

2020

— Outlook for —

Southeast Asian Marketers

4 Steps to Outmaneuver
Your Competition



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The thought leadership piece is based on 2 key sources of data:

1. [Xact](#) ADA's proprietary Data Management Platform. Xact tracks 280 million unique devices across the region, and uses 20,000 monthly active apps per market, to capture a vast pool of anonymous mobile-first data.
2. A survey of 200 decision makers, brands, marketers, and industry observers within the region who shared their expectations for growth next year.



Slowing growth, but not slowing ambitions

As a young girl I remember our then Prime Minister outlining a visionary plan to ensure Malaysia's economy achieved fully developed status by the year 2020. This was aptly titled Vision 2020.

So much has happened in the decades that passed – progress, disruption, and transformation in all parts of the world. Much of it beyond our wildest imagination.

But now 2020 is finally upon us and so it feels only right to take stock of where we are. On one hand, technology and leadership have brought about fantastic change. China is now a world superpower, we can get connected globally by the touch of a screen, Southeast Asia alone has produced 10 unicorn startups.

Yet, the tensions around the US-China trade war, Brexit, political stress in various parts of the

world are contributing to uncertainty. In October 2019, the IMF (International Monetary Fund) predicted a slowing growth across the Southeast Asian economies for the rest of 2019 and heading into 2020, mirroring many other forecasts.

What does this mean for marketers and brands?

'Despite the negative sentiments, I'm ready to bet that this will be the year of the Southeast Asian marketers. You see, time and time again, marketers have proved that they can turn just about any situation into a positive.'

Global recession in 2009? No problem said Air New Zealand. We're launching our "[Nothing to Hide](#)" campaign. Crew in

their safety video were completely nude except for body paint to illustrate the point that unlike other airlines, which increasingly add hidden charges to fares in an effort to increase falling revenue, Air New Zealand had nothing to hide.

These and other brands have turned tough times around by using a mixture of humour, nostalgia, nationalism and even optimism.²

We looked at the data. We spoke to marketers in the region. And we are absolutely convinced that 2020 will be the Year of the Southeast Asian marketer.

SOURCE

1 <https://www.todayonline.com/singapore/asian-economies-face-weakest-growth-2019-global-financial-crisis-imf>

2 <https://www.brandingstrategyinsider.com/2019/08/6-ways-brands-can-respond-in-a-recession.html#.XZyOHm5uKUK>

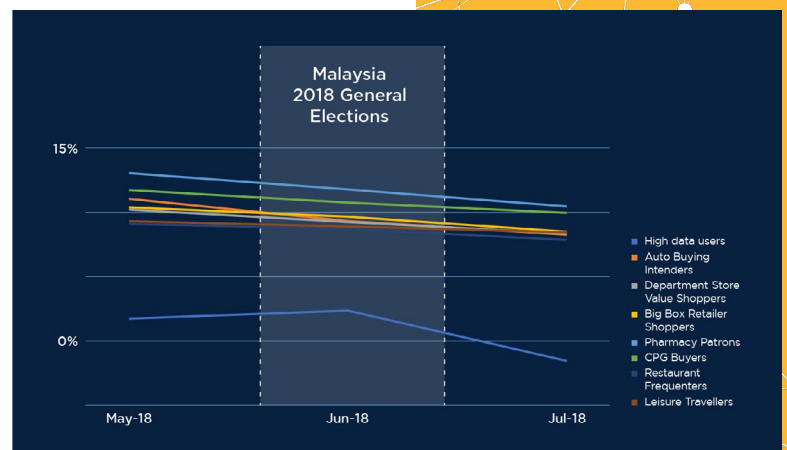
How socio-economic changes shape consumer behaviour in Southeast Asia

Thanks to [Xact](#), ADA's proprietary Data Management Platform, we were able to gather vast amounts of data on consumption patterns, across the Southeast Asian region. We were able to consolidate this data by tracking 280 million unique devices across the region and gathering mobile-first anonymous data.

