S_HIFT_TO_FUTURE OF RETAIL

ARE YOU READY FOR THE AGE OF **THE HYPER CONNECTED SHOPPER?**

THE DIGITAL TRANSFORMATION RACE TO BE FUTURE READY

DEFINING THE FUTURE READY ORGANISATION

Shopping is potentially the area of human behaviour that has been most widely changed by digital technology. **Today's shopper expects their experience to be invisibly shaped around them, at any time, at their fingertips.**

This is having a huge impact on the fortunes of **Retail and Consumer Packaged Goods (CPG) Companies.** Headlines are screaming that we are in the middle of a retail apocalypse with shoppers abandoning malls.

Every week seems to bring a new disruptive model that challenges established consumer brands by delivering faster, better, and highly connected experiences.

Retail and CPG brands are at the sharp end of digital transformation as they deal with the **'hyper connected shopper'**. **New e-commerce led shopping platforms have emerged;** the Baidu, Alibaba, Tencent platforms in China, Lazada in South East Asia, FlipKart in India, Amazon in Australia, India and Singapore.

BARGAIN HUNTER

FASHION

Niche platforms with focused **value propositions around needs** (for example Wish, catering to the bargain hunter) or categories (for example Love, Bonito in fashion) have also become strong players in the last few years. These platforms are digitally native and have understood from the outset the value of deeply mining data to understand and connect with the digital shopper.

These platforms have seriously challenged traditional retailers in the battle for shopper attention and share of wallet, as they face the challenge of **moving from single to omni-channel experiences and unlocking new ways to understand their customer**.

For brands, these platforms represent new challenges but also opportunities to create and enhance consumer experiences. Furthermore, brands from the CPG world are experimenting with models that bring them into a direct relationship with the customer, taking advantage of the opportunities to create new digital platforms either owned or in-partnership.

START

DIGITAL TRANSFORMATION

is therefore at the forefront of the C-Suite agenda for retailers and brands as they attempt to win market share in the face of rapidly changing consumer behaviour.

Therefore the key question is:
which is the best pathway to transformation?

According to research on successful pathways toward **digital transformation** from the MIT Centre of Information Systems Research (hereafter MIT CISR), to become **'Future Ready'**, **a company must transform on two dimensions:**

01   CUSTOMER EXPERIENCE

02   OPERATIONAL EFFICIENCY   (see figure 1)

The end goal is a Future Ready organisation, which on average delivers at 16% points of margin higher than other brands in the same industry.

Only **23%** of companies surveyed globally have reached this stage.

A Future Ready organisation manages to both innovate to delight customers whilst at the same time utilising readily available technologies to reduce costs. From an operational perspective, Future Ready organisations behave in an agile manner, work with partners offering diverse digital services and APIs, and own data as a strategic corporate asset.

Ultimately, such companies are self-enabled to deliver a differentiated, cross-channel experience that meets needs and resolves tensions instead of actively pushing products to consumers.

S_HIFT

ORGANISATIONAL TRAITS LEADING TO DIGITAL BUSINESS TRANSFORMATION

Figure 1: **A Roadmap to Digital Business Transformation**

CUSTOMER EXPERIENCE
Increasing NPS

Transformed

Integrated Experience

- An integrated (often simulated) customer experience despite complex operations
- Strong design and UX
- Rich mobile experience including the purchase process

15% | -3.6

Future Ready

- Innovative
- Lower cost
- Great customer experience
- Modular and agile
- Data as a strategic asset
- Ecosystems ready

23% | +16

Traditional

Silos and Spaghetti

- Product driven
- A complex landscape of processes, systems and data
- Performance reliant on heroics

51% | -5.0

Industrialized

- Plug and play products/services
- Service- enabled "crown jewels"
- Standardized processes

11% | +4.6

Traditional | Transformed

OPERATIONAL EFFICIENCY
Improving cost-to-income ratio

KEY

% of firms in this quadrant	Percentage points of margin above or below the industry average

Sources : MIT Center for Information Systems Research (2017), Future Ready? Pick Your Pathway for Digital Business Transformation .MIT CISR 2015 CIO Digital Disruption Survey (N=413) and over fifty conversations with executives in 2016 about their goals for digital business transformation. Quadrants are derived from this data and are splits at 2/3 along each axis. Customer Experience = combined effectiveness on customer knowledge, omnichannel capability, customer experience projects, and customer experience performance. Operational Efficiency = combined effectiveness on automation and employee productivity projects, % of core capabilities with APIs, and cost of operations performance. Profitability (net margin) is adjusted for industry.

PATHWAYS TO BEING FUTURE READY

According to MIT CISR, depending on the current state of the organisation, there are
four different pathways organisations can consider to reach the Future Ready state (see figure 2).

PATHWAY 1:

For traditional organisations with an average industry experience, this pathway involves **building API-enabled business services** to enhance internal and external deliveries. The end-result moves such companies from Silos and Spaghetti to Industrialised and finally Future Ready. Retail and CPG companies wishing to take this route should be aware of the potential challenges that could arise from moving towards an Industralised stage before investing in customer experience. For Retail companies, this can include the challenges of discarding legacy processes and systems before embarking on customer centricity. For CPG companies with disintermediated relationships with consumers via retailers, they will face the challenge of implementing systems that deal with new, direct consumer interactions.

