watch time for "study with me" videos has grown by over 250% in the last year.²²

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As digital natives become more prominent, Gen Z, with four times the spending power of millennials, represent a new perspective. They do not come from a pre to post iPhone world but have only known a world where a digital presence and interaction simply exists. Interactions today happen simultaneously in digital and physical single space. Connected and controllable.

”

Tim Kobe

Design Leader, Founder, and CEO - Eight Inc.


Beyond watching videos to make homemade laksa or learning Korean to sing the latest Blackpink hit, participatory content helps deepen the engagement between creators and their audiences. With time this

trust can help create a multitude of immersive and sensorial elements that will bring the action closer to viewers, while also opening the doors for experiences beyond screens.

Now

Gaming has arguably pioneered much of the behaviour that drives *With Me* as over 50 billion minutes of gaming content were watched on YouTube from June 2017 to June 2018 globally.²³ Participating within a virtual team, reviewing gameplay, and watching others game, either in recorded or live streams, has long been popular in the gaming community. In Malaysia, the watch time on YouTube for PlayerUnknown's Battleground, an online multiplayer battle royale game, has tripled in the last year.²⁴

As a new decade starts, the sheer variety of *With Me* content cuts across categories and varying levels of interactivity. From watching someone study on a live stream from South Korea to the video of a leading influencer cleaning her house or a content creator simply asking fans to "Get ready with me", consumers are seeking participatory content for all kinds of activities.



The Most Viewed Video Games on YouTube in 2019

Minecraft: 100.2 billion views
 Fortnite: 60.9 billion views
 Grand Theft Auto: 36.9 billion views
 Garena Free Fire: 29.9 billion views
 Roblox: 29.6 billion views

Source: ²³ Google data, Global, Jun 2017-June 2018

²⁴ Google data, Malaysia, Oct 2017-Sept 2018 vs. Oct 2018-Sept 2019



Get Unready with Me

In the Philippines, YouTube Creator Michelle Dy asks her viewers to “Get Unready with Me” in a video where she demonstrates how to correctly remove makeup. Dy starts off the video by talking about the importance of removing makeup for healthy skin. The first step in her routine involves using wet wipes to clear her face, following which she uses a pimple gel and does a product demonstration. She finally tops it all off with a face spray and reminds everyone to take care of their skin.



In Japan, watch time for “cook with me” videos has increased by over 500% in the last year.²⁵



Take the example of “winter grown cabbage and young radish water kimchi” on Young-Ja's Kitchen, a popular South Korean “cook with me” channel. In the video, fresh green vegetables are prepared and diced into traditional baskets in a garden setting before being taken into the kitchen to be cooked. Watching ordinary tasks such as rinsing vegetables on video allows cooks of all stripes to sync their own dishes with Young-Ja, even while preparing their own versions of the dish.

Emerging



Interest in "cooking tips" videos is on the rise in Australia, with watch time increasing by 60% between June 2018 and June 2019.²⁶

Food Network Kitchen²⁷ is a monthly streaming service that was launched in September 2019 by Discovery Inc, the parent company of the Food Network. The app enables subscribers to take live culinary classes with popular TV chefs and allows them to text questions to show hosts, making the whole experience highly interactive, personal, and participatory.

Source: ²⁶ Google Data, AU, Jun 2019 vs. Jul 2018

²⁷ Cook with Bobby Flay and Alexa via new streaming app

The app also has the potential to add a future revenue channel, where subscribers could shop for ingredients on partner platforms, who could then offer Discovery a cut of their revenues. While this particular initiative focuses on the US, brands in Asia are also scrambling to bring their own productions to fruition.

A similar service was introduced by YoRipe when they launched RawtoRipe, Singapore's first 'live virtual cooking series' in July 2019. As part of the online event viewers were asked to assemble a list of ingredients prior to a broadcast where,

via video conferencing, they were guided through two recipes with MasterChef finalist Sowmiya Venkatesan. At S\$45 for two participants, the experience offered a peek into a monetised future of *With Me* that combines elements of participation, education, and community rolled into one interactive viewing experience.



In India, watch time for shop with me videos has increased by over 260% in the last year.²⁸





Apart from being both interactive and informative, a lot of *With Me* videos offer consumers a glimpse into the lives of creators. They help create a bond between the two and also give viewers the chance to vicariously experience numerous everyday activities. This is especially true for “shop with me” videos like “SQUISHY LAND 2 - Shopping with me

@Pernik-BTC Pangkalpinang” on YouTube. In the video, creators Nuria & Mom head to a mall in Indonesia and take some of their 333,000 subscribers with them. In roughly eight minutes, young Nuria examines ‘squishys’ or super soft foam toys with Mom diligently asking questions while filming the experience. The video has over nine million views.



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So far the response has been pretty good. I think my viewers enjoy this type of video because it is more "real" - very unfiltered and unscripted because it's literally just me doing what I would normally be doing even without a camera in front of me. So I think some viewers like that authenticity. I think another reason would be similar to why people like "mukbang" videos, and that is that when they watch the video and they're doing the same thing, it makes them feel like they're doing it with the creator—so it creates a bond. I've had people tell me that watching my "study with me" video made them feel like they had a study buddy. I think that sense of relationship and connection that this type of content fosters is another reason why viewers are drawn to it.

”

Raya Maurelle Cordova
YouTube Creator

‘Calories, Macros, Diet!? Come Grocery Shopping With Me + Food Prep’, is an equally immersive video where creator Sarahs Day starts her video with a facial cleansing routine in her bathroom before taking viewers on a drive through Sydney's streets to a supermarket with her family. Her activities are nothing out of the ordinary but provide

those watching with a sense of how Sarah really lives. Some of her 1.33 million subscribers are literally given a taste of her life when Sarah brings her groceries home and preps ingredients to make daily snacks and meals.

Future



As technology evolves, the line between viewing and participation will continue to blur significantly. This transition could potentially be facilitated by haptic, also known as 3D touch, a technology which allows users to experience the sensation of touch through vibrations, motions, or force.

While the technology is currently in use in smartphones and gaming joysticks, more complex use for *With Me* purposes has proven to be a challenge until now due to the price. However, Miraisens, a Japanese manufacturer, claims to have cracked the cost barrier. It is on the verge of making 3D haptics more affordable and compact enough to be embedded in a multitude of devices beyond smartphones.



Using specific stimulation patterns of the skin to create the sensation of touch and texture, the company is trying to bridge the gap between what's virtual and real. In the future this technology could allow users to feel the texture of a fabric while watching a *With Me* video on YouTube or help enhance augmented reality and sensations during video game play.

It could also help online marketplaces demonstrate the fabric of a new sofa by sending a 3D haptic motion that shoppers could virtually touch and see. In the leisure category, a hotel brand could provide the feeling of the softness of its bed linen, helping convince consumers to book a stay.