Let's take a quick look at the monthly shifts in consumption patterns during times of major socio-economic changes in Malaysia, Indonesia and Philippines:

Malaysia May 2018 General Elections

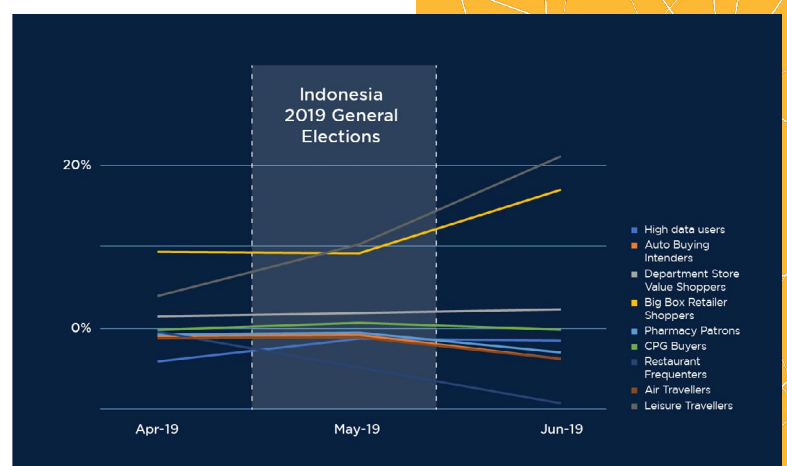
While the change in government was an achievement itself in Malaysia's political history, the political situation affects its economic settings. Due to the potential changes in government policies, spending and taxes, we can see an overall decline pattern in the chart above, depicting a slowdown across all consumer categories. If you look at the chart, you can see a gradual decrease in consumption patterns over a period of three months, across all categories beginning in election month. The following two months after the election, consumption keeps dipping across all categories.



Indonesia April 2019 General Elections

Similarly in Indonesia, during the General Elections in 2019, there was a shift in consumption patterns.

Despite the political climate and economic uncertainties, two specific categories: value retail shopping and leisure travelling continued to flourish, possibly because of the Lebaran season which shows that consumer patterns during festive periods remain unchanged. In general, Indonesians' overall spending declines but more modestly.



Peaking Inflation Rates in Philippines through September and October 2018

In the Philippines, when the inflation rate peaked in September and October of 2018, the increase of prices in goods and services caused the significant dip in consumption patterns. The consumption patterns immediately trended upwards once inflation rates eased. If you look at the data points aggregated on a monthly level, consumption behaviour across all categories took a massive plunge in September and October 2019. In the following two months, things started to get better, and on the third month, after the inflation eased, consumption patterns soared across all categories.



Based on the different scenarios in three different countries, we can see that there is a shift in consumer patterns during times of political change and economic downturns. But more importantly, we notice that in times of crisis, some categories continue to flourish even while others are negatively impacted. Just because there's an economic downturn, that doesn't necessarily mean that your brand is going to suffer. Especially if you're in the low-involvement product category, where the consumer doesn't need to think too much before purchasing your product.

Just because there's an economic downturn, that doesn't necessarily mean that your brand is going to suffer.

Especially if you're in the low-involvement product category.

Another thing to consider is the fact that these downturns are not permanent. Product growth might be slow in times of socio-economic uncertainties, but things are bound to pick up eventually. Whereas other brands cut back on spending during times of crisis, you could use this as an opportunity to steal the spotlight, build trust and create a lasting impression in the minds of your consumers.

So how do marketers feel about 2020?



Heading into 2020 — What do marketers feel about it?

We spoke to marketers from all across the region, and over 200 respondents from a diverse mix of industries feel that both the economy and new customer growth are going to experience a slowdown. And while they aren't worried about severe cutbacks on marketing budget, they still feel they will have 'just enough' and may have to make cutbacks on some of their marketing activities.

