



THE DIGITAL CONSUMER IN ASIA 2018



CONTENTS

2	FOREWORD
3	RAKUTEN INSIGHT VIEWPOINT
4	GENERATIONS AT A GLANCE
6	SURVEY SCOPE
9	REIMAGINING THE STORE EXPERIENCE
16	ONLINE PURCHASING BEHAVIOUR
23	ONLINE MARKETPLACES – THE NEW REALITY
28	A MOBILE CONSUMER
36	SWITCHING CHANNELS
41	LOYALTY IN THE AGE OF THE EMPOWERED CONSUMER

FOREWORD



PHILIP WIGENRAAD
HEAD OF RESEARCH
TOFUGEAR

Not a day goes by without a headline on how millennials and Gen Z consumers are radically different from their predecessors. Yet, these are all too often focused on shoppers in the West, with an Asian perspective distinctly lacking.

This is why Tofugear has embarked on this research study. In partnership with Rakuten Insight, we surveyed 6,000 consumers across 12 markets in Asia to bring a comprehensive analysis of the shopping habits of today's connected consumer – be that online, in stores or through online marketplaces.

Does the 'Asian consumer' actually exist? Brands are constantly adapting and localising their offerings and services to different markets in the region – this is understandable given the diverse cultural backgrounds, income levels and intricacies of each country. There is plenty of evidence of these differences, however, our survey also uncovers a number of commonalities that retailers operating across the region should take heed of:

1. Ecommerce takes the lead

The majority of shoppers in Asia prefer to shop online rather than in stores, although the extent of this varies by country. While millennials were most in favour of ecommerce, Gen Z consumers also lean towards the online channel. Physical retailers expecting a resurgence of the store driven by this younger generation therefore, think twice and look at ways to make their stores relevant in the omnichannel age.

2. Focus on experience

Consumers mainly turn to ecommerce for lower prices, which underlines why bricks and mortar retailers should not try and compete on price and focus on other points of difference. For consumers in Asia, the main appeal of the store is to see

products in real life. Experience is less of a driver, suggesting that retailers are not yet capitalising on the inherent strengths of a physical presence, including face-to-face contact, brand education and the ability to offer immersive experiences.

3. Second chances are rare

The perils of not meeting customer expectations are highlighted by the sobering statistic that two in three shoppers will no longer shop with a retailer after just one poor customer experience. The connected consumer in Asia is empowered and not afraid to look elsewhere when their needs are not met. Retailers need to understand that they often only have one chance to get it right.

Customer expectations have changed dramatically over the last few years. We expect that this report will offer valuable insight into the shopping habits of consumers in Asia and will help drive forward your business in the region.

I would like to extend a thank you to all our partners in this project – Rakuten Insight, Jing Daily, Microsoft Hong Kong, Inside Retail and Apparelnews – through which this research would otherwise not have been possible.

RAKUTEN INSIGHT VIEWPOINT



AYAZ AKHTAR
REGIONAL HEAD, GREATER CHINA
RAKUTEN INSIGHT GLOBAL

The growth of ecommerce in Asia is currently unparalleled. One only needs to look at the sales extravaganza that is 'Singles Day' in China and how mobile is the device of choice, to understand the sort of opportunities there are out there for brands and marketers.

However, Asia is a diverse and fragmented collection of countries, often with very localised opportunities and challenges. This makes it difficult for global brands to find a one-size-fits-all solution. Rakuten Insight, as Tofugear's partner in this report, provided 6,000 respondents across 12 Asian markets from our industry leading research panels to try to answer some of the burning questions that retailers and brands may have.

This report offers a comprehensive guide on Asian shoppers' behaviours, preferences, interests and concerns about both online and in-store shopping. Despite the diversity of each country, there are common unmet needs across all the markets in both ecommerce and bricks-and-mortar channels, which could be turned into great market opportunities.

Regardless of the different devices or channels that Asian shoppers choose, they all share practical expectations in their shopping journey such as convenience and immediacy – not to mention competitive prices.

While Rakuten was founded as an online marketplace, we have since branched out into financial services, communications, media and other services around the world. This has allowed us to see the potential that physical retail can offer, particularly those that embrace digital innovation as a way to enhance the customer experience and engage with a new generation of shoppers.

The findings from this report reflect an ongoing shift in online and in-store purchasing behaviours. Consumers will continue to embrace digital technologies while also demanding a fully integrated shopping experience. We believe there is a clear opportunity for retailers to build meaningful relationships with their customers by adopting an omnichannel approach.

GENERATIONS AT A GLANCE

Gen Z

Cyber Punks

Born: 1997 to 2012



prefer **ECOMMERCE** over shopping in **stores**

Three-quarters want to use **MOBILE PAYMENTS** in stores



40% make purchases on their mobile phones at least **once per week**



Three in five shoppers are keen to use **augmented reality** in a store



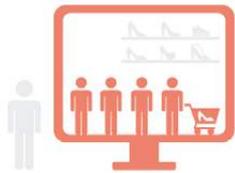
have made purchases because of content shared by **influencers**



3 in 5 would be **more loyal** to brands if they offered **free shipping**

Millennials Online Shopaholics

Born: 1981 to 1996



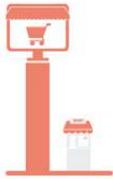
Four in five millennials admit to **showrooming** in stores because online prices are cheaper



One in four regularly buy online through personal sellers on **social media**



82% shop **ONLINE** because of **lower prices**



engage in **ecommerce** at least **once per week**



One in five frequently visit **pop-up stores**



HALF OF ALL millennials will share a **poor customer experience** on **social media**



Gen X The Analogues

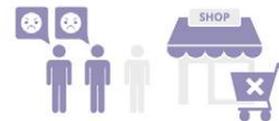
Born: 1965 to 1980



THREE-QUARTERS shop online to gain access to a larger range of products

65%

will no longer shop with a retailer after just **ONE POOR** customer experience



Two out of three say their biggest frustration with physical stores is when products are out of stock



53% find **face-to-face** service very important when shopping in stores



A third only engage in ecommerce **once per month**



70% have **researched products online**, but then **purchased in store** because they want to **feel and touch products**

SURVEY SCOPE

Tofugear, in partnership with Rakuten Insight, conducted a study to understand the online and offline shopping habits of consumers across multiple generations.

A survey was carried out among 6,000 consumers in 12 Asian countries in August 2018.

The three generations used in this report are defined as **Gen Z**, **Millennials** and **Gen X**.

As this was a study into consumer purchasing behaviour, only Gen Z consumers that were at least 16 years of age in 2018 were asked to take part.

Gen Z consumers younger than that would typically have less freedom to make their own purchasing decisions.

Percentages presented in this report may not add up to 100% due to rounding.



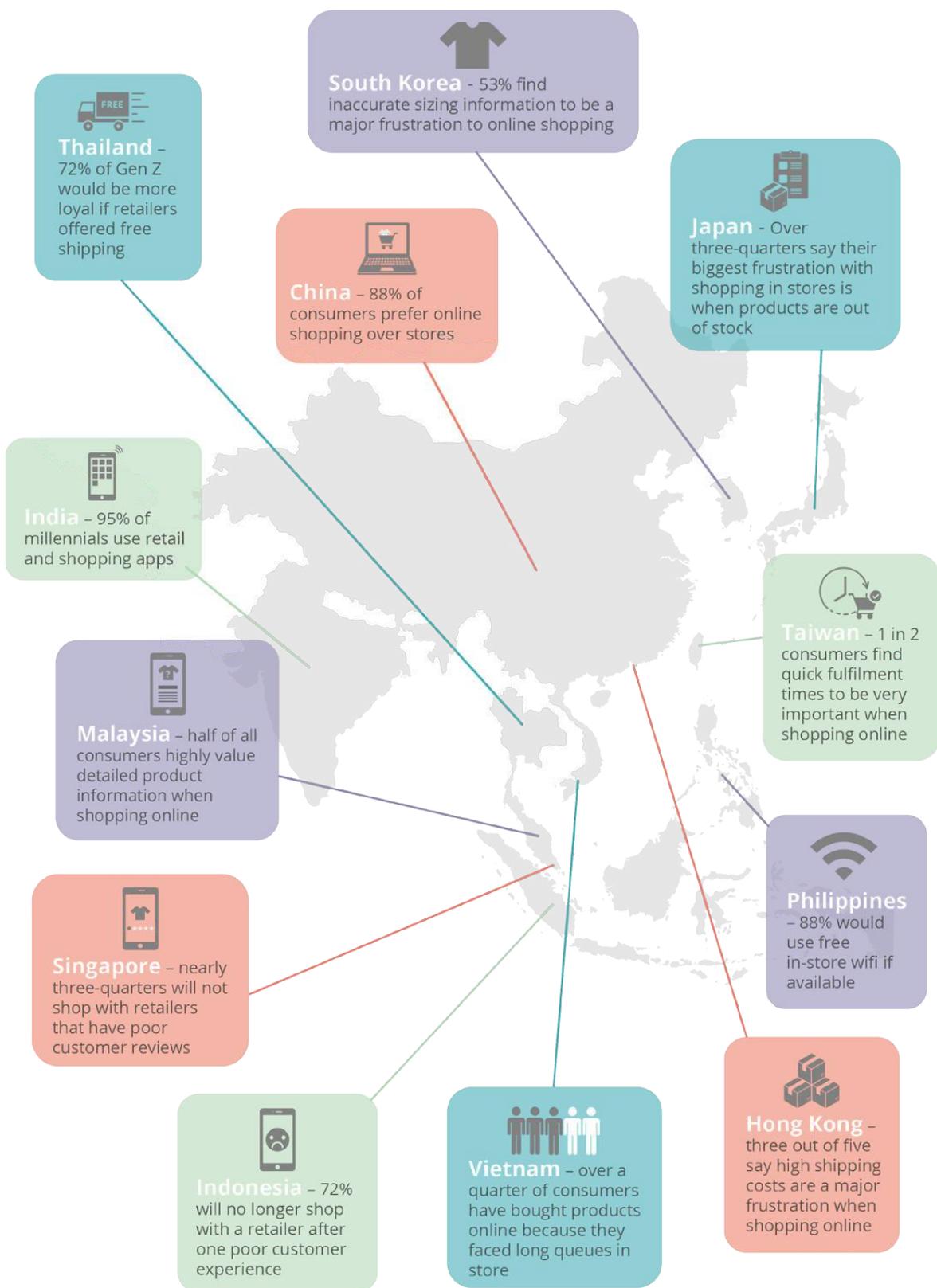
Gen Z
Born: 1997 to 2012



Millennials
Born: 1981 to 1996



Gen X
Born: 1965 to 1980





REIMAGINING THE STORE EXPERIENCE

KEY FINDINGS

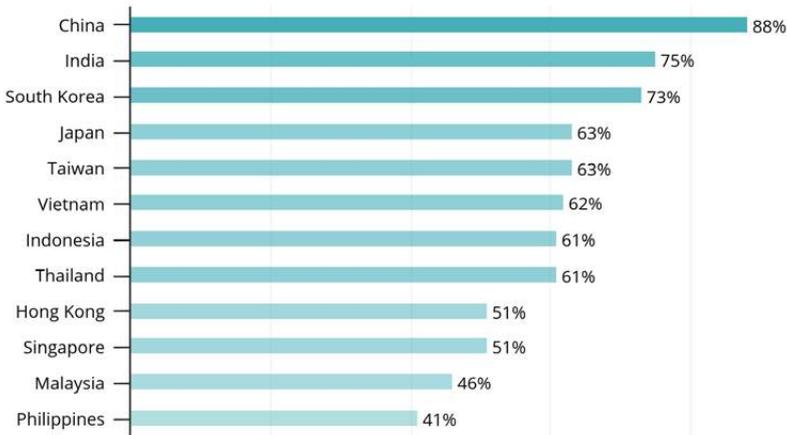
- Across Asia, there is a slight preference for shopping online over in-store, although this masks considerable variations by country
- Service-related features such as personalisation and consultations are not as important as expected, but retailers in Asia are not yet consistently delivering a positive customer experience in these areas
- Inadequate stock and poor customer service such as long checkout queues are major frustrations, undermining the inherent advantages of the store
- Millennials are most receptive to pop-up stores, while appetite to engage with new store technologies such as smart mirrors is highest among Gen Z

A physical presence still makes sense, but what do Asia's digital consumers want when it comes to the store experience?

