

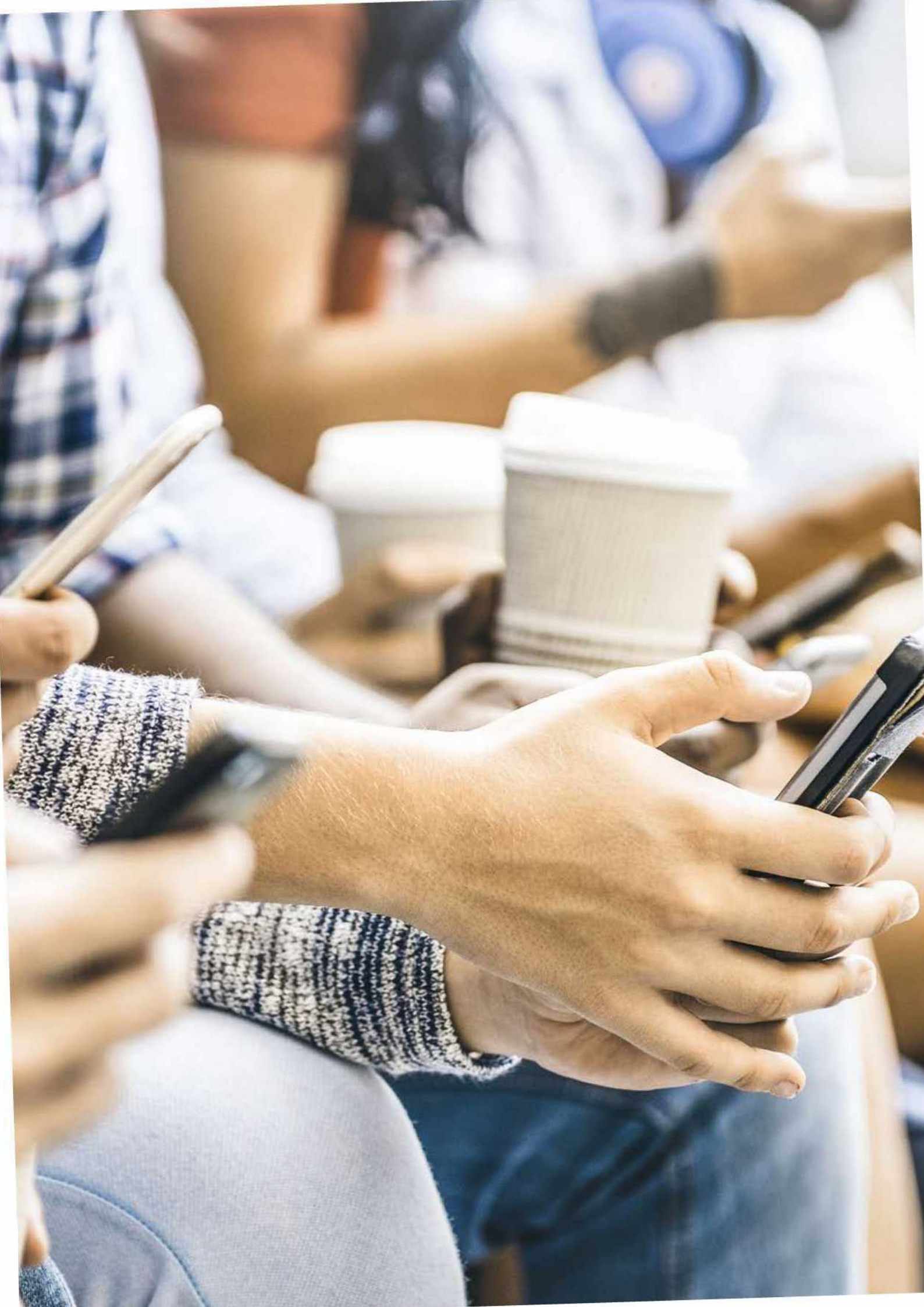


## ASIA'S DIGITAL MILLENNIALS

Mobile, social and borderless

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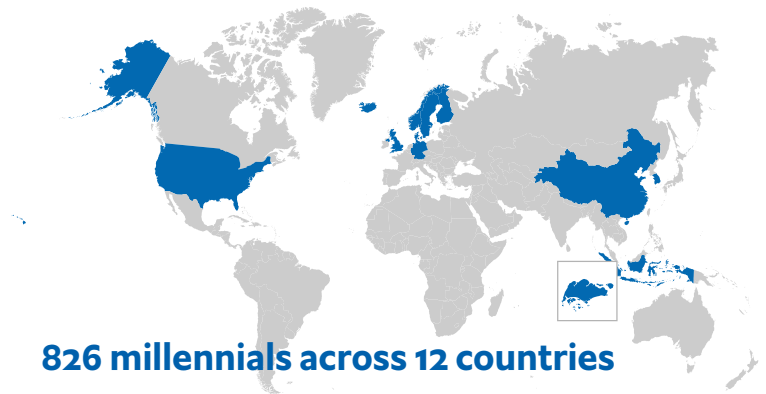
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## About the research

*Asia's digital millennials: Mobile, social and borderless* is an Economist Intelligence Unit report, commissioned by the Singapore Economic Development Board. It is the first of a two-part research programme that explores how millennials are shaping the digital economy through their use of online and mobile technologies for recreation and commerce. In particular, it examines the ways in which the consumer behaviour and digital habits of millennials in Asia converge or diverge from those in other parts of the world. This briefing paper is based upon two strands of research:

- In early 2018, The Economist Intelligence Unit surveyed 826 millennials across 12 countries in the following geographies: South-east Asia (Indonesia, Singapore), East Asia (China, South Korea) and the West (Denmark, Finland, Germany, Iceland, Norway, Sweden, the UK and the US) to compare the different regions' trends. The survey sample is divided evenly by gender and age groups, 18-26 and 27-35.