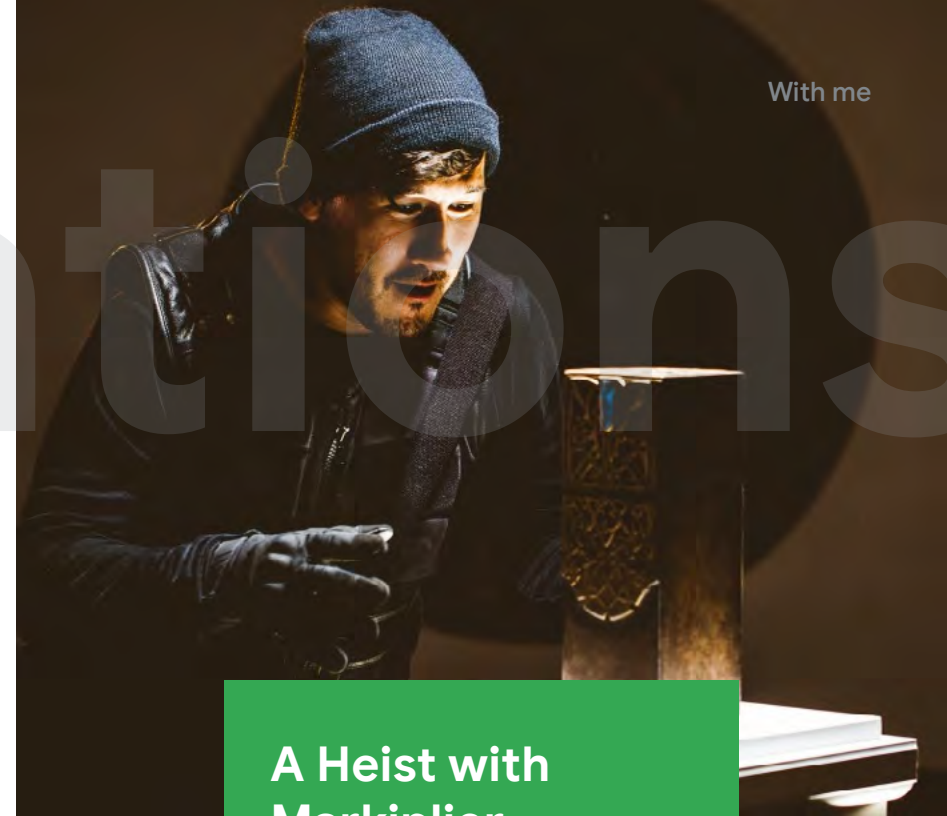


Implications

The formerly passive one-way relationship that once saw creators and their audiences engage in a non-participatory format is rapidly diminishing. It is being replaced with *With Me* content, which echoes the real time a live concert with the potential for audience interaction versus watching a movie which plays out a predetermined narrative irrespective of what the viewer does.

Consumers want to feel more involved and connected – the fact that watch time for content in this genre is increasing rapidly shows us online video is helping address this need.

The meta nature of this development could herald a future with more customisable content and deeper participant interaction.



A Heist with Markiplier

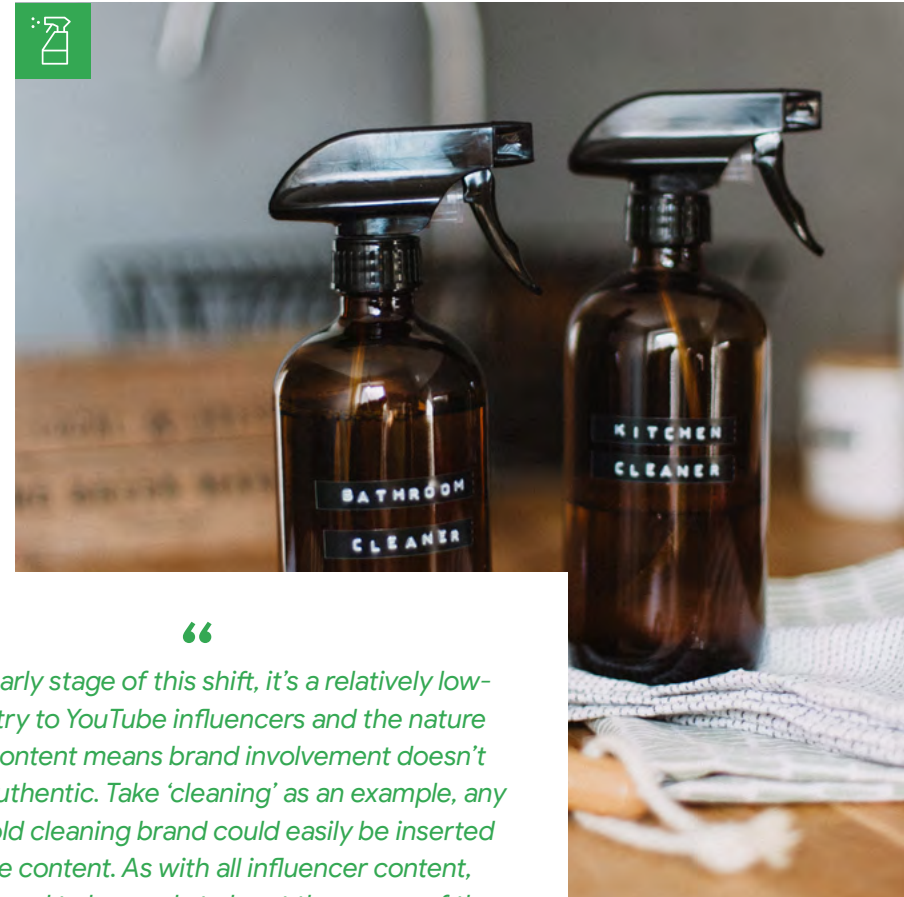
YouTube recently experimented with interactive entertainment through the release of *A Heist With Markiplier* featuring gaming creator Markiplier in a first-person movie that features a storyline with 31 possible endings.²⁹ It allows viewers to control the outcome of a super-criminal who tries to steal a priceless artefact from the world's most secure museum.

The rise of participatory content may have initially felt novel. After all, mukbang videos were once characterised by a usually small-framed person consuming a huge amount of food, with viewers left wondering how their stomachs could fit in plate after plate. But for many present-day consumers, eating lunch while watching others eat their meals online is proving to be a source of comfort or shared solidarity.

This shows that consumers are turning to *With Me* content to find videos and live casts that entertain, provide a sense of community, and potentially help them get through chores or commitments that would otherwise have

felt tough or boring. Where brands can assist in this dialogue is by shifting to a tone that empathises with consumers and the sense of community that they long for.

As viewers look beyond trendsetting categories like "cook with me", "eat with me", and "game with me", brands can look to leverage the *With Me* trend by developing effective product placement strategies, as part of their overall marketing plan, and generate revenue through effective subscription models.



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 At this early stage of this shift, it's a relatively low-cost entry to YouTube influencers and the nature of the content means brand involvement doesn't seem inauthentic. Take 'cleaning' as an example, any household cleaning brand could easily be inserted into the content. As with all influencer content, brands need to be ready to be at the mercy of the talent and allow them to integrate the brand in a way that they know their audience will enjoy.

”

Charlotte McEleny
 Publisher, APAC The Drum

All to Gather

[ɔl tu 'gæðər]



Digital advancements enable inclusivity and promote the fundamentals to inclusive product and service design to address unmet consumer needs in the region.





All to Gather, a play on the words “All Together”, refers to the practice of using inclusive design to help consumers across sectors and countries gain access to products and services.

Inclusive design is an ethos that states that products and services should be as accessible as possible to people of all genders, ages, linguistic groups, sexuality, and physical ability.