For several years now, the 'death of the store' has been proclaimed. Around the world, retailers that have built up vast store networks are in the process of downscaling as they adjust to the new reality of a connected consumer: a shopper who is increasingly favouring the online channel.

While many of the current headlines focus on the US and Europe, retailers in Asia should be equally wary of the disruption that eetail giants such as Alibaba and Amazon can bring to their business. It is undeniable that consumer appetite for ecommerce varies widely across the 12 markets covered in this research.

PREFER ONLINE SHOPPING OVER STORES



CHINA OVERWHELMINGLY PREFERS ONLINE

The online channel is in different stages of development across the region and this is reflected in the responses to the survey. Consumers were asked if they preferred shopping online or in stores. Overall, 59% of consumers in Asia favoured the online channel over stores, but there were considerable differences between markets.

Perhaps unsurprisingly, given the scale and convenience of online platforms like Tmall, Taobao and JD.com, the vast majority of Chinese consumers (88%) prefer online over in-store shopping. In second place is India, where three-quarters of consumers chose online.

At the lower end of the scale is the Philippines, where only two in five shoppers have a preference for ecommerce. This is perhaps reflective of the logistical challenges that online retailers face in reaching

consumers outside of the country’s main urban areas. However, it is also true that malls in the Philippines still serve as a social hub of activity and as such, continue to see considerable levels of footfall.

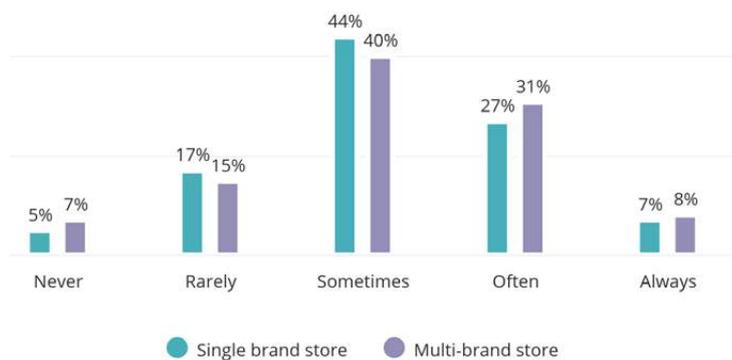
The low popularity of online shopping in Hong Kong and Singapore is striking and confirmed by this survey. Both markets had a broadly even split between their

preferences for online or stores, which is to be expected when you take into account the large square footage of mall space in these markets as well as the close proximity of consumers to these retail facilities.

SINGLE BRAND VERSUS MULTI-BRAND

Consumers were asked about the frequency of shopping at single brand stores such as Zara and multi-brand retailers like department stores. Overall, it can be said that consumers shopped slightly more frequently at multi-brand retailers than single brands.

FREQUENCY OF SHOPPING AT SINGLE BRAND VS MULTI-BRAND STORES



Of course, there is something to be said for the convenience of buying from retailers where there is much more choice in terms of brands and the product offer. However, the flipside is that these businesses will be in direct competition with the likes of Amazon and Zalora.

While multi-brand stores may appeal to consumers today, the question is whether this will remain the case in the medium and longer term. Indeed, it can be argued that physical stores are an excellent way for single brand retailers to tell their brand story and build a community around their store. This may prove much more difficult for multi-brand businesses.

POP-UPS RESONATE MOST WITH MILLENNIALS

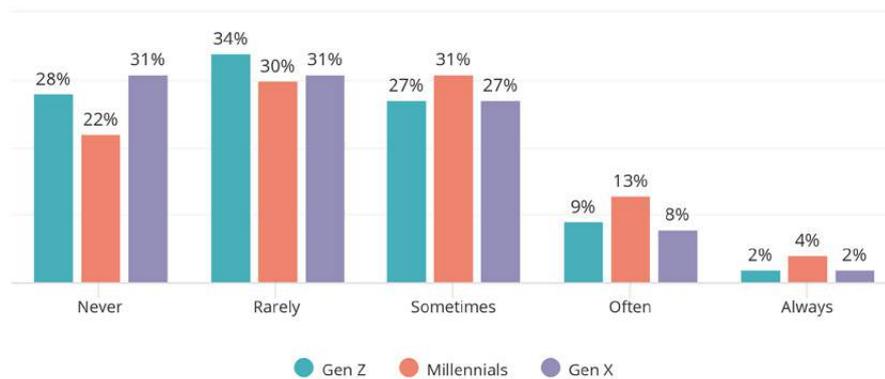
Pop-up stores have become a powerful way for retailers to test out new customer-facing technologies in high traffic locations at a relatively low cost. In a previous survey conducted by Tofugear among digital retail executives in Asia, it was found that one in three retailers in the region is looking to invest in pop-up store solutions over the next year.

Consumers in Asia are receptive to such formats, with over 40% of respondents admitting that they shop at pop-ups at least occasionally.

However, the data reveals that millennials are the demographic group that has the highest propensity to shop at these formats, while Gen X and Gen Z show very similar levels of interest in pop-ups.

This provides valuable insight for retailers who are considering venturing into pop-ups. The question they would need to ask is: will a pop-up store reach the desired level of engagement if the aim is to appeal to non-millennial demographics?

FREQUENCY OF USING POP-UPS



Chanel used its Coco Game Center pop-up in Hong Kong to engage with a younger generation of shoppers by using gamification aspects

THE APPEAL OF THE STORE

There will always be demand for physical retailing, but many retailers have begun to make their stores increasingly experiential in order to remain relevant for the connected consumer. But why do shoppers in Asia want to visit stores? The survey points to two main reasons: convenience and the ability to see and touch products.

Convenience is a broad category that can mean the location of a store, for instance close to a consumer's home, to the immediacy of being able to buy a product then and there. Until fulfilment speeds are stepped up considerably across Asia, for example through same day delivery services, convenience is an advantage that store retailers have over their online counterparts.

Of nearly equal importance is the ability to see products in real life, particularly when it comes to more expensive purchases. Even online retailers have begun to realise the importance of having a physical presence for these reasons. Some examples are fashion marketplace Zalora's use of pop-ups in the Philippines or the acquisition of Chinese mall operator Intime by Alibaba.

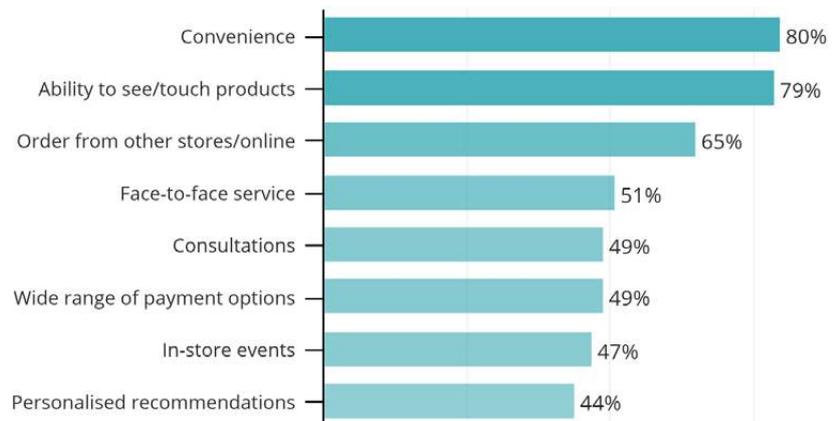
Nearly two-thirds of consumers also demand an omnichannel approach when they visit a store. If a product is out of stock, they want to be able to order that item from another store or from the online channel.

An example of a retailer taking such an approach is electronics and furniture retailer Courts in Singapore. Earlier in 2018, Courts unveiled a new megastore that leverages its investment in real-time inventory management systems and a new ecommerce platform. It allows customers to see what stock is available immediately, but can also arrange pick up from other stores or

even ship-from-store. These are the types of initiatives that other retailers should also consider if they are to meet consumers' needs.

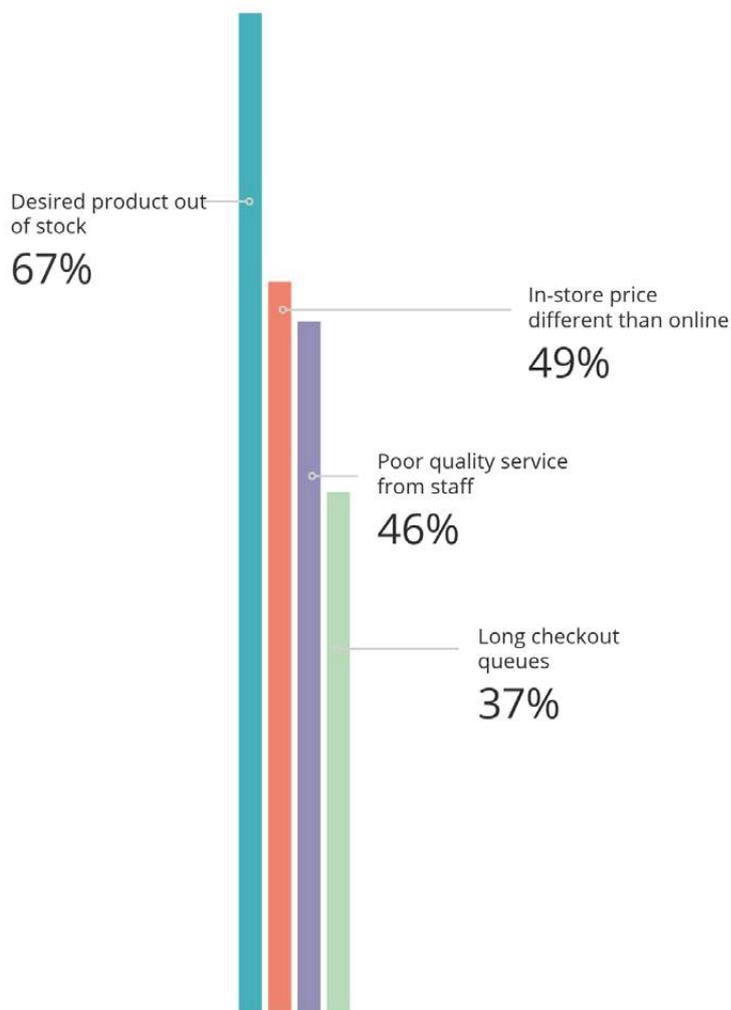
An interesting finding from the survey is that service-oriented factors – such as face-to-face contact, personalised recommendations and consultations – are less important to consumers. These are areas where stores are generally expected to outshine their online rivals. However, it could be argued that many retailers in Asia are not yet delivering on these areas, hence it does not have a big impact on shoppers' preferences.