- In addition to the survey, we conducted a series of in-depth interviews with experts. Our thanks are due to the following individuals for their time and insights:
  - **Jiejing Chen**, co-founder, Cirl
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  - **Ben Grossmann**, co-founder and CEO, Magnopus



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- **Babak Hodjat**, co-founder and CEO, Sentient Technologies
- **Timothy Lee**, founder and CEO, Circl
- **Soma Ramasamy**, vice-president, cross-border markets and international business development, PayPal
- **Sergio Salvador**, talent adviser and executive coach, Egon Zehnder
- **Joanne Waage**, general manager, Crunchyroll

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## Executive summary

The world's millennial generation is a major driving force behind the digital economy. Their consumption patterns and preferences underpin the growth of new interconnecting ecosystems of recreation and commerce. Relative to millennials in Europe and the US, those in Asia are unique in that they are both digital and mobile natives, with many in the more recently developing markets of South-east Asia and China having gone online first through their mobile phones. This study highlights differences in their consumption habits borne out of this unique experience. We found that Asian millennials are much more likely than their Western counterparts to:

1. Be heavier users of chat/messenger services and use those and other social networks to influence their purchasing decisions and those of others.
  - When asked what their primary uses for mobile apps are, 67% of South-east Asian respondents and 61% of East Asian respondents say chat and messenger services, compared with 51% of Western respondents.
  - When millennials were asked if they share their experiences with products and services on social media to help inform others, 69% and 64% in South-east Asia and East Asia, respectively, agreed, compared with 48% in the West.

The importance of chat to Asian millennials underlines its growth as a platform beyond messaging. This offers opportunities for companies to engage them through more advanced features, such as chatbots, both those driven by artificial intelligence (AI) and those with real staff. The readiness of millennials to share their experiences provides opportunities for businesses to convert millennial customers into influencers.

2. Have adopted mobile e-payments faster, selecting it as their favoured means of payment (over debit cards, still the most popular method in the West).
  - Seven in ten and eight in ten respondents in South-east Asia and East Asia, respectively, agree that the availability of e-payment services have made them more comfortable in making mobile purchases, versus a corresponding figure in the West of only 53%.
  - When making online purchases of physical goods, the option of using a digital or mobile wallet for payment is important to 74% of millennials in South-east Asia and 72% in East Asia, but only for 57% of millennials in the West.

Millennials' comfort with mobile payments offers opportunities for businesses to build better mobile experiences for their websites, and integrate both website and app with a smooth hand-off to a broad range of payment options that encourage the mobile user to complete a purchase on the phone.

3. Have deeper and broader tastes, stretching from local and global, making their preferences both complex and unpredictable.
  - Access to a wide range of global content is the most important factor increasing the popularity of video streaming for 46% and 37% of respondents in South-east Asia and East Asia, respectively, compared with 30% of respondents in the West.

- When asked if they expect to shop more frequently from international vendors in the next three years, 62% of millennials in South-east Asia and 72% of millennials in East Asia agreed, versus only 47% of millennials in the West.

This embrace of international content and products offers companies in Asia a chance to both expand the range of internationally sourced goods and services they offer, and to reduce the friction and cost for obtaining those products. South-east Asian millennials, for example, are just as picky about the cost of shipping as their Western counterparts (51% said it was very important in both groups), suggesting that there's room for businesses to find cheaper ways to ship goods around the region.

**Access to a wide range of global content is the most important factor increasing the popularity of video streaming for 46% and 37% of respondents in South-east Asia and East Asia, respectively, compared with 30% of respondents in the West.**



## Introduction: Racing ahead

Millennials are a key consumer demographic, described by A.T. Kearney in a recent study as “fast becoming the world’s most important generational cohort for consumer spending growth, sourcing of employees and overall economic impact”.<sup>1</sup> The millennial generation—considered those born between roughly 1981 and 1997—number about 2bn, or a quarter of the world’s population. About 58% of them, according to A.T. Kearney, live in Asia. As young adults, they are key to understanding the consumption patterns of the future. But there are also key differences, particularly between millennials in Asia and those in other regions, and between different Asian regions.

The digital consumption habits of Asia’s millennials have been deeply informed by the contours of each market’s recent economic growth. The forces at work are complex and include the pace and speed of development, internet and mobile phone access, regulatory environments, income levels, and market competition dynamics, among other factors.

However, two unifying trends remain consistent across Asia: a comparatively late digital start and a rapid pace of adoption. The “catch-up” speed alone has, in many ways, enabled the region to leapfrog the more mature markets of Europe and the US. Moreover, as the region continues gathering momentum in creating its own unique digital landscape, it is also propelling Asia’s millennials into the future. They are increasing their consumption habits of digital media at faster paces than their peers.

For businesses operating in the region, these trends mean they must both cater to the unique differences in the behaviour of Asia’s digital millennials as compared with the rest of the world, while being agile enough to respond to the rapid change that has become the norm in the digital landscape.