PATHWAY 2:

This moves companies vertically from Silos and Spaghetti to **Integrated Experience** and finally Future Ready. This pathway can create rapid impact on customer experience and can grow the customer base rapidly by adding new experiences. However, ensuring that experiences connect across the omni-channel environment for Retail companies and working out how to integrate the new experiences with existing retailer ecosystems for CPG companies will be the key challenges of this pathway. Whether existing internal processes, systems and data can support the rapid experience innovation and creation are also potential issues.

PATHWAY 3:

This creates a step-by-step pathway to **digital transformation**. This is the most popular approach. It creates a roadmap with small changes in both directions, providing improvements in customer experience whilst driving efficiencies. Successful companies that pursue this path are those that have a holistic operational roadmap informing each step and their impact across the overall organisation. For Retail and CPG companies that are traditionally heavily siloed, developing this roadmap to attain a unified and aligned goal (whilst taking into consideration each team's strengths and concerns) is possibly the biggest challenge.
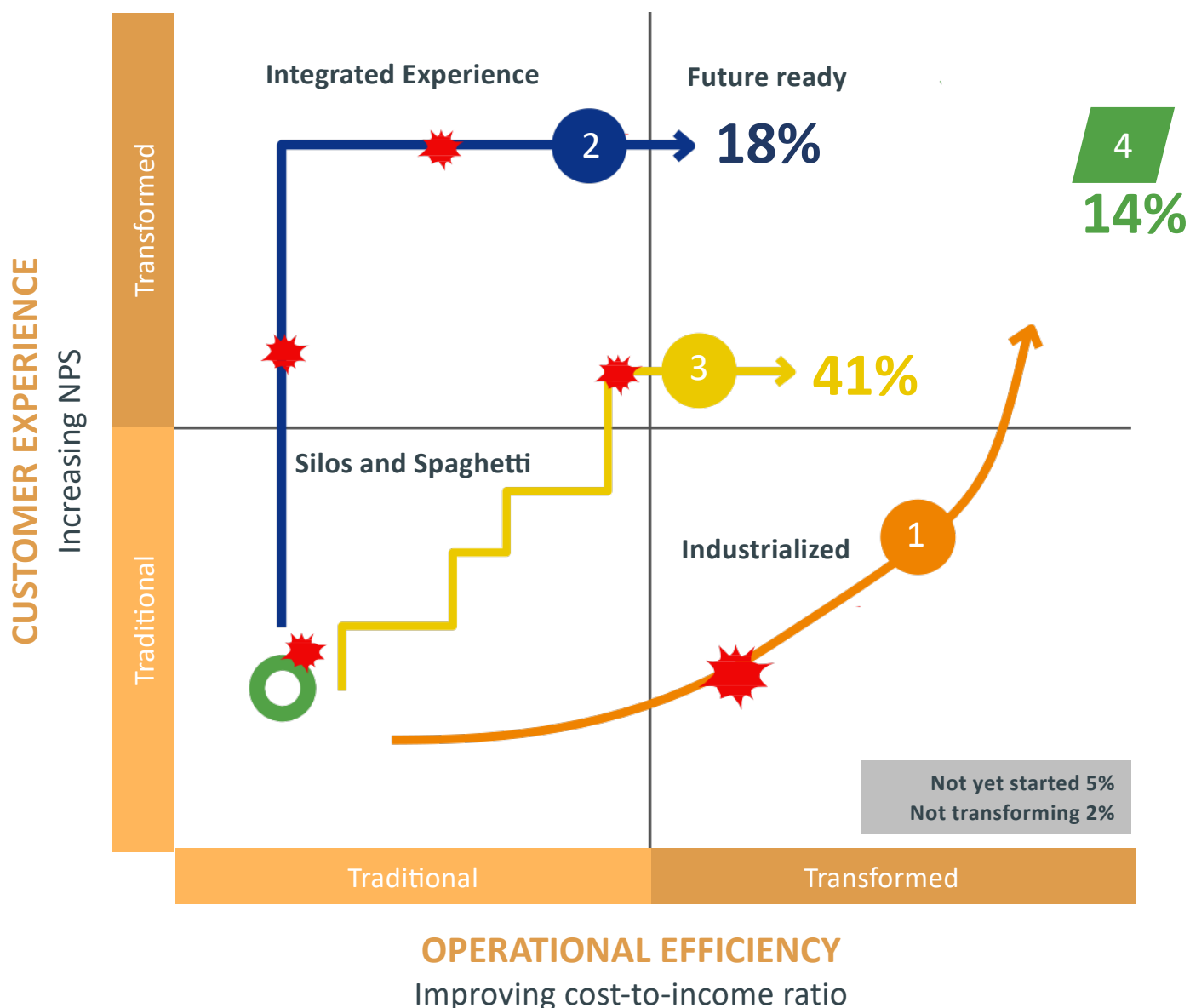
PATHWAY 4:

The most ambitious move of all involves the **creation of a new company** completely. As this company is designed to be Future Ready from the start, all the advantages of this state are already built in. The challenge of this is therefore finding a way to complement this new organisation with the parent organisation, such that the latter can still benefit from it, which can be challenging when the internal working cultures may be dramatically antithetical.