We asked if they were struggling to acquire customers in the current economic landscape. And here's how they answered:

As seen in Fig 1, *a staggering majority of marketers, about 46.1%, say that new customer growth is slow. And 30.1% of respondents report that new customer growth is stagnating. Only 20.4% report that new customer growth is maintaining at a rapid pace.*

Meanwhile, budget constraints are going to be another big challenge, according to our findings.



Fig 1. More than 75% of Southeast Asian marketers say that new customer growth is slow or stagnant

As seen in Fig 2, *a whopping 68.0% of you reported that there's only 'just enough' budget for marketing in 2020, and sacrifices will need to be made.*

We suspect that most of these sacrifices will happen in regard to brand building activities. Seems like a no-brainer to cut spending in brand awareness when times are tough. We'll explore the pros and cons of that strategy later in this report.

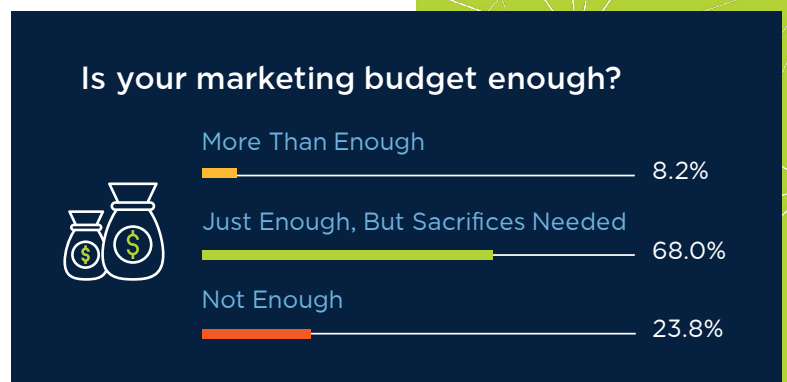


Fig 2. An overwhelming majority of Southeast Asian marketers believe that they barely have enough budget for marketing in 2020 and cuts need to be made

Finally, we asked our respondents — the people on the ground — how they felt the economy would perform.

As seen in Fig 3, *over 46.1% of respondents believe that they are going to experience slow to modest growth, and over 35.4% believe that growth will remain moderate.*

But with challenges come opportunities, how can marketers still come up on top?

What do you think economic growth for your country will look like in 2020?



Fig 3. Majority of Southeast Asian marketers believe that the economic growth in their country will be slow to modest.

Marketers see the silver lining, always

The economic situation going into 2020 may seem challenging, but as marketers the world over have always proven, they can get around just about anything.

A great example of this is the 2008 Sainsbury's 'Feed your Family for a Fiver' campaign. To maintain sales during times of economic downturn they highlighted a curated set of family meals all under five pounds.

Interestingly in our poll of marketers for 2020, the majority also say their marketing efforts will be positively affected by the economic landscape.

This reinforces our theory that Southeast Asian marketers are poised to make the most of these challenging times.



Source: Sainsbury

“2020 is set to be an interesting year. Brands who understand consumer trends during times like these, and are armed with the right data, insights and strategy, can use this opportunity to steal the spotlight. While some companies will tighten their belts, others will invest in cherry-picked efforts to surge ahead of their competition”

Srinivas Gattermneni
Chief Executive Officer, ADA

Let data do the talking

Apply the IDEA framework to get started

Identify the problem as precisely as possible

Data analysis to reveal precise & actionable information

Extract unique insights

Actionable strategies to deliver results



4 STEPS

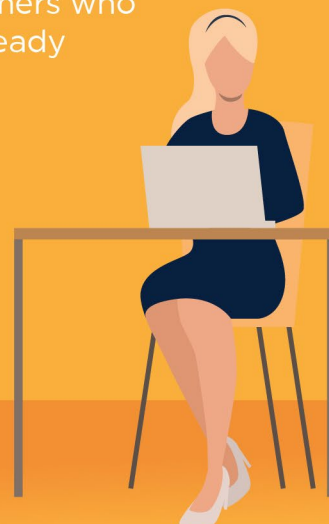
marketers can take
to make 2020
their year

Brand building means more than ever

62% of consumers say they're loyal to brands they trust.