### Asia’s mobile leapfrog

Compared with other regions, Asia was slow to embrace the internet and, even now, is some way behind Western Europe and North America in terms of reach. In 2007, while 75% of the North American population and 60% of the EU population had access to the internet, only 21% of those living in East Asia and the Pacific and less than 4% of those living in South Asia did, according to International Telecommunication Union data. By 2016 the West (EU and North America) had reached at least 78% internet penetration, while East Asia sat at 56%.<sup>2</sup>

Mobile, however, tells a different story: a wave of deregulation in Asia in the 1990s allowed mobile carriers to roll out networks and leapfrog the cable-bound West. The gap in connectivity has duly narrowed. By 2013 East Asia and the Pacific had already caught up with North America in mobile subscriptions. Even South Asia, a slow starter in mobile, had 87 mobile subscriptions per 100 people by 2017.<sup>3</sup>

These figures conceal the room for even more growth in mobile users in Asia. While Asia will add 424m new subscribers by 2025—

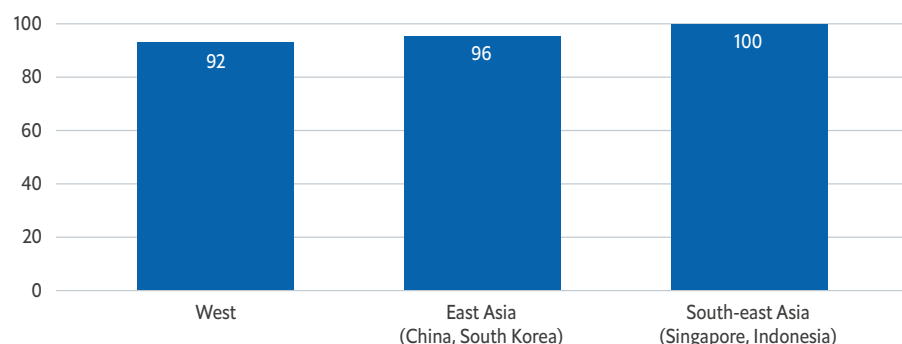
<sup>1</sup> Erik R Peterson, Ari Sillman and Courtney Rickert McCaffrey, “Where are the Global Millennials?”, A.T. Kearney and the Global Business Policy Council, <https://www.atkearney.com/web/global-business-policy-council/article?/a/where-are-the-global-millennials->

<sup>2</sup> Individuals using the Internet (% of population), The World Bank based on International Telecommunication Union data, World Telecommunication/ICT Development Report and database, <https://data.worldbank.org/indicator/IT.NET.USER.ZS?contextual=default&locations=Z4-XU-EU-8S>

<sup>3</sup> Mobile cellular subscriptions (per 100 people), The World Bank based on International Telecommunication Union data, World Telecommunication/ICT Development Report and database, <https://data.worldbank.org/indicator/IT.CEL.SETS.P2?end=2017&locations=Z4-8S-EU-XU&start=1991>

**Figure I. Get smart**

Which of the following digital devices do you own?  
 (% of respondents who own a smartphone)



Source: The Economist Intelligence Unit

more than half of the global growth in new subscriptions—it will still leave nearly 40% of South Asians, 24% of South-east Asians and 16% of East Asians without subscriptions.<sup>4</sup>

For most of these mobile users, hand-held devices are now their access points to the internet. According to data from the China Internet Network Information Center, of the country's 802m internet users, 98% of them are accessing it via mobile.<sup>5</sup> Nearly 100% of respondents in South-east Asia and East Asia said they owned a smartphone, compared with 92% in Western countries, according to our survey.

### The importance of infrastructure

Advancements in mobile broadband maturity throughout the region will also help it rush further ahead in terms of speed and bandwidth. According to GSMA, a global association of telecom operators, Asia is

already home to some of the world's most advanced markets in terms of 4G adoption, such as South Korea, Japan and Australia; emerging markets like India, Bangladesh and Indonesia will be the key drivers of 4G growth over the next few years.

**By 2025 GSMA forecasts that 5G connections will reach 675m across Asia-Pacific, accounting for more than half of the global total for 5G.**

More countries are also deploying even faster networks, with Ericsson, a Swedish telecoms giant, expecting 10% of Asia's mobile subscriptions to run on cutting-edge 5G networks by 2022. By 2025 GSMA forecasts that 5G connections will reach 675m across Asia-Pacific, accounting for more than half of the global total for 5G.

<sup>4</sup> *The Mobile Economy: Asia Pacific 2018*, GSMA, <https://www.gsmainelligence.com/research/?file=28401018963d766ca37d014fa9cbffb1&download>

<sup>5</sup> 42次《中国互联网络发展状况统计报告》, China Internet Network Information Center, August 20th 2018, [https://www.cnnic.net.cn/hlwfzyj/hlwxbg/hlwjbg/201808/t20180820\\_70488.htm](https://www.cnnic.net.cn/hlwfzyj/hlwxbg/hlwjbg/201808/t20180820_70488.htm) (in Chinese)



## Chapter 1: Connecting a generation

Key to the rapid growth of mobile in Asia is a sophisticated user base with a natural inclination to gravitate to new technology. Asia may have come to the internet late, but consumers there have quickly embraced and adapted the social tools of the West, or built their own. South Korea invented Cyworld, which started as a virtual world in 1999 and added social networking features in 2001,<sup>6</sup> while Mixi was launched in Japan in 2004, and had over 10m users by 2007.<sup>7</sup> Timothy Lee of Circl, an Asia-based food and beverage platform for consumers and retailers, recalls that his friend Michael Birch, who co-founded social media site Bebo in early 2005,<sup>8</sup> found that one of the earliest markets to embrace the platform was Singapore.