Ultimately, being cognisant of both the pros and cons of each pathway is advantageous for any Retail and CPG company. As the pressure to digitally transform grows in conjunction with the advancement of technology, businesses need to adopt a **more holistic, customer-centric mindset** to determine their growth strategy instead of going with the flow. In particular, understanding what the Hyper Connected Shoppers of today think, feel, and do will ensure that Retail and CPG companies create new meaningful value and experiences that truly make their brands matter to consumers.

**Figure 2:** **Pathways Towards Being Future Ready**

Ogilvy Consulting has used the **MIT CIST Digital Pathway research** and **interviews with leaders in the Retail and Brand Manufacturing sectors** to understand the challenges Retailers and Consumer Brands are facing as they transform their businesses.

HOW EFFECTIVE ARE THE FOLLOWING OPERATIONAL CAPABILITIES?

RETAIL   MANU.   TOTAL
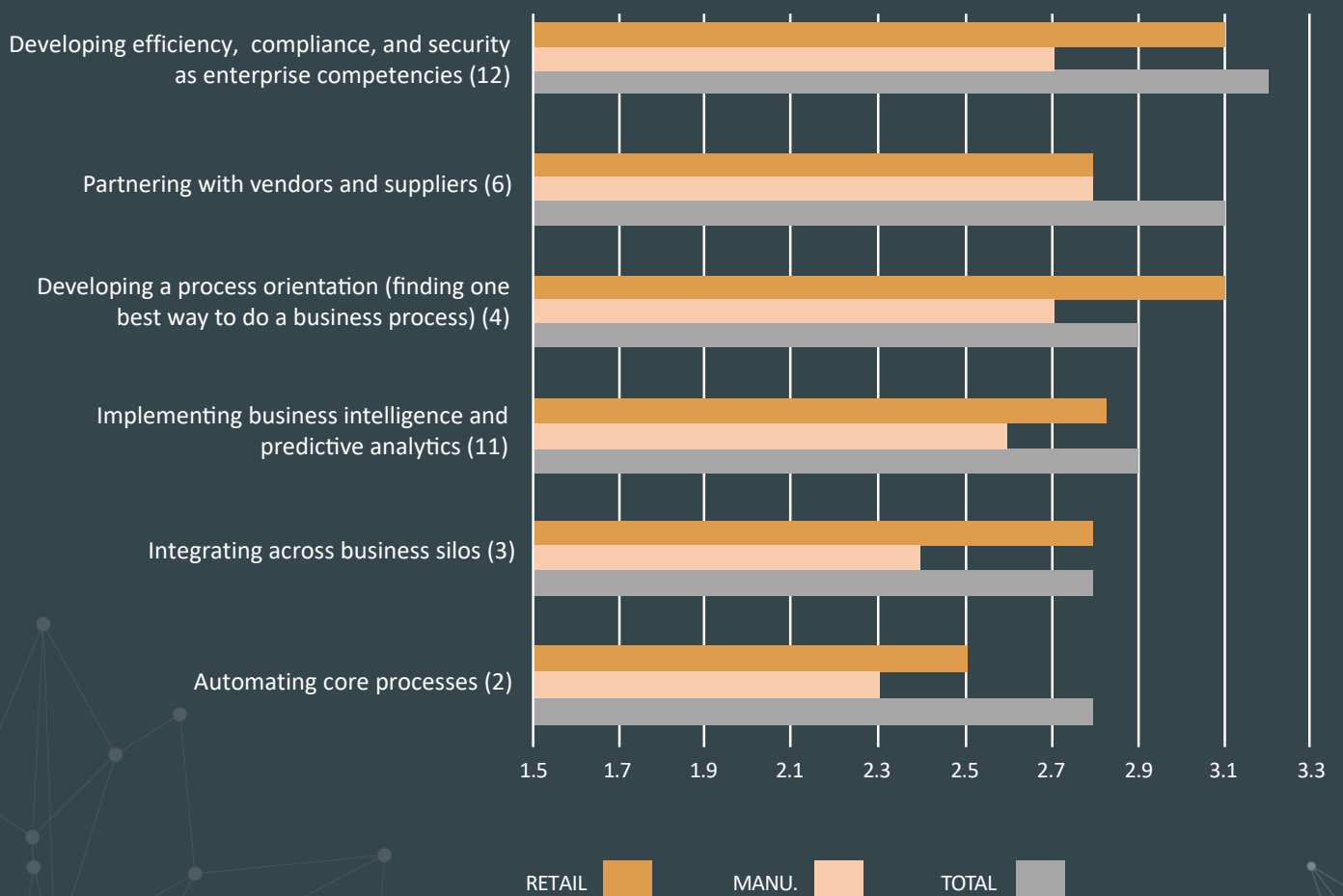
HOW EFFECTIVE ARE THE FOLLOWING CUSTOMER EXPERIENCE CAPABILITIES?