Providing access for the many instead of the few goes beyond doing what's perceived as right or good, it also helps brands reach a wider audience. A diverse user base helps companies discover innovation opportunities that may not be discernible when viewed through limited perspectives.



Worldwide searches in English for “diversity meaning” have grown 4x, “equality meaning” by 3x and “inclusion meaning” by 2x in the past 5 years. Top cities driving these in APAC include Manila, Brisbane, Perth, Auckland, Kolkata, Delhi, Karachi, Gurgaon, Kuala Lumpur and Melbourne.³⁰

50% of all online APAC consumers agree that the practice of inclusivity is important to them³¹ and 60% of them feel that the world would be a fairer place if more people practised it.³²

Through enhanced design, consumers are empowered as individuals to access the brands and services they wish to consume. Consumers from China feel very strongly about inclusivity. 67% of the connected consumers in the country agree that it is important to them³³ and 78% are in agreement with the statement: The world would

be a fairer place if more people practised inclusivity.³⁴ A staggering 95% of all online APAC consumers agree that a bad user interface would negatively affect their perception of a product or service.³⁵ This belief is consistent across markets like Japan (91%) and Singapore (99%).³⁶

Benefits of Inclusivity

According to a report titled *The Benefit of Designing for Everyone* published by PwC in May 2019, Australia's Centre for Inclusive Design estimated businesses could generate as much as \$4 billion in revenue through inclusivity. The report stated that around five million Australians are prevented access to services and products due to inadequate design, despite possessing over \$40 billion in annual disposable income.³⁷ The report examined people with a cross section of barriers to access including gender, ethnicity, seniors, financial status, and disability.

Sources: ³⁰ Google Trends, Worldwide, Jan 2015 to Dec 2019

^{31, 32, 33, 34, 35, 36} Google/Qualtrics Consumer Shift Survey 2019

³⁷ Centre for Inclusive Design: [Inclusive design can expand customer reach fourfold](#)

Now

The World Health Organization estimates that 15 percent of the world's population—over 1 billion people—have a disability.³⁸ Among them, 253 million people are blind or visually impaired as of 2015.³⁹ In Tokyo, Wakana Sugiyama, a visually impaired business analyst, worked with the Google Maps team to roll out a new feature that gives people the ability to receive more detailed voice guidance and new types of verbal announcements for

walking trips. This feature is the first in Google Maps to be built from the ground up by and for people with vision impairments. This inclusive product design not only helps a person get from A to B, but it can also give them more confidence and reassurance when travelling alone. It may not sound extraordinary to those with sight, but for people who are blind or have low vision, this can open up a world of opportunity.⁴⁰

“

I believe everyone should have the ability to experience the world around them and feel a sense of belonging wherever they're physically at. Having access to new experiences makes me feel more included.

”

Wakana Sugiyama
Business Analyst, Google Japan



Sources: ³⁸, ⁴⁰ [Google Blog - The Keyword: Voice guidance in Maps, built for people with impaired vision](#)

³⁹ [IAPB: Vision First: Key messages](#)



The Japanese transport ministry provides a subsidy of 600,000 yen per vehicle to taxi companies that purchase universal design cabs. These taxis are larger than regular cabs, and have wheelchair ramps and other amenities that make it easier for passenger with disabilities to use them. The government plans on having 44,000 such taxis on the nation's streets in time for the 2020 Summer Olympics in Tokyo.⁴¹



In Hong Kong, the visually impaired can now accurately count banknotes. Local designer, Comma Leung Mai-wai, has developed a wallet with a special inner panel that allows users to slide notes against it and tells their value according to width. Leung runs her own design studio called Mosi Mosi, which translates to "no worries" in Cantonese.

The wallet was initially created as a prototype in 2016 and was crowdfunded to full development over a three year process. This year, Standard Chartered Bank purchased 500 wallets for a local school for the visually impaired to support Leung's initiative.⁴²

Sources: ⁴¹The Japan Times: [Creating a barrier-free transportation environment in Japan](#)

⁴²asia one: [How a Hong Kong designer came up with a wallet that can help the visually impaired identify banknote denominations](#)

A unique product design issue was recently addressed in the Philippines. Legislators in the country recognised that left-handed students were struggling with school desks that were designed for right-handed students. They discovered that left-handed students tended to write more slowly when using desks designed for right-handed students and suffered with back, neck or shoulder pain from twisting their bodies into positions.⁴³ In August 2019, the Congress of the Philippines passed a law that requires all public and private schools to introduce neutral desks suitable for left and right-handed students by 2025.

With an estimated 10% of the world's population classified as left-handed, this design improvement provides a substantial number of people in the Philippines with a more comfortable learning environment. Education is a fundamental pillar to economic growth and societal development. Providing students with an atmosphere that is conducive to study is critical to ensure growing minds are comfortable and engaged with their surroundings.



Wing Stamps with The Feisty Chick

The Feisty Chick is an independent Singaporean beauty company that launched its eye cosmetics at the end of July 2019. Comprising a double-headed wing stamp (for the left eye and right eye) and one felt tip liner, the user-friendly products are designed to instantly create a fuss-free, winged eye-line, a look that is coveted yet often tricky and time consuming to create. Winged eyeliner stamps have been around for a few years, yet these products were not designed for Asian eyelids according to The Feisty Chick's owner Si Ting Chua. "Until recently, Asian shoppers

had to purchase cosmetics from overseas or from international brands and hope for the best that they suited Asian complexions and features. The advent of e-commerce allowed brands to produce products that are more inclusive and local consumers the opportunity to purchase products made for them. Our product is not original in concept—there are brands outside of Asia offering a similar idea—but what our product does is target single lids, monolids, hooded lids, or more common Asian eye types that were not being targeted by international brands. That was a missed opportunity." With Euromonitor International projecting that the category will grow 6.1% over 2019-2021 in Asia Pacific, making design tweaks that tap into the needs of more consumers in Asia makes sound financial sense.

Helping make fashion more accessible is Love, Bonito, a female direct-to-consumer brand with omnichannel operations across Singapore, Malaysia, Indonesia, Cambodia and Hong Kong as well as significant online presence in countries including the United States, Philippines, and Australia.

"We intentionally design silhouettes and colours that can flatter an Asian women's body proportions and skin tone," states Charmaine Chua, VP of Business Development at Love, Bonito, "and we play to our strengths and focus on what we do really well."



Globally, searches for "asian size chart" have grown 9x since 2008.⁴⁴

Emerging

All to Gather also means enabling people who eat specific foods, because of religious or health and lifestyle reasons, to buy groceries confident in the knowledge that the products they are buying are safe and correct. The UK's Spoon Guru developed an AI-powered database that filters online groceries into options that include vegan, gluten free, low fat, and vegetarian.

Searches related to veganism (ヴィーガン) in Japan grew by 8x⁴⁵ while searches for ketogenic diet in India grew by 14x since 2014.⁴⁶



Sources: ⁴⁵ Google Trends, Japan. Jan 2014 to Oct 2019
⁴⁶ Google Trends, India. Jan 2014 to Oct 2019

In May 2019, the food data specialists teamed up with Woolworths in New Zealand and Australia, to launch their proprietary search system. Connected to the supermarket chain's online storefront, Spoon Guru's indexing helped to overcome a pain point some consumers experience when searching. By providing more information on food ingredients, fewer shoppers felt excluded because of their lifestyle choices or cultural and religious affiliations.

