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# Asian Consumer Insights

## Growing brands in Asia with consumer insights

Understanding Asian preferences helps firms develop a more targeted approach

By Kevin Lai

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Home to some of the world's biggest and fastest-growing consumer markets, Asia presents enticing opportunities for global brands. The region will make up nearly a quarter of the world's market for consumer products by 2016, according to an EY study. Similarly, the OECD estimates that Asia will account for 60 percent of global middle class spending by 2030, twice that of Europe and North America combined. But the continent's large size and immense diversity also hold unique challenges. Companies must understand and address Asia's distinctiveness if they want their brands to be relevant to the region's consumers.

### There is significant diversity among Asian consumers

The 4.3 billion people who live in Asia differ not just from Western consumers, but also from one another. Beyond the obvious physical contrasts among the various nationalities, there is a myriad of less apparent differences in areas such as culture, language and religion. For instance, a recent study by the Institute on Asian Consumer Insight in Singapore found that while Asians exhibit similar emphasis on family, savings and future planning, they differ significantly in their attitudes towards religion, tradition, enjoyment and work success. This heterogeneity means Asian consumers exhibit different purchase behaviours and value perceptions, increasing the complexity of doing business in the region.

### To compete, global brands need to innovate for Asia

Another challenge for global brands looking to penetrate Asian markets is the stiff competition from Asian enterprises, who are likewise constantly deepening their understanding of local markets. For instance, Indian conglomerate Godrej has been quick to capitalise on their first-hand familiarity with Asia's demand for frugal innovations. Among Godrej's products is the well-loved "ChotuKool" refrigerator, which is priced at just US\$70 because it uses sophisticated cooling chips rather than the more costly conventional compressor technology. Given how human decision-making is very much driven by the subconscious,



Singapore telecommunication provider StarHub recently partnered home-grown research agency Asia Insight to analyse and monitor facial movements of consumers watching its ads. The objective: to understand and enhance consumers' emotional attachment to the StarHub brand.

In light of these challenges, brands from the United States and Europe are acknowledging the need to move away from a cookie-cutter strategy and to innovate new products and services that are anchored on Asian consumers' unique needs, wants and preferences. As this is difficult to execute quickly from halfway around the world, companies are also moving more resources to Asia, seeking out key business hubs such as Singapore and Shanghai to use as nerve centres. Being closer to their customers in Asia has helped these brands understand what really matters to Asian consumers, and the speed of translating such insights into their strategy can help them gain an advantage in the region. One example is Procter & Gamble,

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whose global SK-II headquarters is based in Singapore. By leveraging the city's close proximity to Asian markets and rich ecosystem, Procter & Gamble successfully launched the SK-II Men brand first in Korea, and thereafter the rest of Asia from Singapore.

### Consumer insights can improve the success of innovation in Asia

Having a physical presence in Asia is important, but that alone is not

enough to guarantee success. Given that more than 60 percent of all new product launches fail in less than one year, many companies are also using consumer insights early in the product development process to improve innovation success rates.

Some best practices that top-performing companies have adopted include establishing internal processes to translate consumer preferences into concepts in the ideation stage. Beyond tracking what consumers are buying or watching on hindsight, companies are increasingly investing in foresighting studies to tease out consumers' unarticulated needs. This is substantiated by innovative research methods such as neuromarketing, a technique that examines consumers' implicit responses to various stimuli, or ethnography, a form of immersive research to uncover consumers' unanticipated needs. For example, in India, Unilever tied up with Indian agency Quantum Consumer

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Solutions to conduct immersive research studies for its oral health products. As part of the studies, Unilever flew its global executives from 11 countries into Mumbai, where they observed local kirana stores, or neighbourhood corner shops, in several locations across the city. The partnership between Unilever and Quantum Consumer Solutions has since expanded to Singapore where they work to better understand consumers around the rest of Asia.

#### Challenges of using consumer insights in Asia

To be sure, there are challenges in utilising consumer insights to drive innovation strategies in Asia. Data collection can be expensive and labour-intensive, particularly in emerging markets where traditional trade channels like mom-and-pop shops are still prevalent. Even with good data sources, companies also struggle with the lack of talent in Asia to analyse the data, resulting in poor quality insights.

The speed of change in Asia also challenges many companies. Consumer demographics and preferences are in flux as urbanisation brings rapid changes in the purchasing power, income distribution, education levels and aspirations of Asian consumers.

In addition, not all companies need to customise their innovations based on consumer differences in Asia. For product categories which are aspirational in nature with little customisation needed across cultures – such as high-end luxury brands or flashy sports cars – their appeal lies in offering a universal high-quality brand experience for consumers.