RETAIL | **MANU.** | **TOTAL**
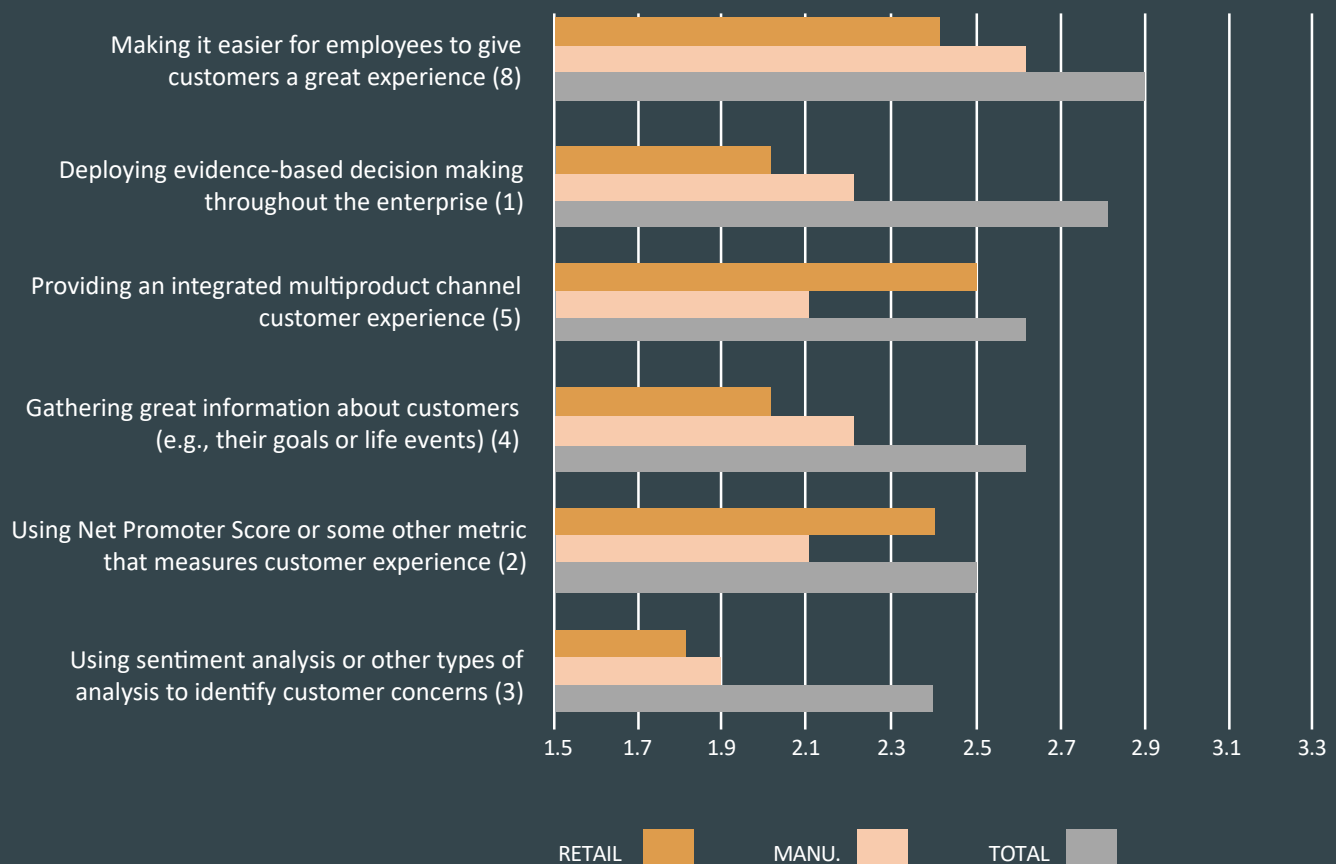
As retailers have faced up to the challenges of new mega commerce online platforms they have focused heavily on **operational capabilities, automating developing a process orientation driving efficiencies and automating core processes.** There has also been a clear focus on implementing business intelligence and predictive analytics.

Brand Manufacturers have lagged behind in operational capabilities but have accelerated in customer experience capabilities when compared to retailers. They are moving ahead in making it easier for employees to give customers great experience and gathering great information about their customers, such as their goals or life events.

Overall however, when compared to all companies studied by MIT CISR, both the retail sector and the brand manufacturing sector are largely lagging behind in transforming both their operational capabilities and their customer experience capabilities.

This report looks at successful strategies in Asia Pacific to accelerate digital transformation in retail and CPG.

KNOWING AND RESPONDING TO HYPER CONNECTED SHOPPERS

The term 'hyper connected shopper' typically evokes an image of a young digital native, who actively uses the online world to influence their life.

On a deeper level, however, the hyper connected shopper's online browsing and shopping engagement varies depending on the context and country they relate to. Particularly within Asia, where the market dynamics are culturally and technologically diverse, any Company that assumes homogeneity across markets would struggle to succeed.

On average **57.2%** of adults in Asia use their mobile device to buy online, and online sales are expected to continue growing year-on-year across all major markets

(see figure 3)

This is predicted to soar in the coming years, underpinning the importance for CPG and retail companies to develop the ability to create meaningful locally relevant online retail experiences for consumers.