WHY SHOP IN STORES



Many retailers have begun to make their stores increasingly experiential in order to remain relevant for today's demanding consumers

TOP FRUSTRATIONS WHEN SHOPPING IN STORES



WHAT FRUSTRATES CONSUMERS?

Every retailer knows the importance of delivering on customer experience, but consumers still face a number of frustrations when visiting a store. The most frequently mentioned inconvenience was a desired product being out of stock in stores, which was cited by two-thirds of all consumers in Asia.

This suggests that retailers should ideally invest in systems that would prevent such disappointment, for instance, by allowing consumers to check the stock position of a particular store through the website or by investing in more sophisticated forecasting systems.

Other major frustrations include customer service issues such as long checkout queues and poor quality of service from staff. For instance, Asian shoppers are known to dislike store staff following them around. One of the main benefits that the store has over the online channel is of course the human element, but retailers should be mindful of how this can also become a pain point if they do not provide adequate staffing levels or training.

PERCENTAGE OF CONSUMERS WHO ARE WILLING TO USE IN-STORE TECHNOLOGIES

	Gen Z	Millennials	Gen X
 Self checkout from phone	66%	69%	60%
 Self checkout terminals	68%	71%	67%
 Smart mirrors	44%	42%	37%
 Virtual Reality	41%	38%	33%
 Augmented Reality	58%	51%	45%
 Shoppable screens	66%	64%	56%
 In-store wifi	78%	71%	65%
 Apps for connected experience	66%	63%	57%
 Mobile payments	76%	79%	72%

On the whole, consumers in Asia are more than willing to engage with in-store technologies, although they lean towards more practical applications such as self-checkout technology, in-store wifi and mobile payments. These are applications of retail technology where consumers can more easily see how it will improve their shopping experience.

However, appetite for newer technologies such as smart mirrors and virtual reality is decidedly lower. Having said that, many consumers may not have personally experienced such innovations yet and as a result might be unclear about its benefits.

It is Gen Z who is the most enthusiastic about using emerging technologies such as Virtual Reality and Augmented Reality. While this generation of digital natives is naturally the most comfortable using new technologies, they predominately live at home, and so their preferences are expected to be adapted by older generations over the coming years. Carefully observing Gen Z's shopping behaviour, therefore, should be a key strategy for all retailers in Asia.

STORE TECHNOLOGY SHOULD BE AN ENABLER

All too frequently retailers invest in digital initiatives because they want to keep up with their competitors or feel it is something they must do to connect with the next generation of consumers.

However, technology should always be the enabler for a good customer experience and not the goal itself. Simply launching in-store tablets or interactive kiosks will not magically make a store more attractive to millennials unless these technologies help to remove friction or enhance the customer experience.

Observing Gen Z's shopping behaviour should be a key strategy for all retailers in Asia

BRICKS AND MORTAR IS CATCHING UP

To cater to today's increasingly experience-driven consumers, it is imperative that retailers step up their efforts to ensure their physical presence remains relevant. The findings of the report show us that while consumers in Asia do have a preference for ecommerce, this also reflects that retailers are not currently leveraging the inherent advantages of the store.

Younger generations are ready to interact with stores in an entirely new way. Retailers need to appeal to these shoppers with technologies that engage at a personal level. Until recently, features such as highly targeted advertisements and personalised recommendations had solely been the domain of online

retailers. However, technologies such as IoT, machine learning and advanced analytics are now allowing physical retailers to bridge the gap.

There is a critical set of work that the industry must undertake in order to deliver the right set of platforms and services to realise these digital transformation opportunities. By empowering retailers with insights and analytics, they will be able to embrace and utilise the massive data streams that have become available to them. Ultimately, this will help retailers gain a competitive advantage and deliver the personalised experiences that consumers are demanding – be that online or in stores.



SERENA CHEUNG
DIRECTOR FOR ONE COMMERCIAL
PARTNER AND SMALL, MEDIUM &
CORPORATE CUSTOMERS
MICROSOFT HONG KONG

ONLINE PURCHASING BEHAVIOUR

KEY FINDINGS

- Millennials show the highest preference for the online channel over stores, but Gen Z attitudes could be liable to change as they enter a different life stage
- Detailed product information is key to winning the online spend of Asian consumers, however consumers in some markets also seek out low prices
- Flexible payment options such as cash on delivery are an important consideration for younger shoppers that may not have access to traditional payment means
- Fulfilment in the Asian market needs to be stepped up: online shoppers are unhappy with cost of shipping as well as the speed of delivery

Consumers in Asia are increasingly turning to ecommerce, but expectations surrounding the online experience and fulfilment are rising.

Asia's ecommerce landscape is changing rapidly. China is at the forefront of this, but the number of digital consumers is also fast rising in emerging markets like Vietnam, Indonesia and the Philippines. It is perhaps not surprising that the region is forecast to account for over half of the world's online sales by 2025.

Asia's millennials are a major driving force behind this development, with 63% of this group indicating that they prefer to shop online rather than in stores. This is a higher level than that indicated by both Gen Z (57%) and Gen X (56%). While it is to be expected that millennials are more ecommerce-inclined than Gen X, the discrepancy with Gen Z can be explained by the following reasons.

Asia's millennials are a major driving force behind the rapid growth in ecommerce

1. Many millennials are digital natives and have consciously experienced the explosion in ecommerce over the last decade. While Gen Z may have a greater affinity for using digital technologies, most millennials are accustomed to turning to the online channel to find the lowest price.
2. Most millennials have entered the work place and are likely to be more time poor than younger consumers. As a result, they will be more drawn to the convenience of the online channel.

3. For Gen Z, shopping may be more than simply 'buying stuff'. It is an activity that they will do with their friends and this social dimension means they place a higher value on the bricks and mortar experience than millennials.

For physical retailers drawing comfort from these statistics, it is worth noting that the vast majority of Gen Z consumers are under the age of 20 and still far removed from peak spending levels. Their online and offline shopping habits may, therefore, move closer to those of millennials in the years ahead as their purchasing power increases and they enter into a different life stage.



Half

of all Asian consumers find **lower prices** to be a "very important" reason to shop online



54%

of Gen Z shoppers say that **high shipping costs** are a major frustration with ecommerce



1 in 3

millennials **shop online** at least twice a week

MILLENNIALS SHOP ONLINE THE MOST

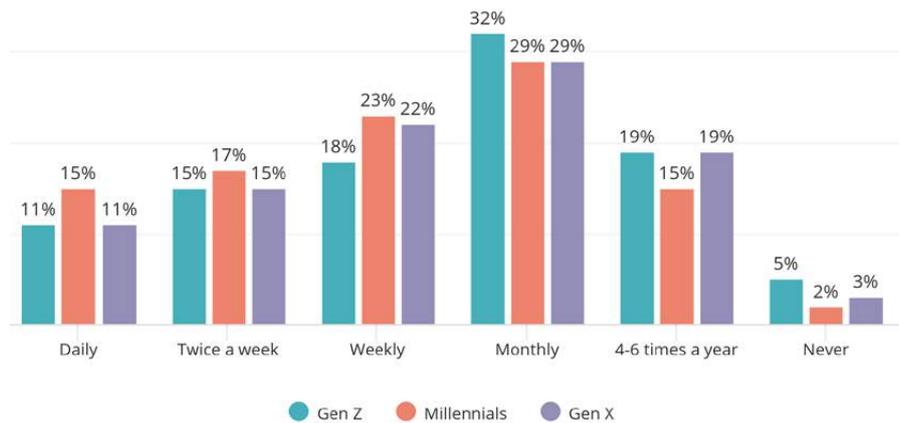
It is millennials who also engage in ecommerce most often. Half of all millennials make online purchases at least once per week, with 15% doing so on a daily basis. Meanwhile, a third of Gen Z consumers only engage in ecommerce on a monthly basis. Interestingly, it is also this generation that had the highest incidence of those that never shop online.

Many Gen Z consumers under the age of 18 may have difficulties making online payments because they do not have a credit card – unless they have access to one via their parents. This suggests that retailers wanting to target these younger consumers should consider extending their payment options. Indeed, nearly half of all Gen Z consumers in the region rated flexible payment methods such as cash on delivery to be very important to them when engaging in ecommerce.

PREFER SHOPPING ONLINE OR IN STORES, BY GENERATION



HOW OFTEN DO THEY SHOP ONLINE?



WHAT MATTERS WHEN SHOPPING ONLINE



DETAILED PRODUCT INFORMATION IS KEY

Consumers were also asked what they valued when shopping online. While price was an important consideration – and perhaps expected given that online is often perceived to be a cheaper channel than physical stores – it was ranked behind detailed product information.

When purchasing online, just over half of all consumers in Asia rated detailed and accurate product information as either 'important' or 'very important'. Breaking this down to country level showed that eight of the 12 markets chose this as their top priority, with only Hong Kong, Japan, Singapore and South Korea ranking 'lower prices' more highly.

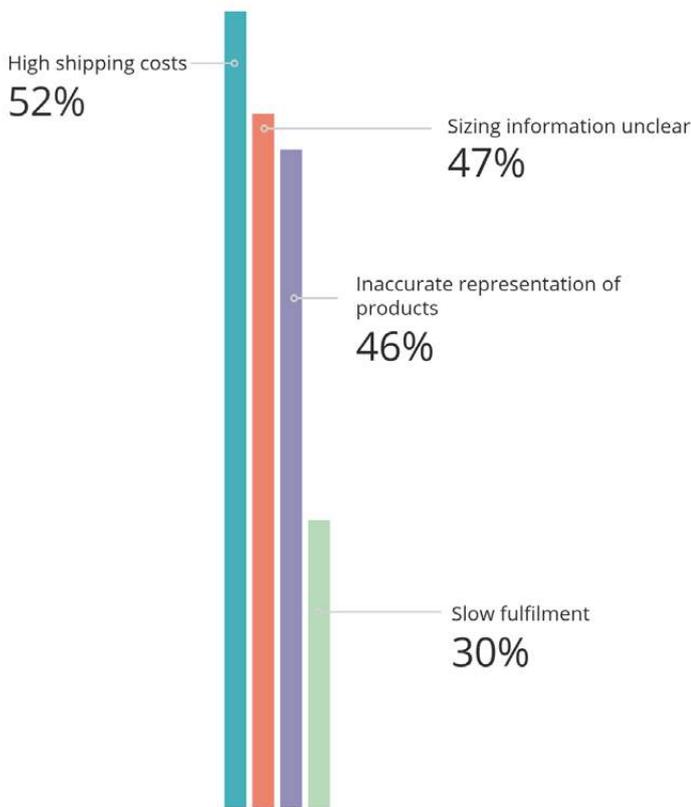
However, a number of other factors were also nearly as important for consumers when shopping online. These included product search capabilities, flexible payment options, ease of returns and product reviews. This suggests that any retailer involved in ecommerce needs to get a whole host of features and functionality right to truly deliver the experience that consumers expect.