#### To win over Asian consumers, Asia can no longer just be an outpost

For all other brands and products, however, Asia is an opportunity not to be missed. In 2013, the World Economic Forum highlighted “Urban Millennials” as one of the fastest-growing consumer segments globally. More than 60 percent of the world’s 1.7 billion millennials live in Asia, constituting a market worth up to US\$7 trillion by 2030. To capture this growth, companies can no longer afford to take a short-term or opportunistic approach to operating in the region.

Instead, companies should start to consider the resources they need to invest in Asia holistically, a key part of which must be centred on understanding their consumers – who they are, where they come from and what their intrinsic needs are. They also need to be patient in building up the right internal capabilities and external partnerships before expecting to reap returns on their investments. Companies may differ in the scale and speed with which they invest in consumer insights: the more cautious might opt to send a small team first for initial scouting and sensing, while the ambitious and forward-looking ones could take the plunge in setting up a full-fledged insights team alongside marketing and R&D teams. But one thing is certain if companies want to win over their Asian consumers: Asia can no longer be just an outpost. The region must be embraced as a second home for companies, appreciated and considered as a unique market worthy of dedicated investments.



Leanirith Yean, Vice-President of R&D Asia, Essilor

Photo: Ray Chua

## An eye for detail helps Essilor score

Lenses for specific customer groups help ophthalmic lens developer expand Asian foothold

By Celine Lim

When France-based ophthalmic lenses developer and manufacturer Essilor International decided to expand into the fast-growing Asian market, it immediately put its in-house research and development (R&D) team to work, and for good reason: the eyes and faces of Asians and Westerners differ considerably.

Up till then, the company had made corrective spectacle lenses using only data specific to Caucasian wearers. Gaining a deeper understanding of Asian populations was crucial to Essilor’s mission to produce corrective lenses tailored to the needs of its customers – and Singapore turned out to be the perfect base for this purpose.

Mr Leanirith Yean, 55, vice-president of R&D Asia, Essilor, said: “We usually start our research in Singapore. The beauty of doing this is that we can work with three ethnicities at once: Chinese, Indian and Malay. We also do extensive research in India and China.”

Data gathered by the R&D team’s initial research is used to create a prototype that is tested “live” by 20 to 50 consumers for between three and nine months under Essilor’s Live Optics programme, which was established in

1993. If feedback is positive, the team begins the industrialisation process, and the technology for mass production of the new product is developed. If feedback is negative, the team returns to the research phase before modifying or creating a new prototype which then goes through another round of live testing.

#### Not a case of “one size fits all”

Mr Yean said the R&D team found that Asian eyeballs have different diameters compared to Caucasian eyeballs, so existing lenses were redesigned to offer a consistently sharp focus whether the

customer looked through the edges or the centre of the lenses. Differences in eyeball diameter also exist between Asian populations, leading to the development of customised lenses, such as the Essilor Azio and Varilux India for East Asians and Indians respectively.

Physiological differences aside, the behaviour, expectations and perceptions of various groups of Asian consumers vary as well. Mr Yean said Essilor has found that Indians, Chinese and Caucasians have different sensitivity to blurred vision; research is ongoing to determine if the difference is, in part, cultural.

To bolster its research capabilities, Essilor maintains strategic partnerships with the Institute on Asia Consumer Insight in Singapore and the Singapore Eye Research Institute. The Paris-based company expects even more of such tie-ups in the region, to help it develop new products catering to the needs of these emerging markets. To this end, the company recently expanded its headquarters for the AMERA (Asia, Middle East, Russia and Africa) region in Singapore, which was established 27 years ago.

Mr Yean said: “Consumer insights research is a time-and-resource-consuming process. We do it because of our deep belief in bringing benefits to our consumers with our products.”

“We usually start our research in Singapore. The beauty of doing this is that we can work with three ethnicities at once: Chinese, Indian and Malay”

# Striking the right chord with design

Research showed Asian customers favoured buttons over a touchscreen

By Yen Feng

In the mid-2000s, American tech giant Hewlett-Packard (HP) came up with a state-of-the-art office machine that could scan, copy, print and fax. The only issue was how many buttons to put on the control panel.

“At that time, the touchscreen was just becoming popular, and our hypothesis was that if we had a touchscreen and fewer buttons, people would see the machine as an advanced product,” said Mr Christopher Lim, HP’s Asia Pacific regional manager of industrial design.

But when the multinational firm surveyed customers in both emerging and developed markets such as China and the United States, the results were surprising.

“In the developed markets in North America, people said the buttons made the machine look old. They wanted the touchscreen which they said looked modern,” said Mr Lim, who is based in the firm’s regional headquarters in Singapore.

“But in the emerging markets like China and India, where people were less familiar with touchscreens, they wanted more buttons. They didn’t know if the touchscreens worked and were worried about, say, poking the screen too hard and damaging it,” he continued.

## Staying sharp with customers’ needs

The findings led HP to customise the product for the different markets, resulting in the machines being a hit with customers across the spectrum.