An economic shift is the perfect opportunity for marketers to put efforts into the brand (behind selected strategic efforts, of course).

Once the good times pick up, you'll be better positioned in the minds of the consumers who will once again be ready to spend.



Tug at the heartstrings of your consumers

Tapping into the emotions of your customers can make the difference between a *must-have* and a *feel-like-I-have-to-have*.



Steal the spotlight

In times of moderate growth or economic crises, most brands will play it safe or wait it out.

The “noise” during this time will be lower than usual. This is a chance for your brand to make a lasting impression.

Capitalize on this clutter-free advertising landscape.

FOUR steps marketers can take to make it their year



We know that our marketers have got a positive mindset about approaching the new decade ahead, despite their uncertainty around the economy. So, if they couple that mindset with a carefully calculated strategy, we're sure that nothing can stop Southeast Asia's brands from coming out on top.

Here is ADA's four-step strategic framework for marketers to make sure that 2020 is indeed their year:

STEP ONE

Data -> Insights -> Outcomes = IDEA ?

Data-driven marketing may have been a buzzword for a while now, but it's more than just hype. At ADA we think of it as much more than a passing fad – because we [live and breathe data](#). But data on its own is little better than random numbers on screen. To glean value from data, you need insights.

A common mistake many marketers make is to assume that once they have the data, it will magically solve all problems and answer all pertinent questions. In reality, they need to gather insights from the data which then leads to action, which then turns into clear business outcomes.

Easier said than done, of course. Which is why we coined a simple framework: **IDEA**

IDEA

IDENTIFY

the problem in as precise a manner as possible

DATA

analysis is then applied to reveal specific and actionable information

EXTRACT

unique insights and perspectives from the information

ACTIONABLE

strategies and solutions are created to deliver results

Take the example of a telco. A perennial problem is customer churn (customers who unsubscribe for another telco). During a slow growth period, it's common sense that consumers will be even more sensitive to price changes and susceptible to short-term promos, hence increasing churn.

Applying our **IDEA** framework to this situation would look like the following:

- I** You **IDENTIFY** the problem statement here as: How do I prevent my subscribers from churning out, during a slow growth period?
- D** What sort of **DATA** would you need? Perhaps you look at those who are already churning out against your entire database of subscribers. You suspect that the highest churners are young people, with limited budgets who are susceptible to promos. So as you map out your customer data, you zoom in on demographics, particularly around age and life stage.

E What do you **EXTRACT** from this? Interesting: deeper analysis of your data reveals that one of the highest churn rates happens with men, aged 35-49, who have children!

That's not what you would expect but as you think upon this, it starts to make sense. Men in this lifestage will likely have a regular income that's higher than a young person's. But they also have more responsibility (a family), which makes them more sensitive to pricing.

And in a period of slowing growth, the kind of pressures this persona grapples with will be exacerbated!

A Finally, what sort of **ACTIONABLE** strategies would you devise? Perhaps you'd think of life stage marketing i.e. introducing plans for those who are just married (a couple plan), families with kids (family shares everything including data), older families (take care of your parents).

While we're on the topic, why don't you take a crack at applying IDEA to your own business?

STEP TWO

Brand-building means more than ever

With the increasing pressure around marketing's role to contribute to performance, and the advent of digital which allows you to track what seems like everything, there's naturally been a move towards shorter-term performance-based activity.

But this has sometimes come at the detriment of the brand. A lack of emphasis on what your brand stands for allows competitors to steal mindshare, erodes brand perception and even degrades value when short-term thinking, resulting in heavy discounting of categories or products.