GEN Z VALUE PRODUCT REVIEWS

In terms of online shopping preferences, there were not many significant differences across the different age groups – except when it came to product reviews. These were very important to nearly half of all Gen Z respondents (46%), compared with 41% for millennials and 36% for Gen X.

Gen Z is a generation that has grown up with YouTube and they are accustomed to using this channel to watch product reviews that influence their purchasing decisions. More constrained budgets also mean that they need to be more considered with their spending and would thus use reviews to help make their decision.

BIGGEST FRUSTRATIONS WHEN SHOPPING ONLINE



HIGH SHIPPING COSTS ARE A MAJOR PAIN POINT

When asking consumers about their biggest frustrations with ecommerce, high shipping costs were raised by over half of all consumers in Asia. This was a concern across all generations under review, although slightly more so for Gen Z consumers, who are more price sensitive in their purchasing decisions.

Online retailers should take heed of this and potentially consider changing the cost structure of their fulfilment services. For instance, could free shipping be offered to customers who spend over a certain threshold?

There is also a case to be made for the introduction of Amazon Prime-style delivery subscriptions. Amazon’s experience with Prime – which in

Asia is currently available in Japan, Singapore and China – shows that spending levels rise significantly as consumers become tied into their ecosystem.

Although high shipping costs were a major issue across all markets, there were three countries that had a different top-ranked frustration:

- Consumers in both China and Vietnam cited the inaccurate representation of products most frequently. As counterfeit goods remain a problem in these markets, consumers worry that the products they buy online may not be as described.
- In South Korea, shoppers were most frustrated with unclear sizing information. This is an issue caused by the widespread usage of ‘one size fits all’ by fashion retailers in the country. Japan uses a similar system, however, consumers in this market rated inaccurate sizing information as their second biggest concern, after cost of shipping.

CONSUMERS WANT FASTER FULFILMENT

A fourth significant frustration with online shopping also pertains to fulfilment: one in three shoppers are unhappy about the speed of deliveries. There might be logistical challenges in delivering online orders to more remote parts – for instance, in countries such as the Philippines or Indonesia.

However, the research indicates that even in highly urbanised areas such as Hong Kong or Singapore, consumers demand faster fulfilment. Courts, Decathlon and Uniqlo all offer a same day delivery service in Singapore, however this kind of speed is currently still a rarity in much of Asia.

It would appear that retailers in the region have not yet fully grasped this opportunity. A 2018 survey that Tofugear held among 150 retail executives in the region found that only 20% of retailers were planning to extend their fulfilment options over the next year. In a very competitive market, winning the fulfilment battle could make all of the difference.





ONLINE MARKETPLACES – THE NEW REALITY

KEY FINDINGS

- Consumers in Asia shop most frequently online through marketplaces, which is a channel that can no longer be ignored by retailers and brands
- Marketplaces are not just used for transactional purposes, they have also become a key tool for product discovery and price comparison
- Despite some marketplaces having their own logistics capabilities, consumers are still frustrated by high shipping costs and speed of delivery
- Competitive prices are a major attraction for consumers, but retailers that do not want to be drawn into direct competition can make use of product exclusives and special promotions

Marketplaces are a gateway to more opportunities for retailers, but consumers see room for improvement

Online marketplaces are firmly embedded into the Asian psyche. Platforms such as Taobao, Lazada and Flipkart are disrupting established retail models, with consumers increasingly ignoring bricks and mortar for the convenience and competitive prices of this fast-growing channel. Marketplaces are also helping retailers to reach consumers based outside of the region's major urban areas.



88%

of Asian consumers **use online marketplaces**



71%

shop on online marketplaces because of the **wide range of products** on sale



1 in 2

find **high shipping costs** to be a major frustration of online marketplaces

BE WHERE YOUR CUSTOMERS ARE

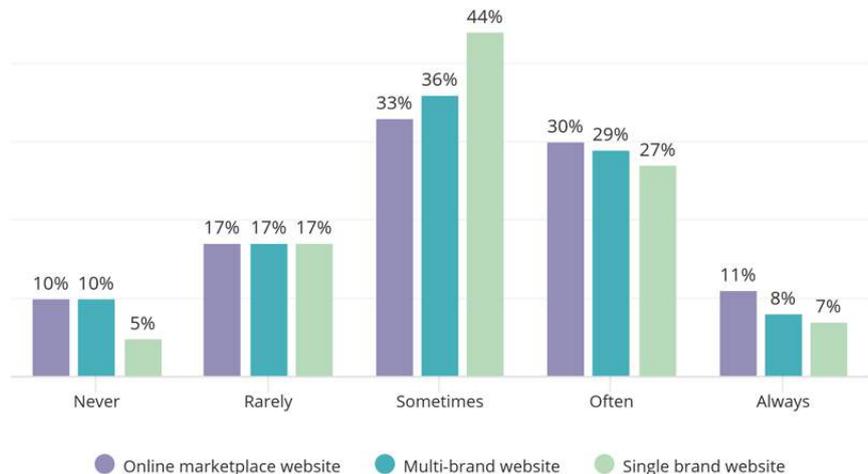
That Asian consumers are no strangers to marketplaces is highlighted in the survey, with the vast majority (88%) stating that they shop on these platforms. An astonishing 99% of Chinese consumers are avid marketplace users, which comes as no surprise given the dominance of Alibaba and Tencent. A number of other countries such as India, the Philippines, Taiwan and Thailand also had high usage rates above 90%.

While online marketplaces are used regardless of age, millennials and Gen X tend to engage with them slightly more. Usage rates are marginally lower for Gen Z, however, it is important to note that these consumers are still young and in some way removed from their peak spending years. On the other hand, Gen X and millennial consumers are likely to be more time poor and hence benefit from the convenience of using this channel.

Underlining their appeal, consumers in Asia shop more frequently on online marketplaces than they do on multi-brand or single brand websites. The survey shows that 41% use marketplaces on a frequent basis ('often' and 'always'), whereas this percentage stands at 37% for multi-brand sites and 34% for single brand.

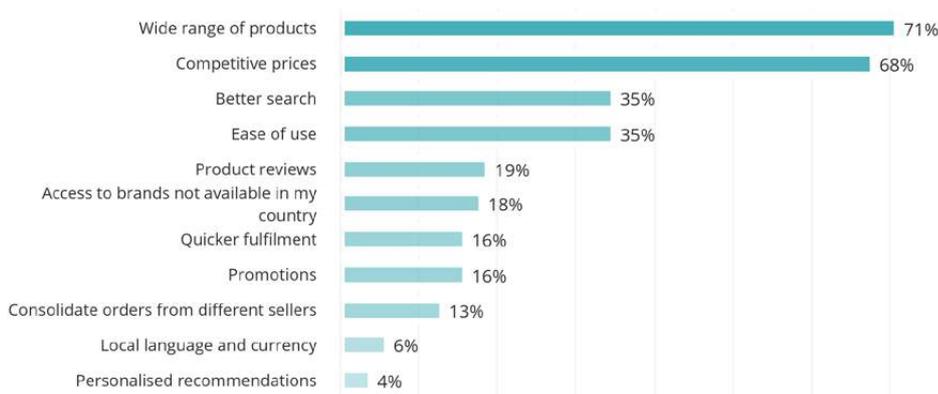
Retailers appear to be well aware of the appeal of these platforms. In a 2018 study by Tofugear, it was found that two-thirds of retailers were already using marketplaces as part of their ecommerce strategy. A major motivation for doing so was to increase marketing and brand exposure, but also to localise their online presence.

FREQUENCY OF SHOPPING THROUGH ONLINE MARKETPLACES VS SINGLE AND MULTI-BRAND WEBSITES



Consumers are increasingly ignoring bricks and mortar for the convenience and competitive prices of online marketplaces

WHY USE ONLINE MARKETPLACES



THE ATTRACTION FOR CONSUMERS

Consumers were asked for their top reasons for shopping on online marketplaces. Two factors stood out above all others: access to a wide range of products and competitive prices.

More than two in three consumers use marketplaces for their wide range of products. In terms of SKU count there is no comparison and these platforms expose shoppers to a

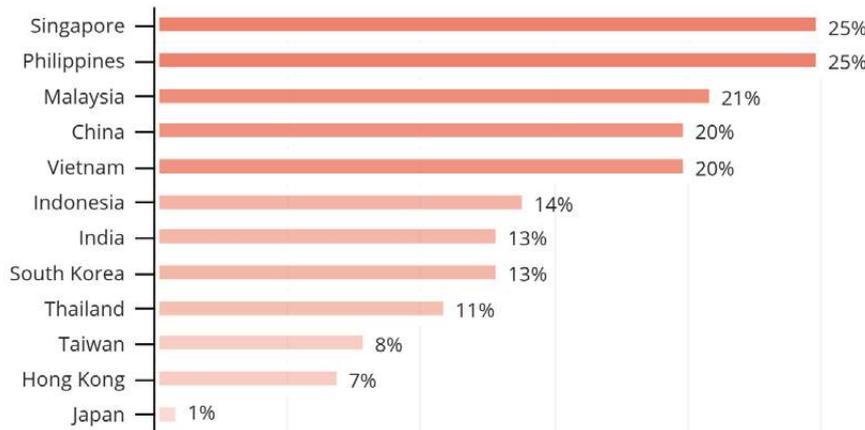
greater variety of brands – from small and independent to mass markets. These sites are able to carry such an extensive range because they have a considerably broader customer base than a typical retailer.

Lower prices were also an important motivation for consumers, with 68% identifying this as an important motivation. It is true that marketplaces will often be on the more competitive end of the pricing scale. However, they are also increasingly used for product

discovery and as a comparison tool between multiple sellers (or retailers, in some cases).

In many instances, consumers use marketplaces for price comparison purposes. Research elsewhere in this report suggests that this might happen when they are visiting a physical store, with four in five Asian consumers admitting that they browse products in stores, but then go on to purchase online because of price considerations.

PERCENTAGE OF CONSUMERS THAT USE MARKETPLACES TO GAIN ACCESS TO BRANDS OTHERWISE NOT AVAILABLE IN THEIR COUNTRY



ACCESS TO BRANDS

Retailers often use marketplaces as a way to enter into new international markets. It seems not a week goes by without yet another Western retailer announcing a partnership with Tmall in China. Yet the benefits are clear: it is a relatively low-cost method to expand internationally and retailers benefit from local expertise as well as a significant amount of web traffic.

Despite this, only 18% of consumers in Asia say that they use marketplaces to gain access to brands that otherwise are not available in their country. This masks considerable variations by country though. More advanced retail markets such as Japan, Hong Kong and South Korea rated this factor well below average, most likely because international retail brands are often already present in those countries.

DELIVERING ON PERSONALISATION

Given the buzz around personalised experiences in recent years, it is striking to see that only 4% of consumers said that they used online marketplaces because of personalisation. However, it could be the case that many platforms are currently not yet delivering the personalisation that consumers expect, hence, it does not factor into their preferences.