**There's a nature and a nurture component to the Asia-Pacific region's ability to adopt new technology.**

*Timothy Lee, Circl*

Users have been remarkably loyal, reflecting just how much they have integrated these networks into their lives. By the late 2000s, although people elsewhere had already dumped Friendster, the first real social networking platform, for Facebook, it

retained a loyal following in South-east Asia and opened offices in Manila and Singapore in 2006 and 2007, respectively,<sup>9</sup> hiring 70 people to handle regional sales and marketing.<sup>10</sup>

Eventually Facebook and Twitter edged out these sites in the region, but the early embrace of social networking by digital consumers in Asia, alongside rapid mobile adoption, has continued to demonstrate rapid uptake. By 2012 Indonesia's capital Jakarta was posting more tweets than any other city; after Tokyo, London, São Paulo and New York, the next busiest was Bandung, one of Indonesia's largest cities.<sup>11</sup> Countries like Indonesia and the Philippines have now become some of the US platforms' most successful adherents.

### Chat and messenger services

These factors have helped propel another significant difference between Asia's millennials and the West: Asia's digital consumers are heavier users of chat and messenger services, a trend driven by how multi-faceted local platforms have become. Chat and messenger services are the primary functions of mobile apps for more than 60% of users in Asia, compared with only 51% in Western countries.

The popularity of chat-based platforms in Asia reflects the extensive reach of apps—such as WeChat in China and Line in Japan—that have created powerful and engaging multi-functional platforms. These embed mobile

6 Danah M Boyd and Nicole B Ellison, "Social Network Sites: Definition, History, and Scholarship", *Journal of Computer-Mediated Communication*, October 2007, <https://academic.oup.com/jcmc/article/13/1/210/4583062>

7 Guido Ghedin, "The story of Mixi in Japan: The Rise, the Fall and the Facebook Takeover", *Digital in the Round*, April 3rd 2013, <http://www.digitalintheround.com/japan-mixi-facebook/>

8 Sara Kimberley, "Bebo founder invests in social media start-up", *Campaign*, May 19th 2010, <https://www.campaignlive.co.uk/article/bebo-founder-invests-social-media-start-up/1004303>

9 Ling Woo Liu, "Friendster moves to Asia", *Time*, January 29th 2008, <http://content.time.com/time/business/article/0,8599,1707760,00.html>

10 Benny Evangelista, "Friendster bets its future on Southeast Asia", *San Francisco Chronicle*, October 2nd 2009, <https://www.sfgate.com/business/article/Friendster-bets-its-future-on-Southeast-Asia-3216028.php>

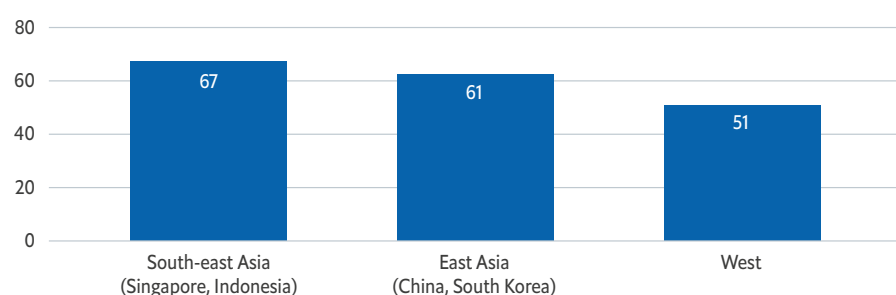
11 "Twitter reaches half a billion accounts, More than 140 millions in the U.S.: Geolocation analysis of Twitter accounts and tweets by Semiocast", *Semiocast*, July 30th 2012, [https://semiocast.com/en/publications/2012\\_07\\_30\\_Twitter\\_reaches\\_half\\_a\\_billion\\_accounts\\_140m\\_in\\_the\\_US](https://semiocast.com/en/publications/2012_07_30_Twitter_reaches_half_a_billion_accounts_140m_in_the_US)



## Figure II. Getting the message

What are your primary uses for mobile apps?

(% respondents who answered "chat and messenger services")



Source: The Economist Intelligence Unit

commerce and online services like ride-sharing straight into the messaging app, further reducing barriers to e-commerce.

WeChat's success in China, says Andy Chun of Prudential Corporation Asia, can be partly attributed to its open application programme interfaces that have enabled it to provide a richer set of functionalities and become a much more powerful platform than if it had tried to do everything itself.

This makes WeChat a "Swiss Army Knife for social media in China," says Mr Chun. WeChat's multi-functionality has led to high engagement—according to Penguin Intelligence, a research arm of Tencent Holdings, the Chinese firm that owns WeChat, over a third of its users spend more than four hours a day on the service.<sup>12</sup> In comparison, in 2016 US adults cite using mobile apps most often for traditional social

networking, spending an average of 22 minutes a day on Facebook.<sup>13</sup>

The success of the WeChat model has inspired others to follow a similar route, starting with Asia, where it has found the most success.