Various studies show that despite the tremendous changes precipitated by technology, the ideal ratio between brand building and activation remains the classic 60:40.³

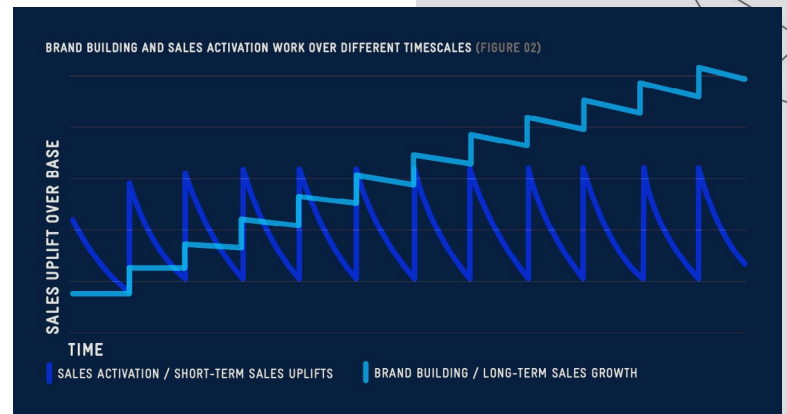
Naturally, when times are tough, marketing is one area that receives extra scrutiny. And so-called fluffy activities like brand building which are perceived as hard to measure, will be the first to go.

Virgin Atlantic was one such brand to do this: Claire Cronin, their Chief Marketing Officer talks about the repercussions of foregoing brand building:

"Following the economic downturn in 2009, the power of the Chief Financial Officer grew dramatically. Too many marketers were flat-footed in their response and overly zealous in being seen to do the 'right thing' by cancelling all long-term brand building activity, which was trickier to track; and investing in measurable digital channels."

The first thing Claire did upon taking the reins in 2018 was to revive brand building efforts.⁴

This may sound contrary to our Point 1 above. After all, isn't brand building "fluffy", unlike data-driven marketing? According to an exhaustive study conducted by Peter Field and Les Binet, the effects of brand building surpass any and all forms of sales activation in the long run, especially for long-term sales growth.



This is where we beg to differ. Sure, brand perception may be harder to quantify in absolutes, but its benefits are innumerable. During a downturn, its advantages are two-fold:

Binet, L. and Field, P., 2017. *Media in focus: Marketing effectiveness in the digital era.* Institute of Practitioners in Advertising.

1 As our research shows, most brands – especially in the Asian region – would retreat during a slowdown, preferring to look at cost-savings methods or promotional efforts to stimulate short-term consumer spending. This is the perfect opportunity for you to put effort into your brand, perhaps behind cherry-picked strategic efforts. In fact, things will generally be cheaper!

2 Once the good times pick up, you'll be better positioned in the minds of the consumers who will once again be ready to spend. While the rest of your competition would have neglected their brand enhancing efforts, you would have won your customers' trust. 62% of consumers say they are loyal to the brands they trust⁵ and in the latest in-depth study by experts Les Binet & Peter Field, they have been able to prove that brand-building efforts are the primary drivers of growth long-term (even though activation efforts generate short-term spikes, these don't last more than 6 months).⁶

SOURCE

3 Institute of Practitioners in Advertising, Binet & Field studies

4 <https://www.raconteur.net/hr/cmos-power-brand>, Maise McCabe

5 Read more at <https://www.business2community.com/branding/brand-trust-is-more-important-than-ever-for-consumers-02229321>

STEP THREE

Emotions drive us as consumers, even in a downturn

Ever been on a tight budget, but walked by the store and picked up that fuschia pink lipstick you didn't really need but wanted anyway? It was a pick-me-up during a stressful period, relatively inexpensive in the overall scheme of things.

Termed the "lipstick effect" by economists, famous beauty brands Estée Lauder and L'Oréal saw their sales beat estimates during the 2016 economic downturn in Hong Kong.