How well a knowledge database provides information on halal ingredients, sugar-free groceries for diabetics,⁴⁷ or plant-based diets for vegans could be the difference between abandoning an online cart or checking out. It also widens the net to include consumers with a range of diverse cultural as well as dietary needs.

Global searches for Halal as a topic have increased by 10x since 2004.⁴⁸



Apart from its role in dietary habits, the concept of halal is also an important factor in cosmetics retail in the region. According to the State of the Global Islamic Economy Report 2018/19, “the halal pharmaceuticals and cosmetics sectors continue to expand as more products are produced and ingredients are increasingly halal-certified.” It states that Muslims’ spending on cosmetics was estimated at US\$61 billion in 2017, which is expected to increase to US\$90 billion by 2023.⁴⁹

Wardah Cosmetics (Indonesia) is one of the brands which is forging ahead in halal beauty.⁵⁰

According to data published by Sigma Research in 2017, 85% of Indonesia’s consumers still choose local skincare brands and 53% choose local makeup brands. Among the local brands dominating the Indonesian market, nobody has grown as fast as Wardah in the last 5 to 10 years. According to Nielsen Company Indonesia, it has become the country’s top-selling cosmetics brand with a market share of more than 30 percent. In a survey conducted by Markplus Inc, Wardah was the top pick among cosmetic brands in Indonesia, with 37.8 percent of the respondents choosing it as their favorite. Several global industry players have

upped their game to cater to Muslims by setting up their own halal hub. South Korean beauty and cosmetics conglomerate, Amorepacific, established a hub in Johor for research and development on halal cosmetics, especially for targeting consumers in Asia.⁵¹



“

Manufacturers are embracing inclusivity throughout the region.

It's given rise to more Asian ingredients, and Asian concepts. Halal products and ingredients have grown because people want to be heard. They want a voice in the products they consume.

”

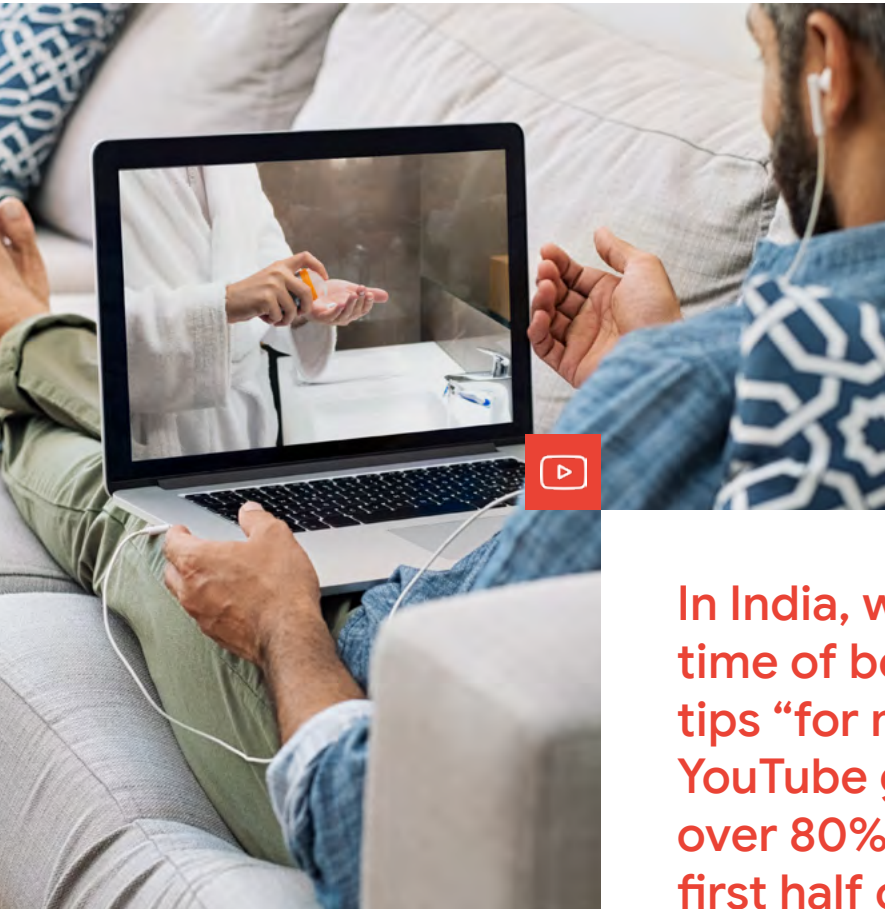
Amanda Lim

Editor, Cosmetics Design-Asia

Sources: ⁴⁹ [New Straits Times: Halal Beauty: The next big thing](#)

⁵⁰ [Business Wire: 2018 Success Case Study: Wardah Cosmetics](#)

⁵¹ [The Jakarta Post: Halal boom changes face of Indonesia's cosmetics industry](#)



In India, watch time of beauty tips “for men” on YouTube grew by over 80% in the first half of 2019.⁵²

Apart from capitalising on the growth of Halal cosmetic demands, Amorepacific took further steps to an inclusive business approach with the launch of its male makeup brand BeReady in September 2019. The development of the line was inspired by research from the Consumer Trend Centre at Seoul National University which reported that three out of 10 men from Gen Z claimed to use facial cosmetics on more than two occasions per week.

More than half of the respondents stated that they experimented with makeup in middle school.⁵³ Developing a cosmetics line for male consumers who were already significant makeup users shifts the dialogue away from gendered stereotypes to create a potentially new revenue stream.



Sources: Source: ⁵² Google data, India, Jan - Jun 2019 vs Jan - Jun 2018

⁵³ The Korea Bizwire: Generation Z men drive growth of cosmetics industry

Future

The internet economy in the non-metros of Southeast Asia is projected to grow fourfold between 2019 and 2025, twice as fast as the metros.⁵⁶

With the increasing adoption of digital payments and telecom carrier billing options, more non-metro subscribers from Indonesia, Malaysia, Vietnam, Philippines, and Thailand are paying for premium online media services such as gaming, music, and video on demand. These trends are also evident on Google Search. In Indonesia, for example, 46% of all searches for internet packages come

from non-metro areas. And while the majority of online travel bookings today come from the metros, non-metros may soon catch up and even overtake the metros, as travel-related queries grew 1.5x faster outside the big cities last year.⁵⁴ It is, therefore, essential for brands to also consider socio-economic inclusivity, apart from that of race, gender, ethnicity, age, and physical ability.⁵⁵





The annual per capita spending in metros across Southeast Asia is currently around \$600, while that in non-metros is almost six times lower at \$100. Though, the purchasing power of the consumer in smaller cities and rural areas might not be as large as that of the metros, research shows that the internet economy of the non-metros is likely to grow by 4x between 2019 and 2025, a rate that is almost twice as fast as the big cities.⁵⁷

KaiOS, an operating system for low-end feature phones, has the

potential to play a big role in this growth. The OS can, among other things, provide accessibility to Google Assistant for a wider audience in emerging markets such as Southeast Asia and India. With the proliferation of voice across the APAC region, Hindi has already become the second-most used language globally on Google Assistant after English. To widen the number range of users that can access the product, eight other Indic languages (Marathi, Bengali, Tamil, Telugu, Gujarati, Kannada, Malayalam and Urdu) have been added to Assistant.⁵⁸

Sources: ⁵⁷Think with Google: e-Economy SEA 2019: Swipe up and to the right: Southeast Asia's \$100 billion internet economy

⁵⁸Tech Crunch: Google Assistant gets expanded language and device support

In India and China, more than 2 in 3 people would like voice-activated devices to use local accents and phrases.⁵⁹



More than half of all the online consumers in APAC feel that voice-activated devices should display human-like characteristics such as using local accents (53%) or local phrases (56%).⁶⁰ This is especially so for online consumers in India and China, where more than 2 in 3 people would like

voice-activated devices to use local accents and local phrases.⁶¹ This demand could see future devices move beyond regional accents and languages and become more personalised with vocal characteristics that appeal to specific segments across APAC.