Too often it seems that recommendation engines on online marketplaces (and in ecommerce in general) still make suggestions for very similar items that were bought previously, rather than complementary items that can be used in conjunction with a previous purchase.

However, this should change over the coming years as artificial intelligence is increasingly being leveraged by platforms to create highly personalised content and suggestions.

ALIBABA'S ECOMMERCE BRAIN

Alibaba's AI engine, its so-called Ecommerce Brain, is a powerful tool used to deliver real-time insight from online data and predict what customers want. This is based on a range of customer activities from



browsing, favouriting, commenting and even external actions within Alibaba's ecosystem, such as payments to video streaming platform Youku. The engine factors in these behaviours to come to sophisticated recommendations in terms of price ranges, brands and product specifications.

Another example of its use is in the Taobao Headlines newsfeed, which provides content tailored to a user's past purchases and browsing history to aid product discovery. This content refreshes in real-time to further push the cross-selling of related items.

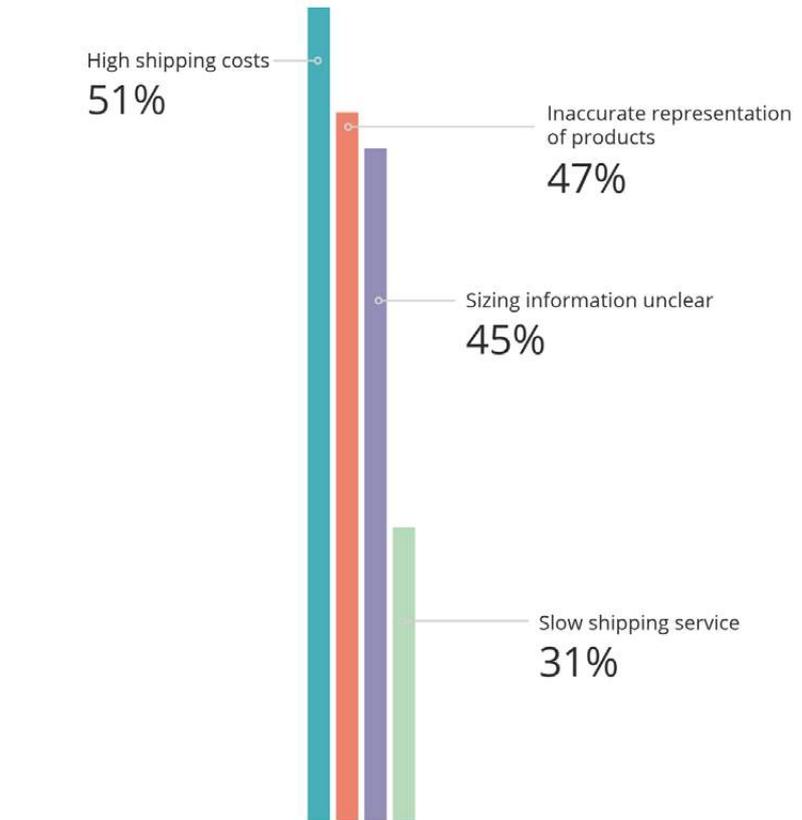
BIGGEST FRUSTRATIONS WITH ONLINE MARKETPLACES

FULFILMENT AND INACCURATE REPRESENTATION

Consumers' frustrations with marketplaces are very similar to when they shop online in general, with fulfilment identified as a major pain point.

Number one on the list is high shipping costs, which was cited by half of all respondents. This is an area where many marketplace sellers have to rely on external logistics providers, although there are some providers that have their own delivery capabilities such as JD.com in China and Flipkart in India, giving them more control over their costs.

Some marketplace operators are already aware of the negative impact that high shipping costs can have. For instance, Singapore-based Shopee, which now has a presence across seven countries in Southeast Asia as well as Taiwan, became the first operator in the region to provide free shipping. Sellers drop off parcels to a logistics company, which then bills Shopee directly, although there are some restrictions in terms of weight. Not many marketplaces have followed this approach yet though.



The inaccurate representation of products also remains a major issue for nearly half of all consumers. While platforms such as Taobao have cracked down on the selling of counterfeit items, there are still issues with items not living up to their descriptions. However, many platforms are consumer-to-consumer and in that respect a marketplace operator will have limited control over the quality of listings.

A MOBILE CONSUMER

KEY FINDINGS

- Mobile phone usage is highest among Gen Z, but millennials are most prolific mobile shoppers
- The vast majority of consumers are using commerce-enabled apps, yet shoppers typically have only two to three retail apps installed on their mobile devices
- Retailers need to consider convenience, functionality and special promotions to convince consumers to install their apps
- Shoppers in Asia are willing to use apps as part of a connected retail experience in stores, but evidence suggests that not many consumers have done so yet





Shoppers are embracing mobile technology, but retailers have yet to fully grasp the opportunity

The rise of the connected consumer has been driven by the adoption of the smartphone. This is particularly the case in Asia where many consumers skipped the PC era and went straight to mobile.

Mobile technology has allowed consumers to become more empowered and engage with retailers across multiple digital touchpoints – when and wherever they want. It has also become part of the in-store experience, as shoppers use their phones to research products, compare prices – and perhaps decide to buy elsewhere.

Digitally-advanced retailers are well aware of this. In a survey held by Tofugear earlier in 2018 – which was held among 150 digital leaders in Asia – one in three retailers stated that they were looking to invest in mobile apps over the coming year. That percentage increased to over 50% when the timeframe was extended to four years.



45%

of Asian consumers **shop on a mobile device** at least once a week



4 in 5

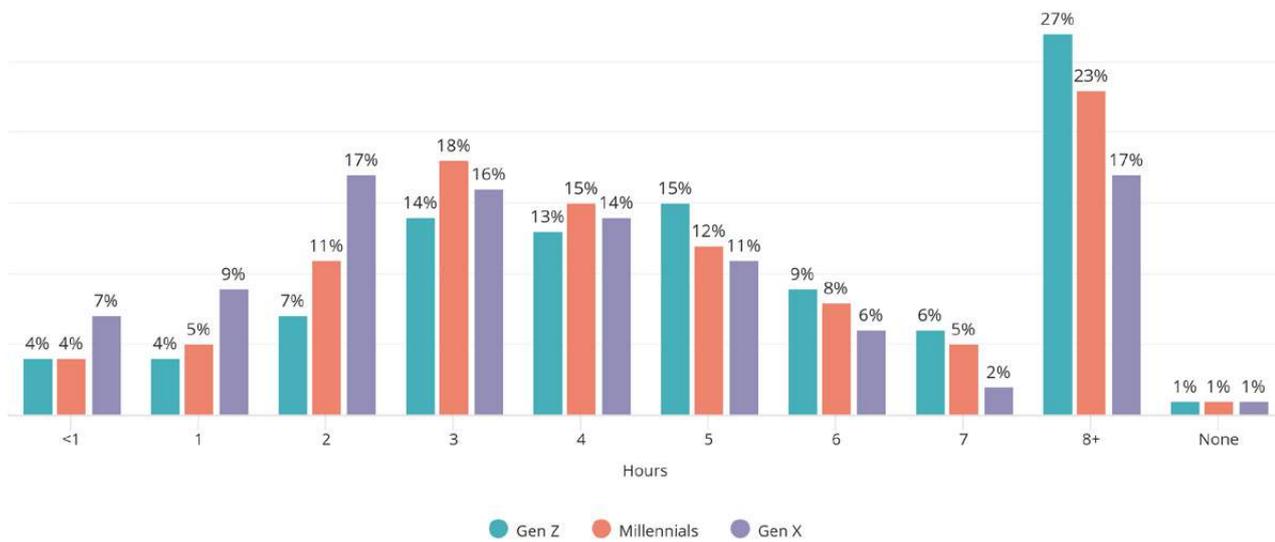
use **retail or shopping apps** when making purchases online



38%

of millennial and Gen Z consumers find that apps provide **a better experience** than mobile sites

TIME SPENT ON MOBILE PHONE PER DAY



GEN Z ARE HEAVIEST MOBILE PHONE USERS

It may come as no surprise that consumers in Asia are prolific mobile phone users, with 61% using their phones for at least four hours a day. Also noteworthy is that one in five use their mobile device for over eight hours a day. However, there are considerable variations by country, with over 40% of respondents in the Philippines and Indonesia indicating

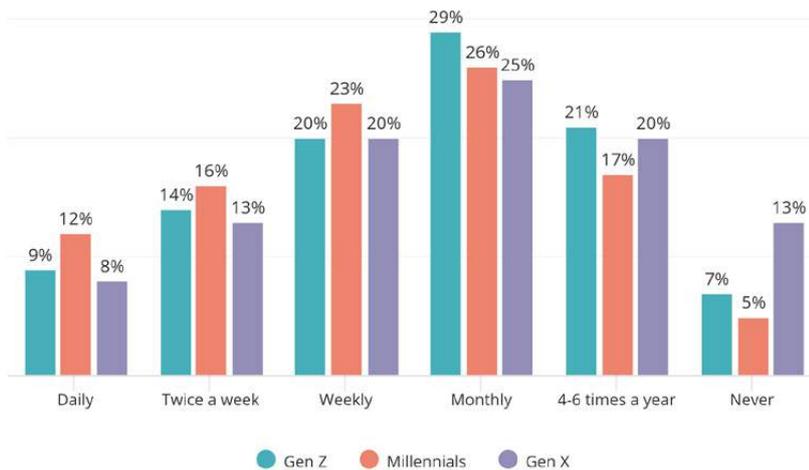
that they do so for more than eight hours. By contrast, this level of engagement is only 3% for consumers in Japan.

Looking at the data by generation, it appears that Gen Z are the heaviest mobile phone users. The average Gen X consumer generally uses their device for two to four hours per day, while millennials are slightly higher at three to five hours. Gen Z takes this to another level though, with one in four stating that they use their

phone for more than eight hours a day.

It has been said that Gen Z organise their entire daily life on their mobile phone, from social media and messaging to consuming content and videos and the response to the survey certainly backs that up. It is worth keeping in mind though, that the vast majority of Gen Z respondents have not yet started their working life and as such may have more spare time to spend.

FREQUENCY OF SHOPPING THROUGH MOBILE DEVICE



Millennials are well-versed in using apps as part of a product search and generally find them to offer a better online shopping experience

MILLENNIALS ARE MOST ACTIVE MOBILE SHOPPERS

Shopping through mobile devices – either through apps or mobile websites – is done frequently, with nearly half of all consumers in Asia engaging in this activity at least once a week.

As seen elsewhere in this report, millennials are the most frequent online shoppers among all generations, and this is also the case when it comes to mobile commerce. Frequencies for Gen Z and Gen X on the other hand are very similar, but slightly lower than that of millennials.

That said, Gen Z had the highest proportion (13%) of consumers who never make a mobile purchase. This is tied into some of the barriers that these younger shoppers face when shopping online, for instance, a lack of credit cards and perhaps having to be more selective with their purchases due to constrained budgets.