Retail Mcommerce Sales in Asia-Pacific, by Country, 2017-2021

	2017	2018	2019	2020	2021
Total retail mcommerce sales (billions)					
China*	$909.93	$1,245.75	$1,639.01	$2,094.53	$2,595.43
Japan	$38.15	$42.03	$45.08	$48.12	$50.59
South Korea	$35.58	$43.25	$50.11	$56.08	$62.07
India	$14.97	$20.57	$26.48	$33.28	$40.54
Australia	$7.56	$8.82	$10.22	$11.74	$12.92
Indonesisa	$4.71	$6.57	$8.17	$9.98	$11.75
New Zealand	$4.35	$5.00	$5.66	$6.36	$7.03
Taiwan	$2.91	$3.19	$3.43	$3.67	$3.88
Thailand	$2.41	$3.00	$3.65	$4.43	$5.27
Singapore	$1.34	$1.57	$1.80	$2.03	$2.27
Malaysia	$1.28	$1.60	$1.95	$2.33	$2.73
Vietnam	$0.91	$1.14	$1.37	$1.60	$1.82
Hong Kong	$0.80	$0.91	$1.02	$1.11	$1.18
Philippines	$0.21	$0.27	$0.33	$0.39	$0.46
Other	$2.16	$2.91	$3.78	$4.79	$5.89
Asia Pacific	**$1,027.25**	**$1,386.59**	**$1,802.06**	**$2,280.43**	**$2,803.82**

Source: eMarketer (2018), Asia Pacific Retail and Ecommerce Sales: eMarketer's Updated Estimates for 2017-2021

With diversely different needs and tensions to how previous generations shopped, new strategies are needed to delight the shopper and win market share.

We therefore outline **six winning strategies** for Retail and CPG companies that create customer-centric outcomes and gradually advance companies towards the Future Ready state.

A deeper dive into the behaviours of the Hyper Connected shopper for key markets is found in section 3 of this report.

EXPERT OPINIONS

01 "The key challenge is understanding the customer need and complementing that through technology. Technology should be used to support your objectives and to add value to ensure a better experience. Don't just use technology because everyone else is doing so."

Dione Song, Chief Commercial Officer of Love, Bonito Singapore

02 "If digital is used as a reach medium and a creation medium using data insights to create relevant messages at relevant points of time and better targeted to the relevant consumer in the day-to-day life of Hyperconnected Shoppers, that's when it becomes a real game changer."

Rohit Bhasin, Global Vice Present of Pond's, Unilever

03 "We believe success starts from good strategy. Digital should not only be seen as technology, or a communication tool or a discreet channel of sale – but it should be seen as a fundamentally new way of doing things. As such, we aim to incorporate and upskill knowledge of digital throughout all disciplines, but without making it discreet, rather making it native in our business"

Executive, Global Lifestyle Retail Brand

04 "As the pace of change is so fast today, being fully in-line with the change(s) is challenging. The true understanding on the current state of consumer around digital transformation and the overall capability to address those trends are still mismatched."

Chaiyong Sakulborrirug, Business Director Dairy of Nestlé Thailand

05 "The ability to meet expectations around value added or premium offerings, while maintaining price neutrality, will have the biggest impact as the industry struggles to keep pace and reinvent itself from "one size fits all" to the need for many smaller, more unique offerings."

David Kinder, Innovation Manager of Nestlé Australia - Confectionery

IN THE AGE OF THE HYPER CONNECTED SHOPPER,

HOW ARE RETAIL AND CPG LEADERS *ACTUALLY* WINNING?

WINNING STRATEGY 1

RE-IMAGINED SELLING MODELS AT THE FOREFRONT

Retailers and brands that are creating new models of selling put **Customer Experience** at the front and center of their digital transformation. They focus on identifying the customer needs and delivering to those.

Those that are winning with the hyper connected shopper have taken imaginative leaps to creatively connect with unmet needs and emerging consumer behaviours.

For retailers, this starts with **redefining the meaning of key needs and pain points** of the customer experience when making buying decisions. Those that are winning build a deep understanding not just of the current purchase journey, but reimagine the researching and shopping experience. These reinvented experiences are informed by data and hyper connected into the shopper's social world. New digital entrants are embracing this mindset and posing a threat to legacy retailers.

CPG companies have been threatened by new digital first companies selling product directly to consumers, often creating more convenient pathways to purchase. Innovation in this space does not just exist in the realms of digitally native startups. CPG companies have been investing heavily in customer experiences **that create a direct and often personalised relationship with the shopper**.

As ecommerce continues to grow across Asia, CPG companies can no longer afford to take a passive approach to selling — especially through traditional outlets. They need to uncover new points of sale across the customer's daily life, both online and offline, and deliver experiences that connect the customer with brands (and subsequent purchases).

# INSPIRATIONAL EXAMPLES OF WINNING RE-IMAGINED MODELS OF SELLING

RETAIL

Alibaba's Fashion AI concept store in China. This store is famed for providing AI-powered smart mirrors. The mirrors not only display product information but can also up-sell apparel and cross-sell cosmetics relevant to customer choices. This new way of suggestive selling is effective for both the retailer and customer.