Google introduced a new voice recorder app called “Recorder” with the launch of the new Pixel 4 in October 2019 that automatically transcribes recordings in real time as the person is speaking, even when there is no Internet connectivity.

The app enables consumers, especially those with learning and physical disabilities, easily accomplish common tasks like taking notes during lectures, meetings, and other such events.

McDonalds recently acquired voice-technology company Apprente, a specialist in voice-based conversational technology in September 2019. Apprente creates voice-based platforms for complex, multi-lingual, multi-accent, and multi-item conversational ordering. The eventual plan is to implement this technology into customer-facing scenarios for the fast food giant. This technology is set to be deployed at drive-throughs as well as on mobile ordering interfaces and kiosks in the near future. It has the potential to create a more efficient system that can overcome a pain point—fully understanding orders despite differences in regional accents.⁶²



In Hong Kong, watchtime for LGBT content grew by over 70% in the first half of 2019.⁶⁴

As the LGBTI communities gradually gain greater visibility and mainstream acceptance, more brands are catering to this demographic. But as they gain greater visibility and mainstream acceptance more brands will look to cater to them. The Unhotel Company, a boutique Indian travel business that specialises in creating unique leisure experiences, launched a new brand named, Hues, in September 2019. A collaboration with local social enterprise

Pride Circle, it provides “immersive travel for the LGBTI community”. The brand aims to create more inclusivity with “experiential travel that includes LGBTI-centric interests, history, culture, events, and spaces.”⁶³ Along with offering trips, the travel specialists were also sponsors of RISE (Reimagining Inclusion for Social Equity), India’s first LGBTI Job Fair held in Bangalore, demonstrating The Unhotel Company’s commitment to targeting underserved audiences.



Source: ⁶² [Fast Company: McDonald's just bought a voice-recognition company for high-tech drive-throughs](#).

⁶³ [Unhotel: HUES: An Immersive Travel Experience for the LGBTI Community](#)

⁶⁴ Google data, Hong Kong, Jan - Jun 2019 vs Jan - Jun 2018

Implications

Nobody wants to be in a position where they feel excluded when accessing a product or service. Unfortunately, this does happen when brands look at consumers as a monolithic mass, and not a diverse group of people. It is, therefore, essential for brands to understand and address the needs of various groups and also recognize the diversity within them. Along with inclusive design, it is imperative for them to use the tools of marketing

and communication to raise awareness about the benefits of diversity. Such an approach can improve user experience and serve a larger mass of people. Examples of such practices already exist in the form of Leung's 'readable' wallet and Google Maps' voice guidance feature, which provide enhanced accessibility for the visually impaired and make them feel included and secure in their daily lives.



Break the Silence Campaign

Malaysia is part of a select group of countries that allow Persons With Disability (PWD) to obtain a commercial driver's license. Seeking to open up more opportunities for hearing impaired drivers and raise awareness about the demographic, ride-hailing app Grab launched GrabForGood in 2018 with their Break The Silence campaign. The company used inclusive in-app features and marketing campaigns to push the initiative. Some of the features included an in-

app SOS feature and Live Chat support—the former sends automated SMSes about a driver's live location to friends and family and alerts the police during emergencies, while the latter helps hearing impaired drivers communicate with the app's support team. The company has also equipped cars with materials that can help deaf driver-partners communicate with customers about navigation routes and toll charges. Furthermore, Grab is attempting to cater to passengers with disabilities via GrabAcademy, a program for driver-partners on how to better assist people with special needs.⁶⁵

Brands must evolve a genuine approach to diversity and inclusion. Paying lip service to the cause may yield temporary results, but consumers will eventually view these companies as insincere and opportunistic. Inclusivity is not just about featuring everyone in campaigns, it is also about recognising the differences and diversity within all groups. This recognition can help open the door to better understanding and contextualising a variety of consumers.

Levelling the playing field for people from all walks of life can help brands initiate more dialogues with a broad range of voices. Technology is enabling this conversation by reducing the pain points of reaching previously ignored segments, and is helping address unmet consumer needs.

With 3 in 5 APAC consumers (60%) stating that diversity is an important concept to them, consumers have made it abundantly clear that fairness matters to them. Brands across the region are encouraged to use the tools available at their disposal and embrace this philosophy.



Shared Commerce

[ʃɛrd 'kɑmɘs]



Next generation
consumption
driven by an
ethos of rational
purchasing



42

Shared Commerce highlights the positive shift in perception towards second-hand goods and shared experiences among people in the region. In the recent years, the sharing economy—led by the likes of Uber and Airbnb—has not only disrupted industries but has also changed why users choose to rent or share rather than own. This shift in consumption is about maximizing the user's satisfaction when using a product, given limited resources—usually driven by price, perception, or a sense of community.

The main pillars of *Shared Commerce* are re-commerce, rational consumption, and sustainability. Re-commerce, or reverse marketplace, refers to the growing practise of purchasing and selling used goods, or renting products over a digital marketplace created for this specific reason. Meanwhile, rational consumption refers to the consumer practice of purchasing or borrowing products and services that are considered necessary rather than superfluous. And sustainability is about balancing the need to own products with the desire to reduce wastage and have minimal impact on the environment.



More than half of all the online Millennials and Gen Zs in APAC believe that pre-owned products have better value than new items.⁶⁶ And more than half of the region's online consumers claim renting helps them save money that they would have otherwise wasted on a new product.⁶⁷





A Re-commerce Success Story

Cashify—an online second-hand phones and electronics marketplace—enables users to sell, repair, and manage phones and other electronic devices at competitive market rates. Founded in Gurgaon, India in 2013—the idea behind this re-commerce success story

took shape when one of the three founders had a tough time selling his second hand phone. From a one-room start-up that conducted limited business, the company now sees over 100K monthly transactions with an average ticket size of \$59.71. In 2018, Cashify raised \$12 million from Chinese investors such as CDH Investments and MorningSide Group.⁶⁸

The exponential rise of e-commerce, along with the proliferation of smartphones has greatly boosted the marketplace model. Online transactions are no longer limited to e-commerce websites, they are now also taking place on C2C platforms (chat apps, blogs, forums).

Across Asia this trend is rapidly gathering momentum. According to a global survey carried out by a leading re-commerce player in April 2019, Hong Kong shows the third highest consumer interest in sustainable fashion, after Italy and Spain.⁶⁹ The link between purchase through to end usage of a product is a driving factor that impacts *Shared Commerce*. For some

consumers, closing the loop and re-selling rather than disposing of products is now a critical consideration.