ENGAGEMENT WITH APPS BY COUNTRY

		Have retail/shopping apps installed	Would use apps as part of connected in-store experience	Have more than four retail/shopping apps installed
	China	94%	64%	32%
	Hong Kong	74%	42%	24%
	India	88%	71%	34%
	Indonesia	81%	65%	25%
	Japan	54%	17%	18%
	Malaysia	72%	58%	22%
	Philippines	85%	84%	11%
	Singapore	81%	63%	35%
	South Korea	80%	59%	35%
	Taiwan	79%	55%	28%
	Thailand	84%	82%	20%
	Vietnam	87%	83%	19%

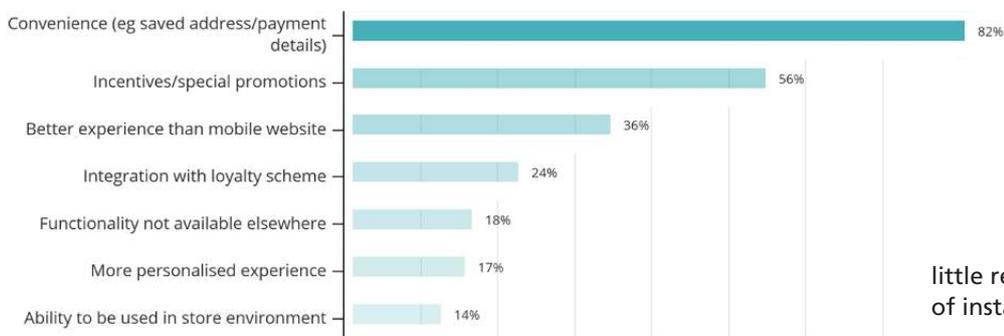
CHINA LEADS WAY WITH RETAIL APPS

Respondents to the survey were asked if they used retail or shopping apps, and if so how many they have installed on their phones. Across Asia as a whole, 80% of consumers use retail or shopping apps. Nevertheless, there are countries like China where this percentage stands at 94% although there is currently a migration from retail apps to mini programs that sit within WeChat. In Hong Kong – where ecommerce is less popular – only three-quarters use retail apps.

The lowest percentage was recorded in Japan, where only 54% of consumers said that they used commerce-enabled apps. Looking at the responses to some of the other questions, it seems that Japan is a market where apps do not resonate as much as with consumers elsewhere in Asia. A reason for this could be the high expectations that the Japanese have surrounding app functionality, content and detailed product information, with consumers perhaps choosing not to install apps that do not add value.

The willingness to use retail apps was noticeably higher for millennials than it was for the other generations. Millennials are well-versed in using apps as part of product discovery and generally find apps to offer a better online shopping experience.

WHY INSTALL RETAIL APPS



COMPETITION FOR APP SPACE IS FIERCE

Space for retail apps on shoppers' mobile devices is at a premium and the majority of consumers only have two to three apps installed on their phones. This could be explained by a number of reasons, for instance shoppers might be short on space on their mobile devices or they may be content with the experience offered by mobile websites. It may also be the case that it is generally the most loyal shoppers that will install a brand's app.

When it comes to the proportion of shoppers that have more than four retail apps installed, there are some significant differences by market. Countries like the Philippines and

Vietnam have a low incidence of such heavy app users, which is perhaps a reflection of the aforementioned space considerations. Many smart phone users may also be sensitive to the fact that a higher number of apps might impact on device performance.

CONVENIENCE IS MAIN MOTIVATION TO USE APPS

With consumers so particular about the retail apps they install, what motivates them to install them in the first place? Above all, it is the convenience that an app can offer. Saved account details, delivery preferences and payment details can be a real time saver for time-pressed consumers. If an app does not offer convenience, then it seems there is

little reason to go through the effort of installing an app.

In addition to convenience, over half of all consumers can also be swayed to install an app by incentives or special promotions. For instance, retailers such as Hi-Mart in South Korea give loyalty points when customers check in on the app, resulting in a significant increase in active daily users. According to the survey, rewards work particularly well to encourage app downloads in Thailand (71%), Malaysia (70%), Indonesia (69%) and Taiwan (66%).

The third main motivation – although only mentioned by 36% of all respondents – is that apps offer a better shopping experience than mobile websites. While mobile websites are likely to be the first port of call for a new customer, apps can be much more powerful tools when it comes to retention and offering personalisation.

UNIQLO LAUNCHES UNIQLO IQ IN JAPAN

Uniqlo is a great example of how an app can be used to increase convenience. In 2018, the fashion retailer integrated a digital concierge service into its main app for customers in Japan. This AI-driven chatbot gives personalised recommendations based on the occasion, personal preferences and even a customer's horoscope.

The app also integrates with Uniqlo's offline presence and can direct customers to the nearest store that has stock of a particular item. Further convenience is offered through voice capabilities – integration with Google Assistant allows shoppers to ask questions about products and stock availability. By offering more capabilities than a standard commerce-enabled app, Uniqlo gives customers a convincing reason to download their app.

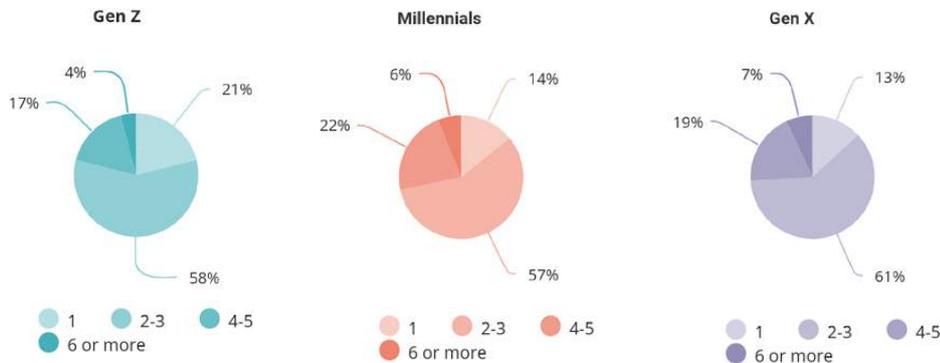


SHINSEGAE COMBINES ALL BRANDS INTO A SINGLE APP

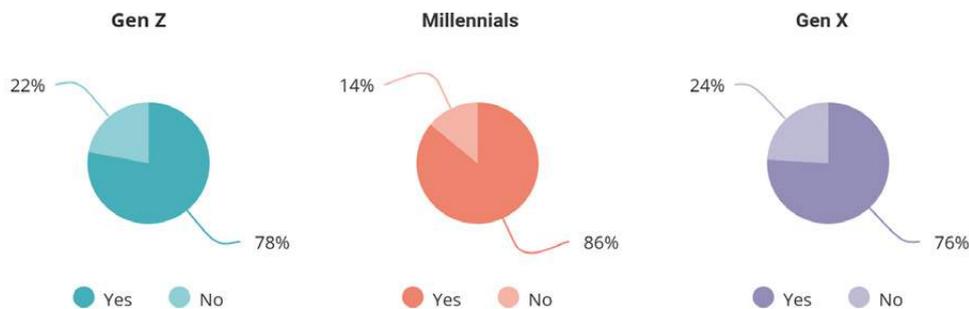
Given the reluctance of consumers to install too many retail apps, South Korean retailer Shinsegae has combined all of its brands into a single app: SSG.com. The app covers Shinsegae Mall, Shinsegae department store, Emart Mall, Emart Traders and Boons.com.

The key functionality of SSG.com is SSG Talk, which allows users to message stores directly for any questions on specific products. The app also has a personalised recommendation engine that alerts users when an item they have liked goes on sale or when their credit card has special offers. Shinsegae's seamless and personalised approach shows what apps need to do to ensure they make it onto consumers' smartphones.

NUMBER OF APPS INSTALLED



WOULD USE APPS AS PART OF A CONNECTED RETAIL EXPERIENCE



PROVIDING A CONNECTED IN-STORE EXPERIENCE

Digitally-advanced retailers are also increasingly using apps to integrate mobile technology into the store environment. An example of this would be the use of location technology such as beacons, which can help identify a customer when they enter the store. This offers retailers the opportunity to personalise the experience, for instance, by being able to access a shopper's purchase history or prepare a click-and-collect order before the customer even asks.

Zara's new concept store in Shanghai, which opened in September 2018, shows how apps can be used to improve the customer experience in stores. For this futuristic store, the fashion retailer partnered with Alibaba's Tmall platform, allowing shoppers to scan products' barcodes with the app and have store staff bring them to the dressing room. In addition, customers can pay through the app.

Across Asia, nearly two-thirds of consumers say that they would use apps as part of a connected in-store experience, but appetite varies by

country. A significant 84% of shoppers in the Philippines say they would use such apps, not far ahead of Vietnam (83%) and Thailand (82%). By contrast, this percentage stands at just 17% for consumers in Japan.

That said, it remains to be seen how the responses to these questions are impacted by consumers' unfamiliarity with certain technologies. Currently, there are not many retailers that are actively using apps to enhance the in-store experience in stores. If shoppers have not yet experienced the benefits of such an approach, perhaps they are less open to them.

SWITCHING CHANNELS



KEY FINDINGS

- Over two-thirds of consumers in Asia will research products online, but then buy in store because they want to touch and feel products
- Immediacy is also an important consideration – lack of speedy fulfilment options means shoppers will visit stores to get their hands on products quicker
- Showrooming is well-established in Asia, with the vast majority of consumers researching products in store but then purchasing online because of lower prices
- Lack of product availability is a major reason for shoppers to switch channels – retailers can minimise impact of lost sales by offering fulfilment from other stores or online

Cross-channel shopping has become the norm, but store and online channels still serve specific purposes

Shopping habits have changed over the last decade. Consumers now switch back and forth between channels and expect to receive a consistent brand experience when they do so. But what drives consumers to complete their transaction via a certain channel?

ABILITY TO TOUCH PRODUCTS

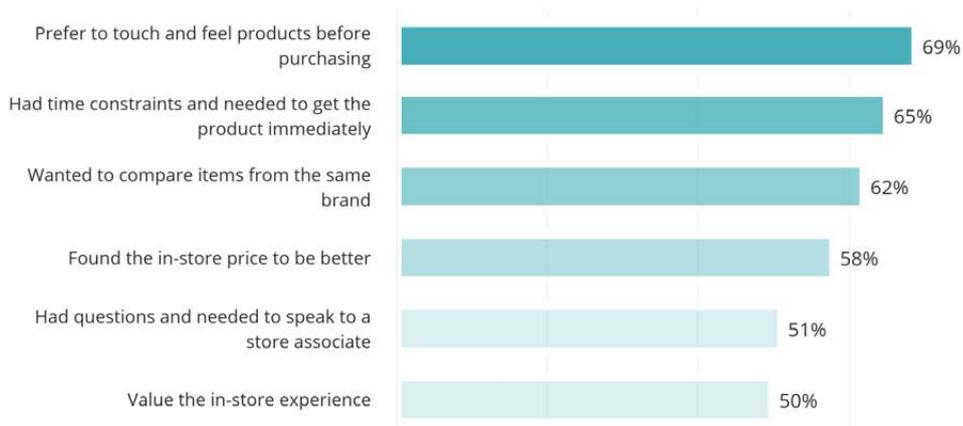
These days online is a natural point of call for shoppers to start their path to purchase, particularly as they use product reviews, social media and other content to research and influence their decisions. However, shoppers may not necessarily finalise their transaction via ecommerce.