Shopious in Indonesia. A C2C marketplace that integrates Instagram capabilities into the online selling process and shopping experience. Sellers must own an Instagram account to register with Shopious. They can then post images of apparel and accessories they wish to sell on Shopious, and use the platform to directly contact interested buyers.
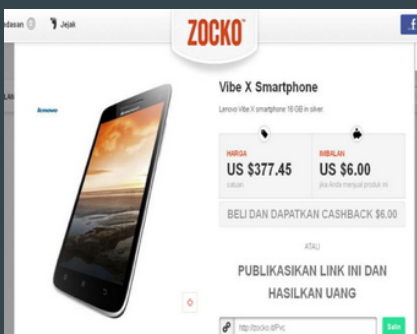
Zocko in Indonesia. Another C2C marketplace, Zocko enables customers to promote a product using a link across social media networks instead of directly buying it. Promoters are rewarded with actual commission once the product is sold. It creates a more authentic way of selling as customers are helping to drive sales among likeminded buyers instead of via Zocko directly.

CPG

Greenberry in Hong Kong. The leading healthy snack box monthly subscription service. This way of selling cleverly drives bulk purchases whilst creating new niche brand loyalty by delighting customers with new snack products chosen to suit their dietary habits.

KIT KAT Chocolatory in Australia and SEA which completely re-imagined the experience of buying a chocolate bar, creating a physical retail experience in Melbourne where customers could create personalised artisanal Kit Kats. The brand has delivered this experience online with delivery direct to customers. In Singapore and Malaysia, the customised shopping experience is available via Facebook Messenger.

Singha Drinking Water in Thailand partnering with LINE Messenger to create Singha Rewards, the first loyalty scheme for water. It encourages young Generation ME consumers to drink more and rewards them with lifestyle and entertainment benefits. This creates a more engaging way of selling, that also uses fun to improve the retention rate of hyper-connected young shoppers in Thailand.

Oral-B in China whose notable WeChat strategy offered sophisticated retail features such as live chat with dentists, sampling, and ecommerce on top of an outstanding TMall store. Embracing the full buyer journey to reinvent the way the brand sells has enabled Oral-B to claim 7th place among the top 10 CPG brands in China.
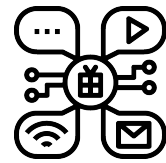
KEY TAKEAWAYS

Take imaginative leaps to re-imagine your selling model

Put customer needs at the centre, understand not how they shop now but how they desire to shop in their connected world.

Re-imagine your sales channels around customer touchpoints, experiment with new sales channels.

EXPERT OPINION: WINNING STRATEGY 1

"

For the retail apparel industry, there two key challenges today.

Challenge 1:

Competition is blurring the lines between function and fashion, across fast fashion and luxury and more. This pushes brands to encroach in multiple customer segments to capture and steal market share. This causes mixed messages in marketing, from brand to digital engagement.

Challenge 2:

This is fundamentally being driven by increasingly knowledgeable and sophisticated (yet often fickle) consumers - particularly with the new generation millennial and GenZ consumer whom have high expectations on full personalisation and high relevancy.

"

Executive, Global Lifestyle Retail Brand

WINNING STRATEGY 2

LEVERAGING PLATFORMS AND ECOSYSTEMS OF PARTNERS

Leaders in digital transformation look to create new value for customers through new partnership ecosystems. This goes beyond traditional two-way partnerships. Future ready companies look to create platforms which **create value for multiple partners whilst creating enriched experience** for customers. Such platforms provide new opportunities to differentiate products and services, as well as keeping customers within the overall platform ecosystem to drive continuous engagement and sales.

E-retailers in China have led the way in creating platforms which capture both the time and attention of the connected shopper, and the major CPG companies have been quick to leverage these platforms to connect in new ways with their customers. The e-commerce platform giants of the BAT companies dominate customer interaction. Leveraging these platforms has quickly evolved for CPG brands, from running brand shops to using the ecosystem to run complex and highly targeted customer connection campaigns and programmes.

In South East Asia, new platform players are emerging outside of media and e-commerce platforms. Both **Grab and Go-Jek** started their plays on the ride hailing platform, but are rapidly expanding into payment platforms, opening new opportunities for retail partnerships. LINE in Thailand has moved into the online grocery market.

Partner ecosystem models are also evolving. They are operated on massive volumes of customer interaction data, which enable the platforms to derive deep understanding of customer behavior. They have the ability to test and learn new tactics and models and rapidly iterate.

In the face of these new ecosystems, traditional retailers are struggling to compete and are racing to create omni-channel models which enable them to unlock and leverage deep customer data.

Sephora is an example of a retailer that has been fast to move and create an omni-channel engagement model which enables them to understand their customer in every channel.

Success for CPG companies in leveraging the new digital commerce platforms is driven by the ability to form deep and innovative partnerships with platform players. The ideal partnership enables CPG companies to innovate and experiment with new models and learn from the data generated by the platform. To achieve these kinds of partnerships, CPG companies need to not only commit to significant spending in the platform, but also bring their insight into their customer audiences to collaborate creatively.

A key benefit is that **multiple propositions along the customer value chain can be created as new product and services are added**.

As **58%** of shoppers in Asia expect partial control and the right to personalise their brand experience,

the next wave of digital transformation will include customers as active partners within ecosystem models.