Some are linking up with WeChat directly. Japan's Line, for example, announced an alliance with Tencent last November allowing Japanese outlets using its Line Pay terminal to process WeChat Pay transactions directly.<sup>14</sup>

"Most of these chat platforms are looking to model themselves closely on WeChat and build out," says Joanne Waage of Crunchyroll, a video streaming platform.

Indeed, this "conversational commerce" or "social commerce" is "happening at a more accelerated pace here in Asia, but following a similar trajectory of evolution" to the West, says Soma Ramasamy, vice-president at

<sup>12</sup> He Wei, "WeChat becomes work tool", *The Telegraph*, May 24th 2017, <https://www.telegraph.co.uk/news/world/china-watch/technology/wechat-popularity-in-china/>

<sup>13</sup> "Time Spent with Facebook Still Growing, but Not by Much", eMarketer, May 3rd 2016, <https://www.emarketer.com/Article/Time-Spent-with-Facebook-Still-Growing-Not-by-Much/1013903>

<sup>14</sup> Yoichiro Hiroi, "Tencent partners with Line on mobile payments in Japan", *Nikkei Asian Review*, November 27th 2018, <https://asia.nikkei.com/Business/Business-Deals/Tencent-partners-with-Line-on-mobile-payments-in-Japan>

PayPal. An American company, PayPal has rolled out its own functionality to build on these kinds of interactions. "Buyers and sellers often exchange information during interactions on the likes of Twitter, WeChat and WhatsApp. In a PayPal context, what happens next is that the seller is able to immediately send through a link for the buyer to make payment natively," says Mr Ramasamy. "That's something which we're seeing more uniquely happening in Asia than in the Western world," he says.



**Social commerce is happening at a more accelerated pace here in Asia, but following a similar trajectory of evolution to the West.**

*Soma Ramasamy, PayPal*

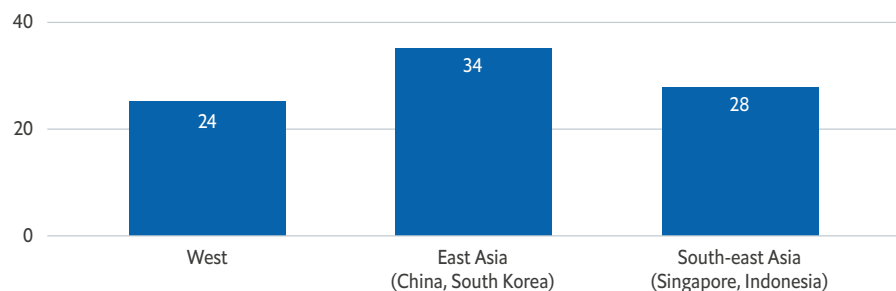
## Engagement entwined

The rise of these apps allows consumers in Asia to leverage multi-functional platforms to more tightly entwine their consumer and social networking activities than those in other regions. When asked the most important factor in increasing the popularity of video streaming in their country over the past three years, "social media engagement" was selected most by millennials in South-east Asia and East Asia, while those in Western countries chose availability of on-demand TV programmes (which came a distant fifth in Asia). East Asia's millennials mostly point to the ability to share gaming activity through social networks as key to driving the popularity of online games over the past three years.

The speed of the region's mobile adoption is further visible in the way millennials are now embracing mobile commerce. Nearly half of survey respondents in East Asia strongly agree

### Figure III. Ready player one (and two and three)

What are the most important factors that have increased participation in online gaming in your country over the past three years?  
 (% respondents who answered "ability to share gaming activity on social networks")



Source: The Economist Intelligence Unit



that they are using their mobile to purchase goods and services more than they were three years ago, against 37% in the West and 31% in South-east Asia. These consumers are also busier: nearly twice as many millennials in East Asia (57%) buy online at least once a week compared with their counterparts in South-east Asia (32%) and the West (35%).

**Nearly 70% of those in South-east Asia and 64% of those in East Asia say they share their experiences with products and services on social media, versus only 48% of Western respondents.**

Millennials in Asia are also much more likely to rely on larger commercial ecosystems around their preferences. These can link together influencing bloggers, celebrities, fashion and lifestyle products. In the West, online engagement with blogs, forums and

other social media appears to have peaked or is in decline; among Asia's millennials, it is growing. Only 27% of Western respondents say they are using blogs and online forums more compared with three years ago, versus 43% of respondents in each of South-east Asia and East Asia.

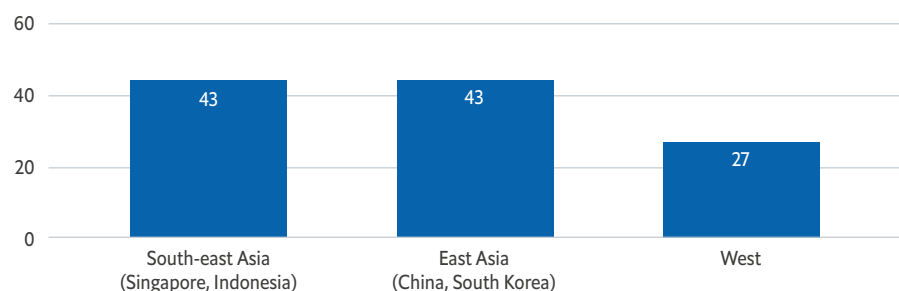
As a result, Asia's millennials, especially those in South-east Asia, agree that social media is likely to influence their purchasing behaviour in various contexts—for example, discovering brands, learning about socially responsible behaviour or acquiring discount coupons. They are also more likely to share their choices with others online. Nearly 70% of those in South-east Asia and 64% of those in East Asia say they share their experiences with products and services on social media, versus only 48% of Western respondents.