Respondents to the survey were asked for their motivations for researching products online, but then going on to purchase in-store. Close to 70% of consumers said that the

ability to see products in real life was an important consideration – perhaps understandably so when it comes to big ticket items.

Interestingly, this factor was most important for countries with a less developed ecommerce market such as the Philippines (78%), Thailand (75%) and Vietnam (73%). This suggests that consumers in these markets have less trust in making purchases without seeing the product first.

WHY SWITCH FROM ONLINE TO STORES





STORES OFFER IMMEDIACY

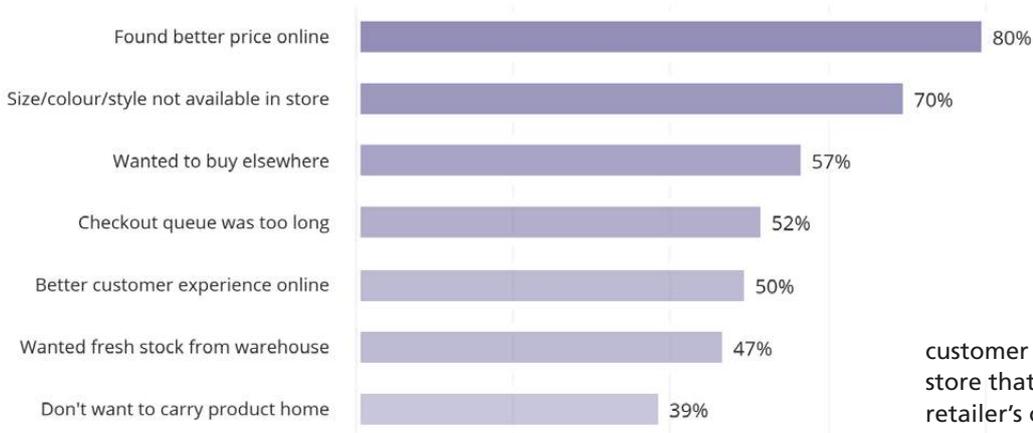
Convenience is also of importance and two-thirds of shoppers said they turned to stores because it meant that they could get their hands on a product immediately. However, this is an advantage that is likely to diminish for physical retailers as quicker fulfilment options become more widespread in Asia over the coming years.

Online might be perceived as the place to get the most competitive prices, but interestingly 58% of consumers also said that they will switch to physical retailers because of better pricing.

In fact, diving into the data at a country level reveals that this was the most important motivation to switch from online to stores for consumers in China, Japan, South Korea and Taiwan.

With many retailers looking to make their stores more experiential, it is also surprising to see that just 51% of all shoppers in Asia will switch to the store channel because they value the in-store experience. That said, things like experience-led stores are perhaps less relevant for shoppers who are already advanced in their path to purchase.

WHY SWITCH FROM STORES TO ONLINE CHANNEL



PRICE IS MAIN ATTRACTION OF ONLINE

When it comes to showrooming - shoppers browsing and researching products in stores, but then purchasing online – the main motivation to do so was price. Four out of five consumers in Asia said price was an important consideration for eventually deciding to complete their purchase online. It was also the most highly rated reason to switch channels across all 12 markets covered in this survey.

It will always be difficult for physical retailers to compete on price with online retailers as they operate with a considerably higher cost base. However, 70% of consumers also said that they turned to the online channel if the desired product was out of stock.

This is an area where physical retailers can help themselves by investing in omnichannel systems, so that a

customer is either directed to another store that does have stock, or to a retailer's own website to arrange delivery to home. Better yet would be to give customers access to real time inventory data, either through in-store screens or online through the website or app.

CHECKOUT QUEUES

It is well-known that long checkout queues can cost sales and there may also be a longer-term impact as a customer may decide not to return anymore. This is reflected in the survey, with just over half of all consumers admitting that they will abandon a transaction in a store and go online because of long waiting times.

But which markets have the most impatient shoppers? Respondents in the Philippines (65%) were most likely to switch to online because of long queues, followed by China (63%) and Vietnam (63%). This contrasts with Japan and South Korea (both at 30%) – these being very service-oriented retail markets where customers are less likely to encounter long queues when shopping, or alternatively be more accepting of longer waits when they do occur.



LOYALTY IN THE AGE OF THE EMPOWERED CONSUMER

KEY FINDINGS

- Complete loyalty to a single brand is rare – consumers can be easily swayed by alternative brands, particularly those with better prices and quality
- Increasing loyalty comes at a cost: consumers in Asia say they will become more loyal through incentives such as promotions and free shipping
- It is rare to get a second chance: nearly two-thirds of shoppers will no longer shop with a retailer after just one negative customer experience
- Consumers are more trusting of their own friends than Key Opinion Leaders (KOLs) when it comes to their purchasing decisions

Shoppers can be persuaded to become more loyal, but just one negative experience can unravel all of the hard work

In economics, the Pareto Principle is used to show that 80% of the effects come from just 20% of the causes. Putting this into a retail context, it has been suggested that 80% of a retailer's revenues come from just 20% of their customer base. While these numbers will differ depending on the business, it does show the potential value of loyalty and retention.



63%

of all Asian consumers will no longer shop with a retailer after just one **negative customer experience**



3 in 5

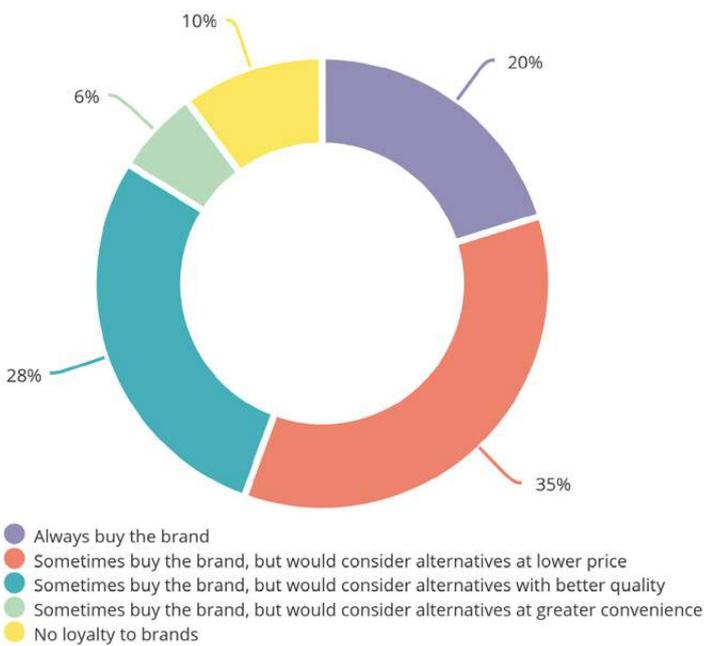
shoppers say that they would become more loyal if a retailer offered free shipping



Half

have made purchases based on **content shared by KOLs**

WHAT DOES LOYALTY MEAN TO YOU?



LOYALTY COMES AT A PRICE

Respondents were asked what 'loyalty' meant to them when thinking about their favourite brand. The survey shows that one in five Asian consumers admit to being fully loyal towards their favourite brand, meaning they will always buy it regardless of the alternatives. In terms of the most loyal country, a

third of consumers in India stated that they would stick with a brand regardless of what the alternatives could offer.

Despite this, the vast majority of Asian consumers are easily swayed to switch brands. Number one on the list of reasons to do so – mentioned by 35% of all respondents – is if an alternative brand offers a lower price. Second to this (28%) is if

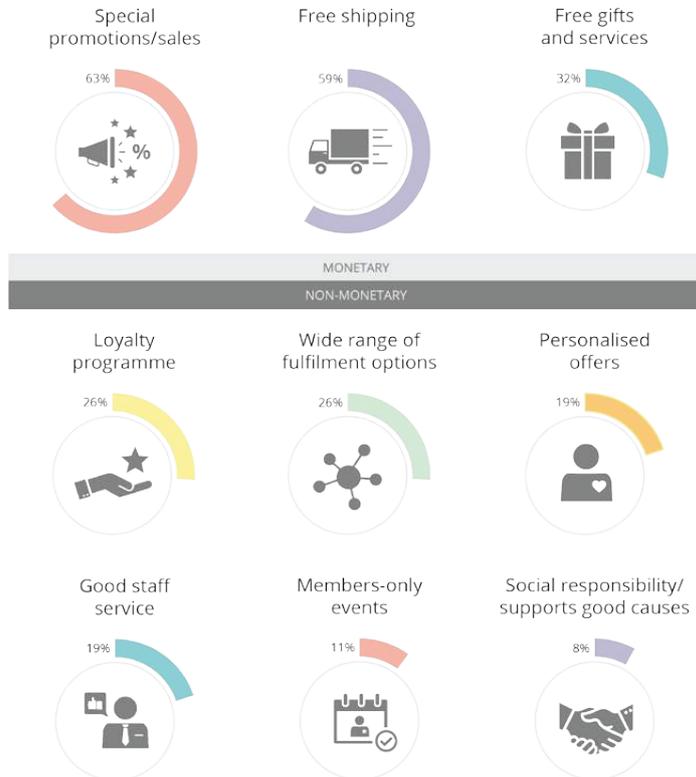
another product offers a better quality. Brand promise and convenience were regarded as much less relevant reasons to abandon a brand.

Shoppers in Hong Kong, Japan, South Korea and Singapore were seen to be more open to switching brands because of lower prices offered by competing brands. Such penny pinching is somewhat ironic given that income levels in these markets are amongst the highest in Asia.

Looking at the data by generation, it was found that nearly 50% of Gen Z consumers in South Korea, Singapore and Malaysia could be easily swayed by lower prices. This was in contrast to countries such as Indonesia and Thailand where Gen Z and millennials had a lower concern for pricing matters.

In recent years, there has been much discussion about how younger consumers are less loyal to brands than their predecessors. However, despite some minor differences this research did not find any major evidence of differing attitudes to loyalty among the three generations under review.

WHAT WOULD MAKE YOU MORE LOYAL



PROMOTIONAL ACTIVITY CAN BOOST LOYALTY

Can Asian consumers be convinced to become more loyal? Nearly two-thirds of all respondents said that the number one reason to make them more loyal was special promotions and sales. This is not surprising as monetary reasons are generally an important driver of consumers' purchasing decisions.

There were some differences seen between countries though. For instance, 80% of shoppers in Thailand were attracted by this component, closely followed by Indonesia (79%). Meanwhile, millennials and Gen Z consumers in countries such as Malaysia, Singapore, Taiwan and Vietnam also admitted that their loyalty could be increased through promotional activity.

On the lower end of the scale was Japan, where promotions only resonated with 37% of shoppers. In 2017, the Japanese government and businesses introduced the concept of 'Premium Friday', allowing workers to take off early on Friday during payday to encourage retail spending. This plan was less successful though due to low interest from Japan's work-conscious population,

underlining that promotional activity needs to be carefully considered in this market.