The potential of the second-hand fashion market was recently highlighted by America's leading re-commerce marketplaces Thred Up. In a report published by the company, the US second-hand fashion category is expected to grow to \$51 billion in five years from its current value of \$24 billion.⁷⁰ This trend is gathering exponential momentum in APAC, especially in China, where the size of the second-hand market is expected to double by 2020 to more than US\$140 billion,⁷¹ as consumers embrace re-commerce.⁷²

Sources: ⁶⁸ET Tech: Re-commerce player Cashify raises \$12M from CDH Investments & MorningSide Group, others

⁶⁹Vestiaire Collective Online Survey

⁷⁰Thred Up: 2019 Resale Report

⁷¹asia one: Will you give your unwanted items a 'second life'?

⁷²The China Centre for Internet Economy Research

The growth of *Shared Commerce* has also been aided by the fact that a majority of APAC consumers feel that being frugal in life is important.⁷³ Many among them also feel that acquiring second-hand products is a socially responsible practice that prolongs a product's life cycle and helps reduce wastage.



**Majority
of APAC
consumers
feel that being
frugal in life is
important.**

For those looking to balance the conflict between their desire to own certain products and their limited financial resources there is the emerging trend of purchasing items in smaller packs, especially in the high end Consumer Packaged Goods (CPG) category.

In the beauty and cosmetics industry, major brands such as Maybelline New York, MAC Cosmetics, and Nykaa have embraced the trend and offer their products in small-sized, tube containers.⁷⁴ While the concept of sachets in emerging markets like the Philippines and Indonesia has been primarily driven by cost, the concept of social responsibility is helping higher-end CPG brands open a new market for consumers to experience luxury guilt-free.



Sources: ⁷³ Google/Qualtrics Consumer Shift Survey 2019

⁷⁴ Livemint: Small packs are now a thing of beauty in cosmetics industry

Australia⁷⁵

3x growth in searches for **“zero waste”** in the past 5 years

- Q zero waste
- Q zero waste shopping
- Q zero waste veganism
- Q zero waste grocery stores

India⁷⁷

5x growth in searches for **“zero waste”** in the past 5 years

- Q zero waste
- Q zero waste implementation
- Q zero waste solar power

Singapore⁷⁶

4x growth in searches for **“zero waste”** in the past 5 years

- Q zero waste
- Q zero waste lifestyle
- Q zero waste sustainability
- Q zero waste natural environment

Vietnam⁷⁸

7x growth in searches for **“used goods”** in the past 5 years

- Q used goods
- Q used goods watches
- Q used goods flea markets
- Q used goods vintage clothing

Founder & Editor-in-Chief of Green Queen Media, Sonalie Figueiras, whose publication receives over 3.5 million digital impressions per month, predicts attitudes to *Shared Commerce* are growing in magnitude. She says: “Everywhere I look I

see change when it comes to the consumer mindset in Asia. From zero waste to eco living to plant-based eating, consumers across the regions are embracing sustainability at the core of their everyday decisions and looking to make purchasing

choices that have a positive impact on the planet and on society. It's no longer just about financial-value-based status but rather eco-value-based status. Consumers are pricing in environmental costs even as businesses are lagging behind on this.”

Sources: ⁷⁵ Google Trends, Australia. Oct 1, 2014 to Oct 2019

⁷⁶ Google Trends, Singapore. Oct 1, 2014 to Oct 2019

⁷⁷ Google Trends, India. Oct 1, 2014 to Oct 2019

⁷⁸ Google Trends, Vietnam. Oct 1, 2014 to Oct 2019

Now

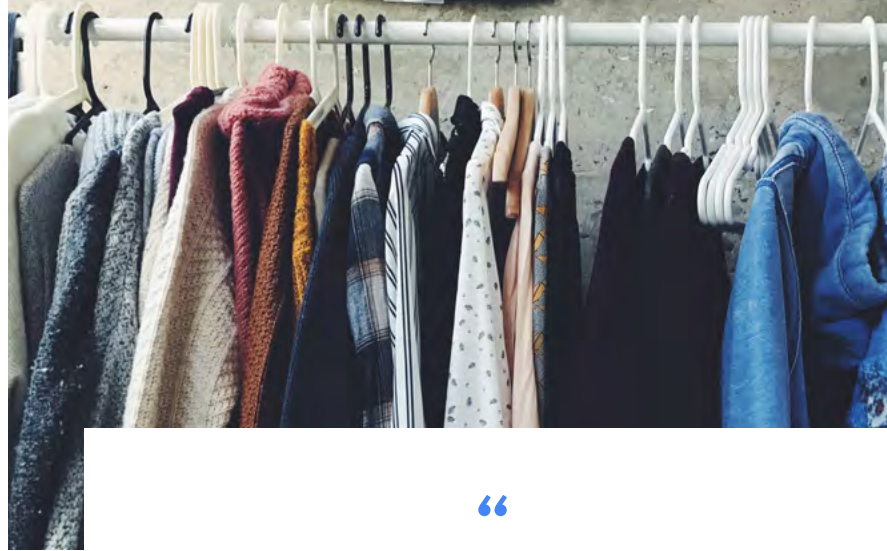
More consumers than ever before are purchasing second-hand products and renting products perceived as either expensive or costly and inconvenient to maintain. And when they do consume, many are basing their decisions on new filters that take into account sustainability, guilt, quantity, and their budget.

A prominent example of the subscription trend is China's YCloset, which offers women access to an unlimited and ever-changing selection of clothes. The apparel rental service charges a flat fee of \$70 a month or \$685 per annum. In return, users select clothes via the brand's app,

which are delivered home in a few days. Subscribers return worn clothes to YCloset once they no longer need the items and go on to selecting their next choices to create an ever-rotating assortment of fashion. One that is not technically owned but rented by them.



The service now has over 20 million subscribers and is owned by Alibaba Group Holding's Yi23. With over 600,000 items in its database, its AI-powered system provides users with recommendations on how to pair items based on each user's search and rental history. Brands available also include designer labels such as Prada, Michael Kors, and Kenzo Paris, along with mid-market brands. App users are reassured that apparel is professionally cleaned before it is re-rented to alleviate any concerns regarding hygiene.



“

Unlike older generations who view second hand as inauspicious because of beliefs about 'passing on' bad luck, the idea of preloved goods is no longer taboo, and in fact, younger Asians are looking for circular solutions. For example in China, renting instead of owning has taken off with dozens of new digital platforms now serving this trend. Creating capsule wardrobes from long-term investment pieces is another major eco fashion shift. Traceability, service and products that come with a story are a huge part of what Gen Z and millennial Asian shoppers buy into, and brands that tap into this will win out.

”

Sonalie Figueiras

Founder & Editor-in-Chief, Green Queen Media

While the idea of second-hand makeup may not be very appealing to some, there are companies attempting to create a space for such products. Japan's busiest peer-to-peer marketplace, Mercari, is seeing a rise in the purchase of pre-owned cosmetics, especially those brands that aren't commonly found in the country.⁷⁹

Mercari's platform enables consumers to sell their used goods and to purchase products that may have been out of their budget at full price. What makes the service so compelling is that cosmetics from brands like MAC and Chanel often cost more than a pair of shoes or a dress from a fast fashion retailer. Yet while apparel can be returned, used cosmetics are rarely refunded by retailers, and attitudes regarding the

hygiene of second hand beauty products remains a barrier for some.