Indeed, more than 60% of Asia's millennials (66% in South-east Asia and 60% in East Asia) say they have purchased a good or service in the past

#### Figure IV. Blog bonanza

Compared with three years ago, how have your consumption habits for blogs and online forums changed?

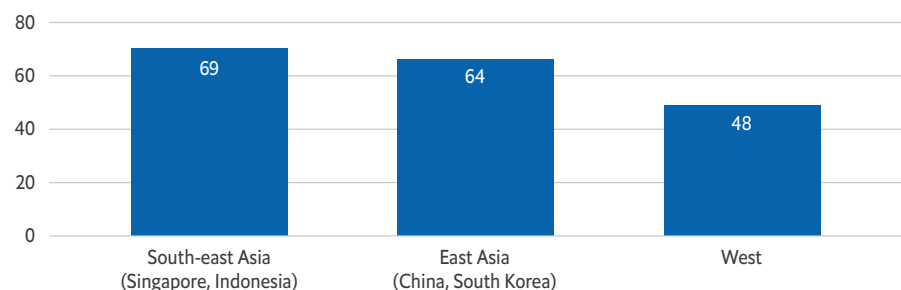
(% respondents saying they use them more)



Source: The Economist Intelligence Unit

### Figure V. Sharing is caring

To what extent do you agree with the following statement: I share my experiences with products and services on social media to help inform others.  
 (% respondents who answered "somewhat agree" or "strongly agree")



Source: The Economist Intelligence Unit

year because it was recommended to them by someone they knew only through social media, compared with 52% in the West. More significant perhaps is the number who definitely hasn't: nearly a quarter of respondents in the West, compared with 17% of respondents in East Asia and 10% in South-east Asia.

**More than 60% of Asia's millennials say they have purchased a good or service in the past year because it was recommended to them by someone they knew only through social media, compared with 52% in the West.**

This kind of engagement does not necessarily translate to long-term success or loyalty, however. Customers may be ready to try new apps and platforms, but they are also quick to dump them. Mr Lee says that consumers

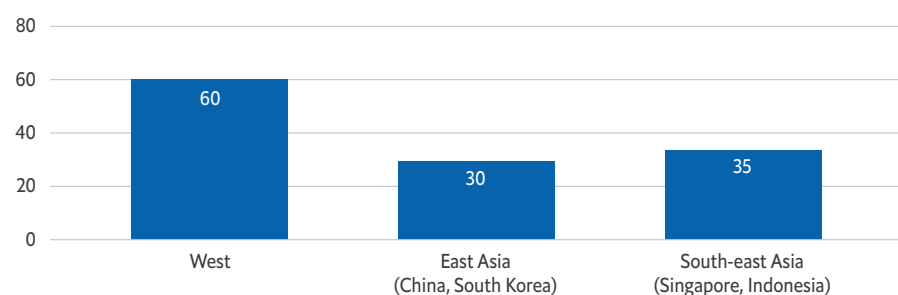
in some Asian markets, like Singapore, have become overwhelmed by the sheer volume of apps trying to offer very similar services. "There are dozens of student-grade start-ups trying to do the same things, and consumers grow jaded because they try it and it doesn't work well 90% of the time," he says. "And for the 10% of the time it does work, users stay only as long as the discounts and coupons do."

### Mobile gaming adoption

This growth in mobile commerce can also be seen in the way Asia's millennials have adopted mobile gaming apps. According to our survey, more millennials in Asia use mobile gaming apps every day compared with millennials in the West (35% in South-east Asia and 40% in East Asia versus 29% in the West). Ownership of gaming consoles is also lower in Asia, traditionally due to the high cost of both the console itself and the packaged games, versus average earnings. Micropayments and "freemium" business models changed that.

**Figure VI. Youth consolation**

Which of the following digital devices do you own?  
(% respondents who answered "gaming console")



Source: The Economist Intelligence Unit

The question of affordability goes even further, says Sergio Salvador of talent advisory firm Egon Zehnder, and who also has a background in gaming. Before mobile gaming, he says, developed economies in the West and Asia were mostly console markets with relatively large numbers of PCs thrown in, whereas consumers in emerging markets including Asia usually could not afford PCs. "Affordability was a key driver—simply, consoles are expensive, so they were mostly in richer markets," he says.

While differences between regions have narrowed, Mr Salvador says, the biggest revenue and growth driver in the last five years for the industry has been mobile gaming. This is most obvious in Asia. Around a third of Asia's millennials in our survey say they will play more mobile games in the near future, while 30% of Americans say the same about online games using PCs or consoles. Mobile games, says Mr Salvador, "democratised gaming, and are now accessible to anyone with a US\$30 Android phone."