INSPIRATIONAL EXAMPLES OF WINNING PLATFORM AND ECOSYSTEMS OF PARTNERSHIPS AMONG RETAIL AND CPG COMPANIES

Nestlé and JD.com in China collaborated to create Nestlé Xiao AI, a Nestlé branded Voice Robot leveraging JD's Ding Dong voice platform. The Robot enabled customers to access information about Nestlé products and related topics as well as order products through the platform.

AEON in Indonesia. Asia's largest retailer partnered with Go-JEK to offer new competitive GoPay services in AON shopping malls in order to expand presence across Indonesia and other South East Asian markets such as Thailand. The partnership involves AEON promoting Go-Jek and its payment services, co-creating an exclusive Go-Food Festival, and allowing exclusive pick-up points for Go-Jek users only. AEON will also utilise Go-Jek to deliver products that customers have bought from their ecommerce channels. In return, Go-Jek will offer customer data and insights to AEON such that the retailer can continue to deliver improved omni-channel experiences that delight end consumers. Both partners benefit from this relationship as a result.

Siam Piwat in Thailand. The leading retailer that crafts retail experience through a partnership co-creation approach. Rather than having permanent tenants, the retailer rotates the brands in select shopping malls (e.g. IconSiam) by offering spaces to many small local businesses and artisans. Together, they work to create new themed experiences on a monthly basis on top of offering personalisation services of all sorts. The malls are essentially positioned as unique brand platforms that continues to surprise upon each visit, which has enabled the company to earn multiple prestigious retail design and experience awards globally.
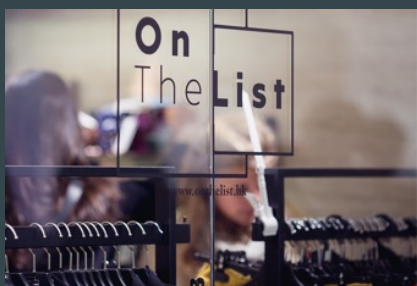
OnTheList in Hong Kong. An invite-only retail club offering members exclusive flash sales and discounts for designer clothing and accessories. The company partners with over 250 brands targeting Generation Me customers to constantly refresh the product mix and brand value on a monthly basis. This is made possible through the acquisition of data that is generated whenever consumers interact on the platform.

Pinduoduo in China which leverages social media to engage millions of users, merchants and other partners to collectively foster a lively ecommerce platform. The unique aspect of this platform means it enables customers to participate in group buying deals. This has led to 88.8% of active users recommending the platform by sharing links or directly promoting products they love. Empowering users as partners has enabled Pinduoduo to retain and gain new customers without further investment.

TMall's innovation centre and livestreaming KOL platform in China. The innovation centre brings first mover benefits by enabling TMall to work with foreign brands, such as Snickers and L'Oreal, by localising their product offerings that are then sold on its platform before other retailers. The KOL platform, which includes built-in-live video features that directly links the content to the product purchase page, creates unique retail-tainment that amplifies awareness and engagement between TMall and its brands with customers through likeminded influencers.

Valuable platform partnerships enable brands to collaborate in creating new models of customer connection and commerce.

They win share of customer interaction by being able to unlock and leverage huge volumes of customer interaction data.

KEY TAKEAWAYS

Traditional retailers are struggling to evolve to true omni-channel models that enable them to connect with the hyper connected shopper in the moment.

CPG companies are able to create partnerships with ecosystem players to co-create innovative new models.

EXPERT OPINION: WINNING STRATEGY 2

"The biggest question to answer is how do companies create a meaningful and relevant value exchange, benefiting both consumers and the company itself as a brand?

There is ample opportunity to deliver this - but companies need to tackle how to better work together with other brands and retailers to better integrate into consumers lives, rather than trying to force fit themselves in."

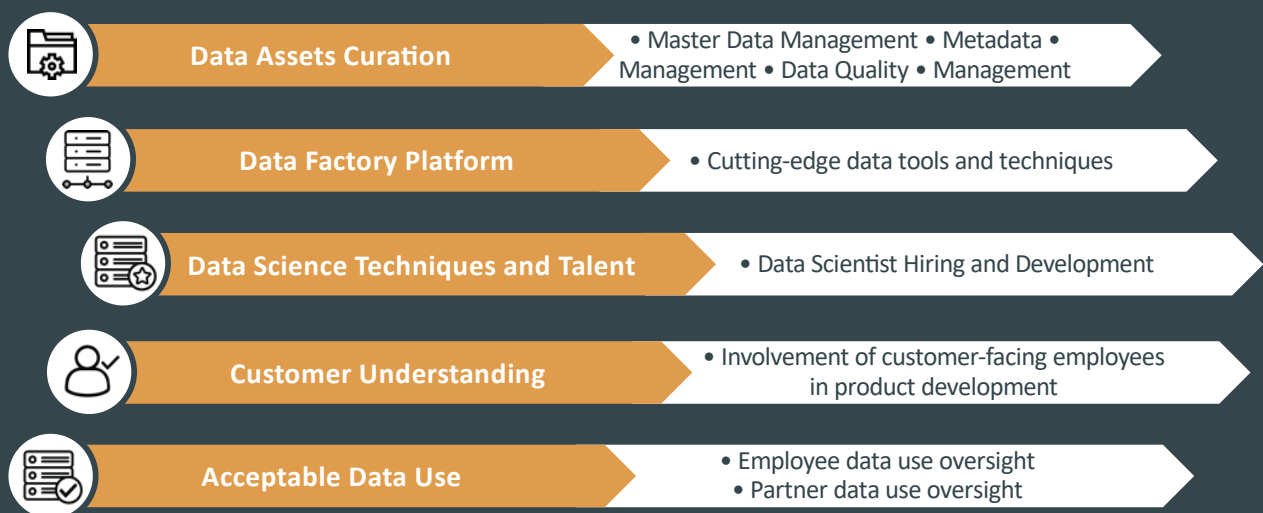**David Kinder, Innovation Manager of Nestlé Australia - Confectionery**