FREE SHIPPING

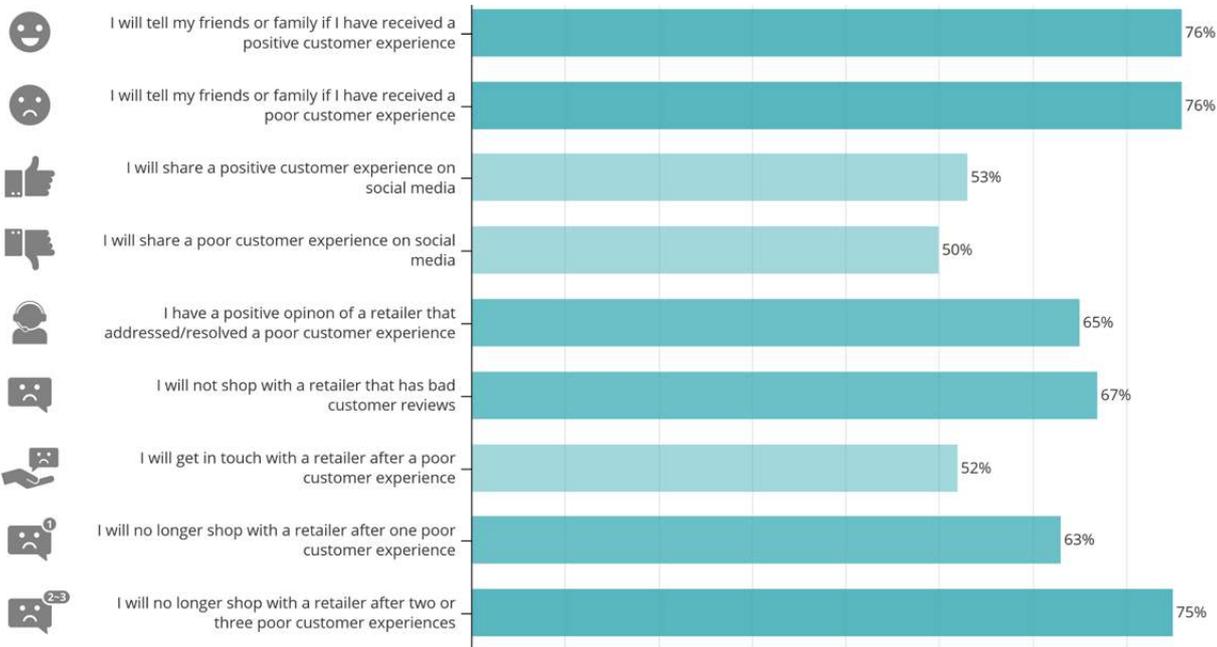
The second-most important factor to enhance loyalty is to offer free shipping to shoppers. Over half of the Asian respondents considered this to be essential, which perhaps comes as no surprise as elsewhere in this report, high shipping costs were one of the biggest frustrations when shopping online.

Some countries were more attracted by free shipping than others. A sizeable 71% of Gen Z consumers in Indonesia, Thailand and Japan highly valued free shipping by retailers. By

contrast, in China only 42% of shoppers perceived free shipping to be a priority. This may be because of the common practice of online sellers, such as on Taobao, to include a free gift to help mitigate any delivery costs.

The least popular way to foster loyalty between a customer and a brand were initiatives related to social responsibility and good causes. This is perhaps disappointing as there has been a plethora of recent research pointing to the fact that shoppers prefer brands associated with good causes. In-store events, another area that retailers have been encouraged to look into in order to make their stores more experiential, were also not that highly rated.

IMPACT OF POSITIVE/NEGATIVE CUSTOMER EXPERIENCES



LAZADA 'LIVEUP' LOYALTY PROGRAMME

Alibaba-owned Lazada has mirrored the Amazon Prime membership with its own 'LiveUp' loyalty programme, which it has launched in Singapore. In addition to offering Lazada rebates and free deliveries, the marketplace has partnered with Netflix, Taobao, Uber and UberEATS to bring together other lifestyle services into the programme.

LiveUp is a showcase of a loyalty programme that exceeds just monetary benefits, by creating enticing lifestyle offerings for digital natives. This especially resonates with Gen Z and millennial consumers due to the rise of the sharing economy, with these consumers generally wanting to have access to products and services, rather than outright owning them.

YOU ONLY HAVE ONE SHOT

It is no secret that consumers have become more empowered over the last decade and this has been highlighted by the survey. Retailers cannot afford to get the customer experience wrong as nearly two in three shoppers will no longer shop with a retailer after only one poor customer experience. This percentage rises to 75% after two to three negative experiences.

So which country in Asia has the lowest tolerance for poor customer experiences? It was in fact China, where 75% of shoppers abandon their relationship with a brand after just one negative experience. The most forgiving market by far was Japan at 13%, followed by Hong Kong (40%) and South Korea (47%).

INFLUENCES ON PURCHASING DECISIONS

Consumers were asked to rate the biggest influences on their purchasing decision, be that personally through friends or for instance social media content and online reviews.

1. In peers we trust

Across all markets, recommendations by friends proved to be the most influential source, with 72% of all consumers in Asia admitting to having made a purchase based upon peer recommendations. This is to be expected as three in four Asian shoppers will also share their shopping experience with family and friends – either positive or negative.

2. Advertising and brand content on social media

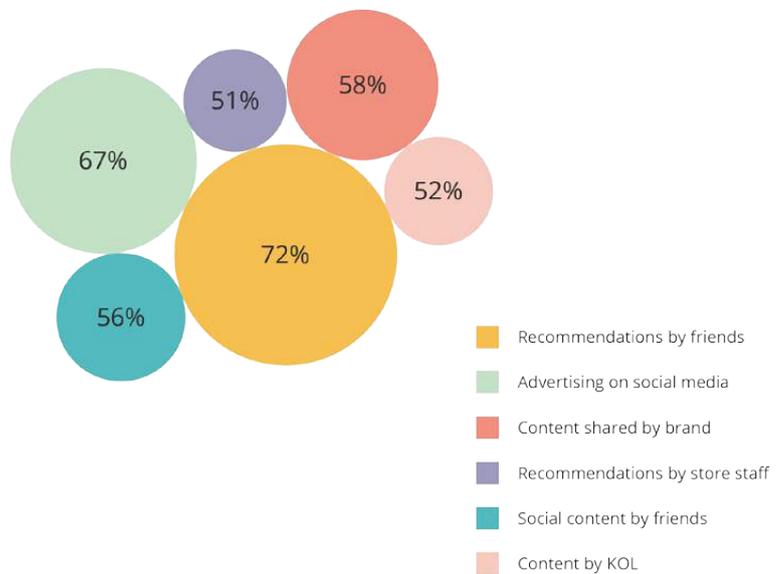
Retailers' brand content (58%) and advertising (67%) published on social media were also seen to be key factors in influencing the discovery process during a customer's shopping journey. For that reason, many brands are opting for a more 'personable' approach on social media, to appear more like consumers' peers.

3. KOLs and store staff

Given the hype surrounding Key Opinion Leaders (KOLs) and bloggers, it is somewhat surprising that they are one of the least important influencing factors (52%), along with recommendations made by store sales staff (51%).

The effectiveness of using social media KOLs to push through products and services appears to have hit a slight decline with consumers. The trend has taken off to the point of 'KOL overload' on social media newsfeeds. It could be argued that this has desensitised consumers – especially among Gen Z and millennials, who can instinctively validate the authenticity of paid posts.

WHO INFLUENCES PURCHASING DECISIONS



MOST USED SOCIAL MEDIA PLATFORMS



Twitter
Social Networking
Origin: USA

- HONG KONG
- CHINA
- INDIA
- INDONESIA
- JAPAN
- KOREA
- MALAYSIA
- PHILIPPINES
- SINGAPORE
- THAILAND
- VIETNAM



Instagram
Social Networking
Origin: USA

- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- KOREA
- MALAYSIA
- PHILIPPINES
- SINGAPORE
- TAIWAN
- THAILAND
- VIETNAM



Facebook
Social Networking
Origin: USA

- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- KOREA
- MALAYSIA
- PHILIPPINES
- SINGAPORE
- TAIWAN
- THAILAND
- VIETNAM



YouTube
Video Sharing
Origin: USA

- HONG KONG
- INDIA
- INDONESIA
- KOREA
- MALAYSIA
- PHILIPPINES
- SINGAPORE
- TAIWAN
- THAILAND
- VIETNAM



Line
Instant Messaging
Origin: Japan

- HONG KONG
- INDONESIA
- JAPAN
- MALAYSIA
- TAIWAN
- THAILAND



WhatsApp
Instant Messaging
Origin: USA

- HONG KONG
- INDIA
- INDONESIA
- MALAYSIA
- SINGAPORE



Snapchat
Instant Messaging
Origin: USA

- HONG KONG
- INDIA
- MALAYSIA
- TAIWAN



WeChat
Instant Messaging
Origin: China

- HONG KONG
- CHINA
- MALAYSIA



Kakao Talk
Instant Messaging
Origin: Korea

- KOREA



Momo
Social & Entertainment
Origin: China

- CHINA



Naver
Online Platform
Origin: Korea

- KOREA



QQ
Instant Messaging
Origin: China

- CHINA



Weibo
Microblogging
Origin: China

- CHINA



Viber
Instant Messaging
Origin: Japan

- PHILIPPINES



Zalo
Instant Messaging
Origin: Vietnam

- VIETNAM

MOST POPULAR SOCIAL MEDIA PLATFORMS

Consumers in each of the 12 countries surveyed for this report were asked to list their three most used social media platforms. Across the board, the large US social media platforms – Facebook, Instagram, Twitter, WhatsApp, YouTube – were mentioned most

frequently, however local platforms also proved popular in some countries. For instance, WeChat and QQ in China, KakaoTalk in South Korea and Viber in the Philippines.

Social media has also become a retail channel or marketplace in its own right, not just for large retailers but also increasingly for personal sellers.

The research shows that a quarter of Asian consumers frequently shop through personal sellers on social media or messaging networks, while 54% claim to have made a purchase through this channel before.

Consumers from China, Indonesia, Thailand, the Philippines and Vietnam are the most avid shoppers through personal sellers on social media. Although online marketplaces are available in these countries, dealing through social media can sometimes be more cost-efficient and convenient, being able to message sellers directly and pay with desired method easily – usually this being cash on delivery.



ABOUT TOFUGEAR

Tofugear believes in making complex commercial experiences simple with technology. Our vision is to be a partner with retailers to deliver technology solutions that are fit-for-purpose and achieve responsible innovation.

Tofugear's Omnitech Unified Commerce Platform includes a full suite of commerce channel capabilities, clienteling tools, IoT solutions, retail operating systems and more. Our platform offers retailers new and exciting opportunities such as capturing increased sales across channels, enhanced brand awareness and loyalty, as well as gaining insight into customer 'trying and buying' behaviour.

Retailers and mall operators choose Tofugear to provide the tools and expertise to construct ecosystems that are hyper-personalised for their customers, maximise the value of existing investments and unlock new streams of value from the demand-driven economy.

WANT TO KNOW MORE?

For more insight on the findings of the report or more detail on individual markets that you operate in, Tofugear's research team provide advisory services and workshops on a wide range of consumer insight projects.

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