The growing popularity in buying used items among the younger generations in Japan, which was first seen on flea-market apps in 2012, has transcended beyond smartphones and cosmetics to include household items, sporting equipment, and fashion apparel. In 2016 alone, the size of used-item market, not counting

motorcycles and cars, was worth about 2.62 trillion yen (\$ 26.2 billion).⁸⁰ To cope with the changes in consumer buying behaviour Japanese department store giant, Isetan Mitsukoshi Holdings Ltd, recently opened counters where people can sell used goods at five of its chain stores.⁸¹



Sources: ⁸⁰ [The Straits Times: Market for used items thriving in Japan](#)

⁸¹ [Asia News Network: Apps fuel growth of used-goods market](#)

Share in Jar

Indonesia is home to a very interesting *Shared Commerce* phenomenon known as "Share in Jar". This practice involves repackaging a product from its normal packaging to smaller containers that are then sold to multiple buyers. The new packages are sold through online marketplaces, social media, and C2C platforms. It is believed that the practice started through online influencers reviewing products and then sharing repackaged products with their followers. This practice has gone mainstream and is commonly seen on all e-commerce and social media platforms across the region.



In Indonesia, searches for 'share in jar' have increased by over 3x since 2018.⁸²



In India, where consumers are traditionally used to purchasing products in small sachets, the phenomenon of small packs is gaining ground in high-end cosmetic products as well. Companies are hoping to use this trend to cater to millions of Indians graduating from mass branded cosmetic products to high-end international brands.⁸³ It is estimated that mini-sized beauty products are seeing double-digit growth for some brands in the country.⁸⁴

Sources: Sources: ⁸²Google Trends, Indonesia Jan 1, 2018 to Dec 12, 2019

⁸³The Economic Times: Indian cosmetics industry: Mini on mind for beauty conscious

⁸⁴Redsheer Consulting, Industry Report

Emerging

A major outcome of re-commerce has been the rise of the subscription economy, especially in South Korea, where a growing number of consumers are seeking a variety of products on a temporary basis. Korean shopping service Gmarket's sales data for rental services over the past five years has shown an increase of 448% since 2014.⁸⁵

In the early days of subscription services, consumers sought to rent air purifiers or other items that were perceived as either seasonal or needed regular maintenance, such as air conditioning units. However, as people get more comfortable with the idea, the range of products available has diversified, as have the

number of services on offer. According to the Gmarket survey, renting of clothes dryers has increased by 111%, air purifiers by 106%, and massage chairs by 435% since 2018. The survey also showed that people in their 40s accounted for nearly half (46%) of all rentals, followed by consumers in their 30s at 35%.





A major advantage of rental services is that consumers can access products without high initial cost and can replace them as needed. This is one of the primary reasons behind the rapid growth of the subscription economy.

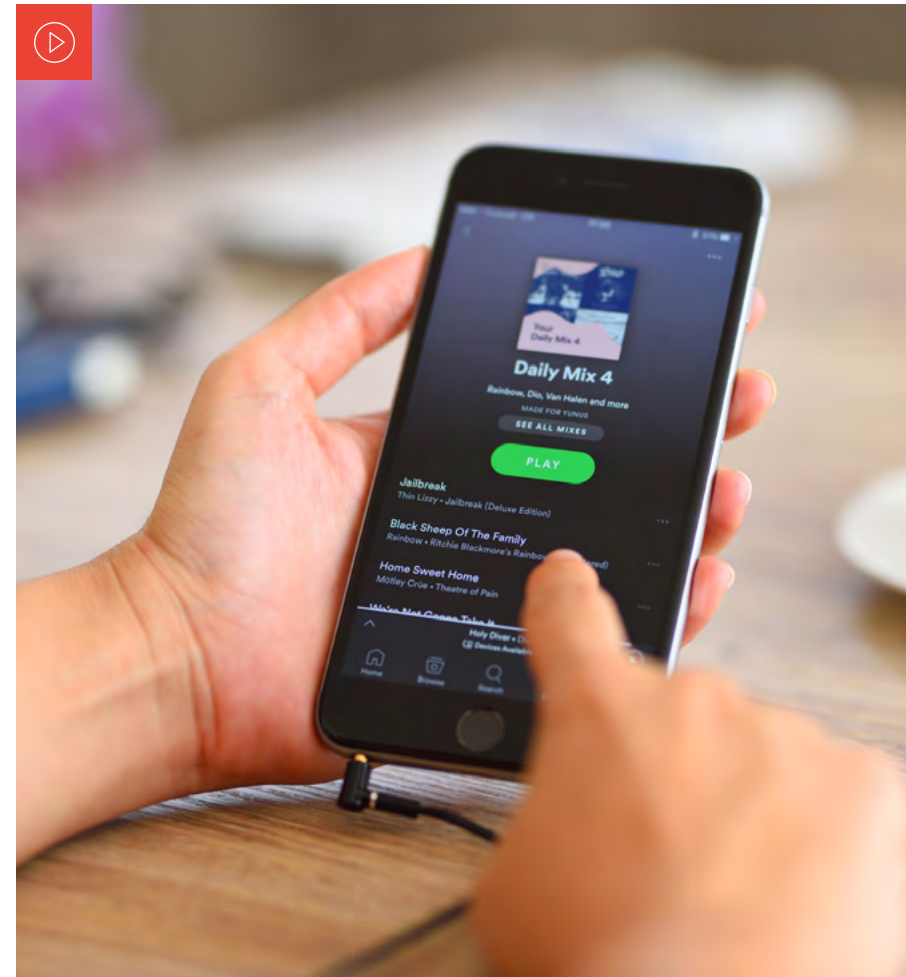
Apart from the convenience, rental services encourage consumers to make the most of their resources. Many of them are now hiring out products they no longer need or are renting items from other

consumers. There are even platforms like Singapore's MyRent, that facilitate such transactions. The local peer-to-peer service, which launched in May 2019 with the tagline 'Own experiences, not things', enables consumers to directly rent to or from other consumers. Some examples of the products on per day rent include, iPhone Xs for S\$10, a variety of drones that are priced between S\$8 and S\$80, and even a football priced at S\$1.

“Ownership is on a declining trend around the globe. Gen Y and Z have demonstrated a strong preference for pay-per-use models; partly enabled by successful digitalisation efforts leading to better anti-fraud solutions - which is key to a thriving sharing economy. Purchasing expensive items is similar to entering a contract for long-term usage. With technology evolving so rapidly, it's becoming increasingly difficult for consumers to extract enough value, thereby leading to a high cost-per-experience. With rentals you're able to always have access to the latest and greatest technologies, without a huge-upfront cost, and consume in a manner that's sustainable for our planet.

With recent boom in sharing economy, there's growing comfort in consumer's mindset for utilising not-brand-new items. We're getting used to, and expect, access to premium-grade products and services on-demand and at affordable prices. As such, we believe consumption of non-digital goods and services are up for disruption in a similar way we've moved from owning CDs to streaming music via Spotify and the likes - on-demand, affordable, and without ownership. Rental platforms and businesses are poised to be the centrepiece during this transition.”