This behaviour is confirmed by a study conducted in 2018 by experts Peter Field and Les Binet, titled "Media in Focus: Marketing Effectiveness in the Digital Era", where they argue:

"Big Data users are forgetting that the fundamental role of marketing is to make consumers want to buy their brands to such an extent that they don't have to discount them."

But don't put the blame squarely on your lack of willpower. Most of our purchase decisions are based on emotion, and that stems from the subconscious part of the brain! According to Harvard professor Gerald Zaltman, 95% of our purchasing decisions are driven by our subconscious mind.

When consumers are tentative about spending, brands need to circumvent this by tapping into the emotions of their customers. Because that is what will make the difference between a *must-have* and a *feel-like-I-have-to-have*.

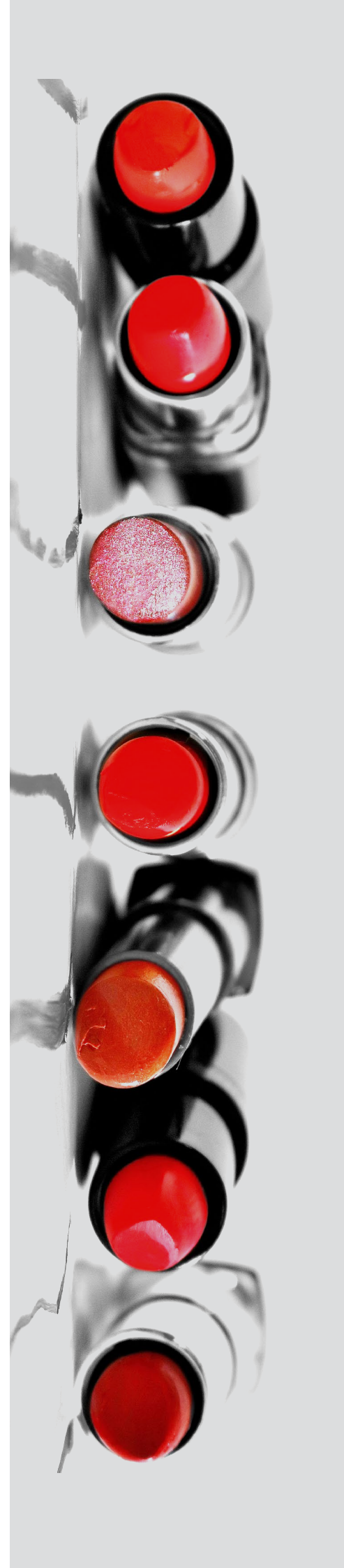
As marketers, we're fond of talking about the hard facts and figures that make

our products and services great – how they will help our customers do better, solve their problems, and such. But, according to ImpactBND, while these hard facts do stimulate our brains, they're stimulating the wrong half of the brain – i.e. the left half, which processes information but has little to do with emotions that ultimately affect decision making.

Tapping into emotions isn't confined to the B2C realm. A Google study showed how B2B customers feel emotionally connected to B2B brands as well. And when you think about it, the people behind those purchase decisions in a B2B context, are still people – all consistent variables aside, emotions are bound to tip the balance.

To tap into the emotions of your target audience, you will have to tug on their heartstrings – and marketers will have to do this via storytelling, the effects of which are amplified by creativity. In fact, this is perfectly tied into our previous point on brand building.

SKII's "Marriage Market Takeover" in China is a great example of this. Addressing a common cultural stereotype that women who remain unmarried after the age of 27 are "leftovers" (implying they've been passed over by men), their 4 minute video immediately went viral. The campaign helped the brand increase awareness in the China market and boosted brand equity from sixth place to second in the skincare category - but more importantly, it opened up conversation about this stigma and created a real emotional connection between the cosmetics brand and its consumers.