This was just one example of how research on consumer insights has benefited the company over the years, said Mr Lim. He added: “Hewlett-Packard has never designed or rolled out a product without doing market research first. Not knowing your customer is just setting yourself up for failure.”

Once every five years, the firm surveys 5,000 to 6,000 consumers across the world to keep track of their needs and to stay ahead of trends. The exercise allows the firm to map its product launches for the next five years.

It also canvasses customers regularly to make sure they are satisfied with their purchases, and monitors what people say about its products on websites such as shopping portal Amazon.

Asia, in particular, holds many huge opportunities for the firm, said Mr Lim. HP has set up design offices in China and India. After each five-yearly survey, each office uses the data to develop customer profiles, and then designs products for them.

“It’s always good to be close to your customers so you understand their needs,” said Mr Lim. “The local groups help us get the Asian perspectives, so we don’t automatically think that a product



Christopher Lim, Regional Manager, Asia Pacific, Hewlett-Packard

Photo: Ray Chua

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designed for, say, North America is going to be usable everywhere.”

## Learning through observation

The Asia offices are also important since Asian interviewees tend to be less outspoken than their Western counterparts, he added. “When we have people there to observe them, for example during focus group discussions, we can see their facial expressions and how they really feel about various products.”

The firm also asks to observe customers in their natural settings, including their workplaces, to get a better sense of their workflows and needs.

“It’s like how, in the past, if you asked people what they needed, they would have said faster horses, not cars. But you can observe people to see what they really need. We never design a product first – we always look at the customer first.”



A HP Officejet 150 Mobile All-In-One printer

Photo: Ray Chua



Christine Fellowes, Managing Director of Universal Networks, NBCUniversal

Photo: Ray Chua

**“The study found that female Asian viewers could be divided into five categories: ambitious Trailblazers, organised Peacekeepers, spontaneous Passionistas, loyal Heart Warmers and optimistic Social Siders”**

Hugo Boss to jointly organise the 2013 High Heeled Women Awards – an event honouring the achievements of women from all walks of life.

Strategically planned to coincide with the launch of a new Hugo Boss scent for women, the campaign was a move which paid off handsomely. By looking beyond the standard advertising options, this move translated into increased sales, a milestone which led to Hugo Boss sponsoring *Running the Show* – a programme featuring powerful, inspirational women on DIVA – in conjunction with the launch of another women’s fragrance.

#### Content that works

Christine Fellowes, Managing Director of Universal Networks International, credits the campaign’s success to in-depth knowledge of its target audience, achieved through consumer insights research. Research, she said, is a key process in the group’s programme development.

She added that the research is far from over: the next stage is for NBCUniversal International Television to learn more about which communication methods and content themes work best for each of the five segments of women identified. More will be learned about how these women consume content, including their preferences for on-air, online or mobile platforms – findings which will help NBCUniversal International Television as it works with advertisers to develop more integrated content solutions.

Reiterating the importance of consumer insights for the media industry, Ms Fellowes said: “It’s important that we make a commitment to really understanding our audience for the long-term benefit of the business.”

# Plugging in to what women want

Study finds Asian women split across five categories with diverse preferences

By Fiona Liaw

In 2011, media and entertainment giant NBCUniversal made the strategic move of getting to know its female viewers in Asia better. Pay-TV in Asia is a US\$35 billion industry estimated to grow by nine percent over the next five years.

The channels’ business, which includes two brands – E! Entertainment Television and DIVA – dedicated to female viewers, kicked its consumer insights efforts up a notch with a research study focused on the Asian female pay-TV audience. The research objective was to establish NBCUniversal International Television’s credibility as an organisation with good

knowledge of women’s aspirations and preferences – a quality that would appeal to potential advertisers.

#### Asian women – explained

The study, called *The High Heeled Warriors*, was conducted by one of NBCUniversal International Television’s research partners, Ipsos Singapore, in two phases: an intense focus group with women from Singapore, Kuala Lumpur, Manila and Jakarta, followed by a quantitative study of 3,000 women, including those in Hong Kong. The study data was then scrutinised together with existing data from the Nielsen Media Index.

The study found that female Asian viewers could be divided into five

categories: ambitious Trailblazers, organised Peacekeepers, spontaneous Passionistas, loyal Heart Warmers and optimistic Social Siders.

The unique traits of each group led to different buying motivations and lifestyle habits: the career-driven Trailblazers, for example, favoured BMW as their automobile brand of choice, while the family-oriented Heart Warmers leaned towards Toyota. With travel, Passionistas sought adventurous holidays but Peacekeepers were more conservative.

The study’s findings were presented to NBCUniversal International Television’s key clients at a series of roadshows and were particularly well-received by German label Hugo Boss, leading to a partnership between NBCUniversal and



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