This isn't just about the falling prices of a mobile phone, he says. Once again, locals have adopted the different models on offer to suit their own conditions. The freemium model, in which an app with limited features is free to download, likely originated in South Korea.<sup>15</sup> As internet cafés sprung up, so did software piracy, making life hard for developers. "So they went towards free distribution of games clients—initially on PCs—to internet cafés, making money inside of the games themselves by selling virtual items, increasing adoption and addiction," says Mr Salvador. China then adopted the same model and drivers, and as gaming shifted to mobile platforms, so did the freemium model, he says. Now, Mr Salvador says, "freemium is a dominant business model in gaming."

The results are clear: according to Newzoo, a consultancy that specialises in the gaming market, earnings from smartphone games are expected to grow from US\$56bn in 2017 to US\$88bn by 2021, about 60% growth. The share of all other media—PC, console, tablet—

<sup>15</sup> Song Jung-a, "South Korea gaming groups struggle to fend off China", *Financial Times*, August 28th 2016, <https://www.ft.com/content/c1696490-69f7-11e6-a0b1-d87a9fea034f>

either stayed the same or had shrunk. Asia-Pacific, meanwhile, accounted for about half of all gaming revenue.<sup>15</sup>

### Video streaming

Similarly, growth in mobile video streaming is growing in Asia. The region accounts for nearly half of global video streaming consumption on mobile. Ericsson expects video streaming to comprise almost three-quarters of mobile data traffic by 2022,<sup>16</sup> with much of the growth in overall mobile data traffic to come from Asia. In our survey, more than four in ten of South-east Asia's millennials say they stream video content every day—more than their East Asian or Western counterparts.

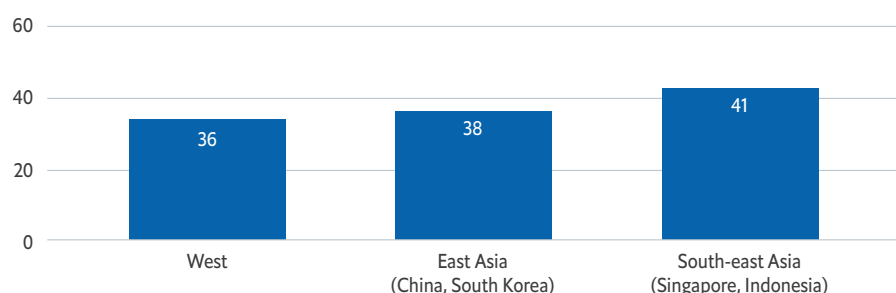
The same is true of streaming events such as eSports tournaments; more than a quarter of Western millennials (26%) say

they have never streamed video from events, compared with 15% of East Asians and 14% of South-east Asians. For South-east Asian millennials, watching video is a growing pastime: a third (33%) say they are consuming much more video streaming compared with three years ago, against 23% in East Asia and 18% in the West.

**For South-east Asian millennials, watching video is a growing pastime: a third say they are consuming much more video streaming compared with three years ago, against 23% in East Asia and 18% in the West.**

### Figure VII. Stream bath

On average, how often do you consume content via video streaming (eg, films, video clips)? (% respondents who answered "every day")



Source: The Economist Intelligence Unit

<sup>15</sup> 2018 Global Games Market Report, Newzoo, [https://resources.newzoo.com/hubfs/Reports/Newzoo\\_2018\\_Global\\_Games\\_Market\\_Report\\_Light.pdf](https://resources.newzoo.com/hubfs/Reports/Newzoo_2018_Global_Games_Market_Report_Light.pdf)

<sup>16</sup> Ericsson Mobility Report, Ericsson, June 2017, <https://www.ericsson.com/assets/local/mobility-report/documents/2017/ericsson-mobility-report-june-2017-raso.pdf>





## Chapter 2: Confronting millennial preferences

Asia's digitalisation is both deepening people's local tastes while globalising them at the same time, making their preferences complex and unpredictable.

For one thing, Western millennials are much less comfortable buying online from overseas vendors than their Asian counterparts—18% of respondents in that region indicate so, compared with 7% in South-east Asia and 9% in East Asia. Millennials in South-east Asia and East Asia also expect to shop more frequently from international vendors over the next three years, compared with those in the West.

This readiness to buy across borders is already visible: according to data from Alibaba, an e-commerce platform, cross-border business-to-consumer online transactions in Asia-Pacific will grow nearly sevenfold by 2020 compared with 2014. In comparison, those in Western Europe and North America will grow less than threefold. By 2020 Asia-Pacific

cross-border e-commerce will be worth an estimated US\$476bn.<sup>17</sup>

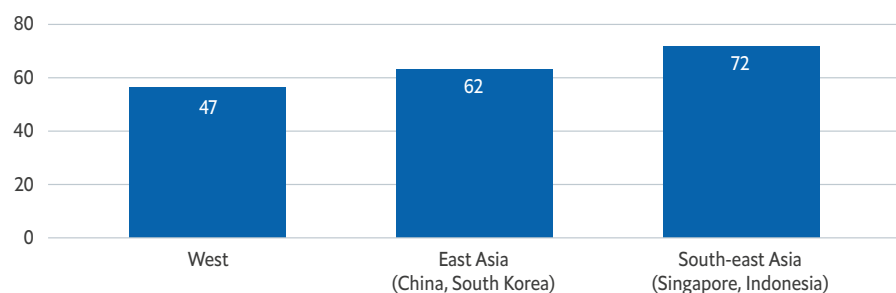
**Asian millennials tend to be more discerning about what they purchase, and are more likely to demand sellers offer online and offline connections.**

Asian millennials are also more demanding in key areas. While less than 40% of those in Western countries said a reputation for customer service is very important when deciding to make an online purchase of physical goods, more than half of millennials in Asia say it is. They tend to be more discerning about what they purchase, and are more likely to demand sellers offer online and offline connections. Despite their progressive and adventurous attitude to online purchases,

### Figure VIII. Shoppers of the world, unite!

To what extent do you agree or disagree with the following statement: I expect to shop more frequently from international vendors (eg, e-commerce websites or online sellers based in other countries) in the next three years.