Ishwar Dhanuka
Co-Founder, MyRent





While re-commerce is a common practice among those with limited resources, even those with higher disposable income are catching on to the trend. This is best illustrated by the growth of Vestiaire

Collective, the leading global platform for pre-owned fashion including jewellery and other lifestyle goods. The company is betting on Asia for its future growth strategy and launched in Hong Kong in 2017.

Fanny Moizant, Co-Founder and President, states the site follows the same visual luxury cues found on designer brand marketplaces. The 10-year-old service has a base of over nine million active users from 50 countries and features

around one million products on its site. The company's core user base includes 'super luxury' shoppers who use the service to purchase and sell apparel and accessories from brands including Louis Vuitton, Celine, and Christian Dior. Its mission is to "encourage consumers to purchase less but when they do, make it a better choice," says Moizant. "We want our customers to step away from fast fashion and purchase qualitative items that have a resale value."



Future

More than 7 in 10 people in China and India agree that “sharing economy is the future.”⁸⁶



Beyond re-commerce, there is another route to *Shared Commerce*. South Korean crowdfunding platform Hago specialises in crowd-funded to-order goods. This is a very unique retail model where brands put up listings for their products with funding targets. If enough consumers

pledge their funds to meet the target, the product is then manufactured and delivered to each of them.

This model works particularly well for consumers who are not in a hurry and are seeking products that are custom made to their specifications.

The platform now accounts for 54% of all crowd-funded transactions in South Korea.⁸⁷ This contrasts with a site like Kickstarter, where product development is initiated largely by budding inventors and not demand from a pool of consumers.

Sources: Source: ⁸⁶ Google/Qualtrics Consumer Shift Survey 2019
⁸⁷ InsideRetail Asia: The newest South Korean retail trend: crowdfunding

The company's star product is a handbag that has garnered \$1.6 million in sales, and been reordered on more than 40 occasions. Hago's competitor, Wadiz Corp, brought in 39.2 billion South Korean won through crowdfunding activities in 2018, a substantial increase from 3.5 billion South Korean won in 2016. New players have also entered this lucrative space, with the Shinsegae Group's URR's funding target going from an average of 16% in the beginning to 50%.⁸⁸

This model has the potential to transform the leading electronic outlets and fashion chains of the region. They could move from their pure play models by incorporating elements of re-commerce and crowdfunding to develop all kinds of products and make them available through affordable subscription services.



Online consumers in China (61%), India (68%) and Vietnam (61%) believe in the growth of crowdfunding.⁸⁹



Sources: ⁸⁸ The Korea Bizwire: 'Slow Delivery' on the rise as crowdfunding market expands

⁸⁹ Google/Qualtrics Consumer Shift Survey 2019

Implications

Libraries have been at the forefront of the 'sharing business' for hundreds of years and demonstrate that consumers are accustomed to borrowing items for a limited period before returning them for someone else to use. Considering this example helps put the growth of modern *Shared Commerce* services into context.

Digital platforms have removed the pain points of re-commerce like repackaging, authenticating, marketing, and reselling. Consumers are experiencing considerable savings and even revenue generation. There is also the proliferation of platforms that maintain as well as create products to a buyer's exact specifications. Thanks to these developments many shoppers may find it impractical and even wasteful to purchase new white goods or fashion items permanently.



The adoption of this trend could further accelerate when mainstream consumers start considering the re-commerce value of products during their initial purchase. While some may have already been exhibiting this behaviour in the past with luxury watches and cars, a growing number of customers are starting to do the same across categories and price points. Some brands have already considered this possibility. Even brands in the fast fashion and fast interior sectors like H&M and Ikea are incorporating subscription models for some of their products.⁹⁰

As established players in the rental, resale, and refurbishment businesses continue to embrace the idea of alternative ownership, brands will have to find effective ways to leverage this trend.⁹¹ Doing so would require new collaboration models with retailers or start-ups in the sector, along with business

model considerations and a clear choice between partnerships, in-house development, or M&As.⁹² For example, fashion brand Stella McCartney has deals with resale businesses. The company offers customers an in-store credit of US\$100 for every 'trade-in'⁹³ via US second-hand site—The RealReal.



Sources: ⁹⁰ Reuters: Ikea to test furniture rental in 30 markets, Forbes: Here's why H&M is testing clothing rentals in China

^{91, 92} McKinsey & Company: The end of ownership for fashion products

⁹³ Global Cosmetics News: Waste not, want not: Can the J-beauty resale trend create an opportunity for beauty?

When building their re-commerce business models, brands should also consider product innovation that adds value through convenience to the consumer's purchasing experience. For instance, instead of purchasing new furniture when moving to a new house or replacing old items, consumers could consider the idea of renting furniture if companies make it convenient, cost-effective, and hassle-free for them. There are already platforms that are trying to build such a model. Take the example of Burrow, a furniture subscription service that is hoping to appeal to renters



by removing choice and offering a single product—a sofa. Available in three sizes and five colours, the sofa arrives in a few boxes and can be assembled in 10 minutes. It doesn't require any special tools, as the pieces are designed to lock together using built-in latches. Only thumb screws are required at the bottom of the sofa, according to the company.⁹⁴

As the benefits of *Shared Commerce* grow more evident with every passing year, it will become a compelling business model in a region readily associated with shaping new ways of consumer interaction, and where convenience is known to motivate a substantial degree of purchasing behaviour.



Outro

APAC is a key influencer of consumer shifts with a thriving internet economy, innovative business models, and a diverse, digitally fluent consumer demographic. It is, therefore, essential for any marketer to understand the region's consumers and their ever-changing behaviour in order to transform their brand's reach, growth, and revenue.

This report highlights three consumer shifts—*With Me*, *All to Gather*, and *Shared Commerce*—that showcase key opportunities that could have an influence on the marketing of brands and businesses within the APAC region.



1

With Me

With Me emphasizes the importance of gaining a sense of community via the consumption of interactive and experiential online videos for consumers.

2

All to Gather

All to Gather accentuates the buyer's desire for products and services that are genuinely inclusive and speak to their identity.

3

Shared Commerce

Shared Commerce highlights the positive shift in perception towards second-hand goods and shared experiences among people in the region.

While it is very important to recognize the role of the internet and advances in technology in aiding consumer shifts, it is equally imperative to keep in mind the underlying cultural pillars that drive them—community and the need for a shared identity in an inherently diverse population. This report attempts to strike a balance between the two. It offers insights to help spark new ideas amongst businesses and brands for the development and messaging of products and services in the new decade.

How can Google help?

Dive deeper into consumer insights
with these Google platforms and tools

Think with Google APAC is filled with content from experts and analysts throughout the region. Whether you're in e-commerce exploding Indonesia, smartphone-first Singapore, or digitally savvy Japan, we've got insights and inspiration that addresses the cultural nuances and fast-changing marketplace climate in your country. apac.thinkwithgoogle.com

Google Trends - A real-time resource to help you gauge consumer search behaviors on Web, Image, News, Shopping, & YouTube and gain key insights into your competitive set.

See spikes, troughs, and trends with clear, colourful graphics on. thinkwithgoogle.com/tools/google-trends

Google Consumer Surveys - Insights from consumers across the internet and on mobile devices - allowing you to make more informed business decisions, understand your marketing impact, and keep a pulse on the health of your brand. google.com/analytics/surveys

For more information reach out to your Google team.