STEP FOUR

Steal the spotlight

When growth is moderating or in a climate where uncertainty reigns, most brands will play it safe or wait it out. The “noise” during this time will be lower than usual. And as our research shows, Asian brands have not done much to capitalise on previous slowdowns compared to their Western counterparts.

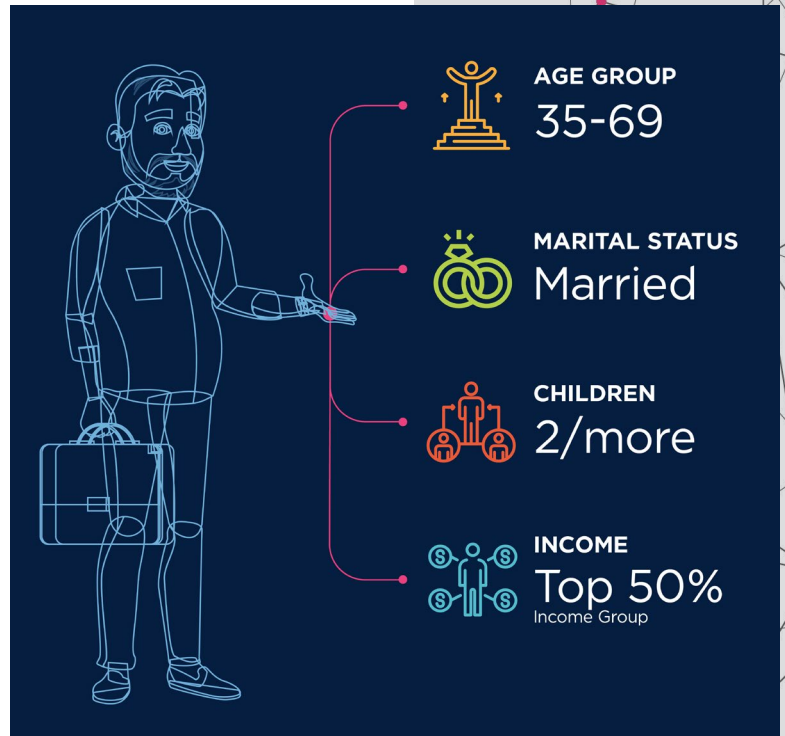
Which is why we say this is the perfect time to stand out and steal the spotlight. To do this, combine all the tips we’ve shared here, as the perfect recipe to help your brand be that shining star.

- Leverage on the data via our **IDEA** framework. What segments stand out? Which possible new consumer profiles may be ready for you?
- Brand-building and storytelling combine for a distinctive campaign. With the data and actionable insights from the first step in mind, let’s take the example of our male telco subscriber who is at risk of churning out. Perhaps the data told us that there are a few key personas that fall into this category:
 - The subscriber himself is a technology lover. He’s also a family man.
 - He has a teenage son, who’s a huge gamer.
 - And his wife is a sports enthusiast.

Sure, you could create a family package that allows them to pool and share data, with exclusive live streams of key sporting events, and previews to the latest mobile gadget launches, and enough data

so that the son doesn’t run out in the middle of a gaming marathon.

But to truly win over your consumers, go beyond the features of this family package. Think about the story you will sell and how you will tug upon your customers’ emotions.



Strong imagery and outstanding creativity will evoke emotions. A great campaign will allow you to clearly express who you are as a brand, and win your customers’ share of heart, beyond their share of wallet.

Your great campaign could be humour-filled, heartwarming, or even nostalgic. But it will be uniquely your brand’s.

- Now you’ve followed the steps above and ... voila! The campaign is a standout that steals the spotlight, raising your growth in spite of a more price-conscious consumer during a period of moderating growth.

SOURCE

6 https://www.warc.com/newsandopinion/news/binet_highlights_importance_of_brand_building/42010

7 <https://www.scmp.com/news/hong-kong/economy/article/1930485/how-lipstick-effect-can-create-gloss-economic-downturn-hong>



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