(% respondents who answered "somewhat agree" and "strongly agree")



Source: The Economist Intelligence Unit

<sup>17</sup> *Global Cross Border B2C e-Commerce Market 2020: Report highlights & methodology sharing*, AliResearch, April 2016, [https://unctad.org/meetings/en/Presentation/dtl\\_eweek2016\\_AlibabaResearch\\_en.pdf](https://unctad.org/meetings/en/Presentation/dtl_eweek2016_AlibabaResearch_en.pdf)



more than half of millennials in East Asia (52%) say the lack of ability to interact with products in person inhibits them shopping more online, by far the biggest factor they chose, compared with only a third in both South-east Asia (34%) and the West (34%).

Tellingly for South-east Asia's millennials, the biggest factor discouraging them from buying more online is not limited budgets or lack of internet access, but infrastructure shortcomings—either there is a lack of attractive shipping options to their location or a lack of trust in online safeguards for personal and credit information. It is clear that there remains significant room for growth in the region, if these issues can be addressed.

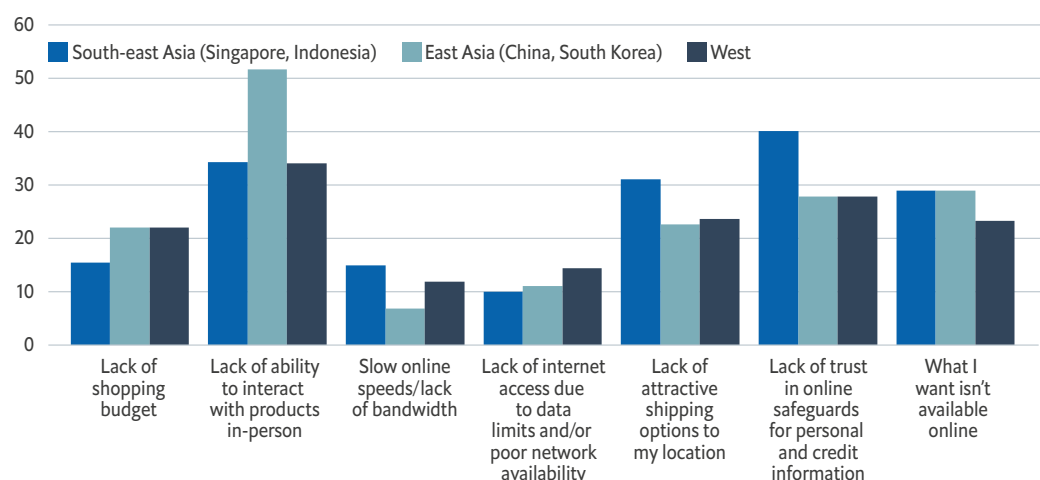
With regard to video streaming, Asia's millennials most often say that access to

global content has helped drive the popularity of video streaming in their local market in the past three years (46% in South-east Asia and 37% in East Asia v 30% in the West). They also often attribute this growth to access to regional content (30% in East Asia v 23% in the West).

These sophisticated appetites also reflect the fact that users in Asia are exposed and open to innovative new features, elements that sometimes find their way into services that eventually appear in the West. "Anyone looking for trends should look to China," says Ms Waage. "They are definitely doing interesting things. For example, in the US there aren't many premium streaming services that offer timed comments, whereas that is seen a lot in China."

### Figure IX. Shop 'til your fingers drop?

Which of the following, if any, are the biggest factors that will discourage you from doing more shopping online instead of in-person over the next three years? (% respondents)



Source: The Economist Intelligence Unit

## Conclusion: Drivers of a changing world

Asia's millennials have grown up in a world that has changed more rapidly than that of their counterparts in the West. The rise of mobile communications infrastructure has transformed connectivity in much of the region, providing services and goods potentially more advanced than those in more developed countries.

This report adds to the growing evidence that Asian millennials are much more likely to be regular international online shoppers in the next three years—62% of South-east Asians and 72% of East Asians agree or strongly agree, versus 47% of Westerners. Similarly, they're much more likely to use their mobile phone for cashless transactions in the next three years: 73% of South-east Asians and 79% of East Asians agree or strongly agree, versus 57% of Westerners.

At the same time, they have absorbed and adapted a much broader range of influences—local, regional and global—compared with their Western counterparts. An Indonesian millennial is likely to be as comfortable with South Korean messaging apps as with Facebook, and to buy from a Chinese vendor as from a Western one. This has created a discerning generation with an advanced grasp of technology and sophisticated tastes, matching and often surpassing their Western counterparts in the devices they own and what they do with them.

Asia's millennials are also more likely to consume e-books, online newspapers and magazines, mobile gaming apps, music streaming and podcasts, and social media, than counterparts in the West. The leapfrog in connectivity has created a generation eager to consume more, if their needs and tastes can be understood and catered-to by today's globally minded businesses.



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