WINNING STRATEGY 3
MONETISING DATA TO THE MAX

DEFINING THE FUTURE READY ORGANISATION

In an age where Big Data is an overused industry buzzword, most Retail and CPG companies already know that being data-driven is important, with data monetisation being the ultimate goal. This can be internal, where proprietary data is used across all key business units (e.g. R&D) to improve sales and innovation, and external, where data is sold to other in-category players. For Retail and CPG companies that wish to build internal capabilities for data monetisation, **MIT CISR outlines a relevant framework:**

Figure 4: **Internal Capabilities Needed for Data Monetisation**

Data Assets Curation	• Master Data Management • Metadata • Management • Data Quality • Management
Data Factory Platform	• Cutting-edge data tools and techniques
Data Science Techniques and Talent	• Data Scientist Hiring and Development
Customer Understanding	• Involvement of customer-facing employees in product development
Acceptable Data Use	• Employee data use oversight • Partner data use oversight

Source: MIT Center for Information Systems Research (2019), Digital Data Monetization Capabilities

To achieve internal data monetisation, companies need to establish 'data communities' or internal infrastructure involving experts from data and consumer insights backgrounds. To enable knowledge-sharing across the company, non-data communities should also be included (e.g. sales and marketing). Enabling these communities to interact and collaborate with each other on data-driven projects can effectively move the CPG or Retail company closer towards being a fully transformed, data-driven organisation (see figure 5). **New financial value can be created through new data-driven experiences** and offerings that ultimately position the company as Future Ready.

Figure 5: Achieving Data-Driven Transformation
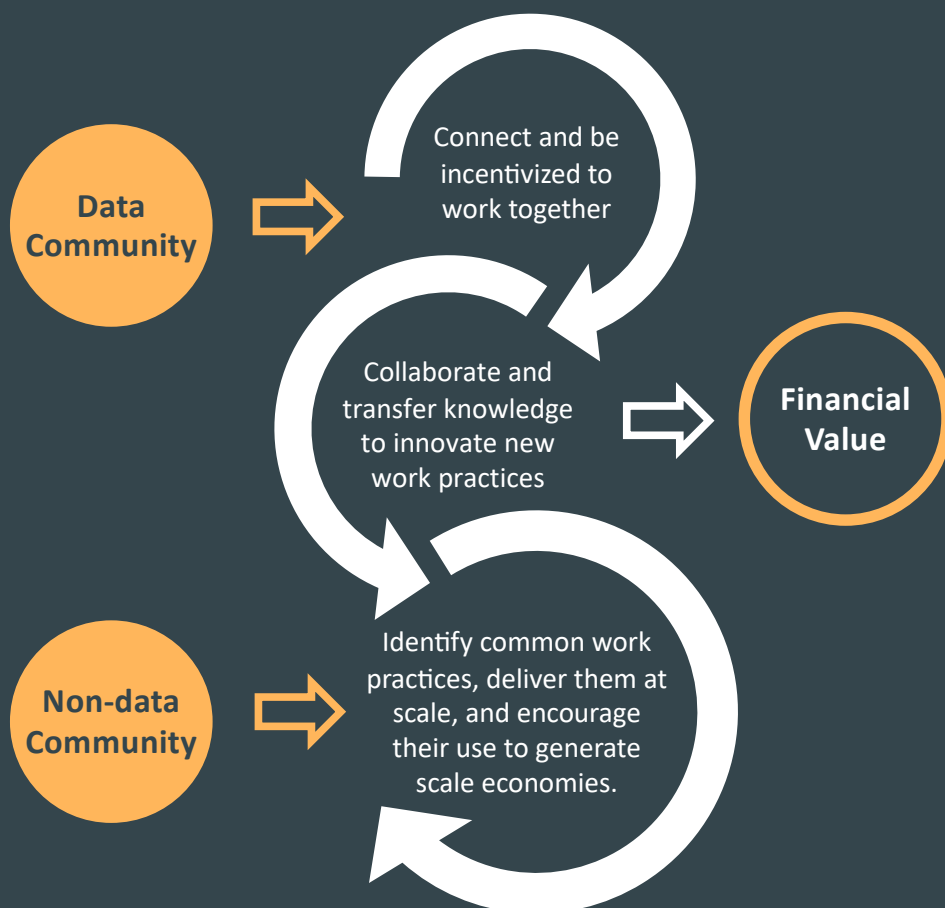
Source: MIT Center for Information Systems and Research (2019), Data-driven Transformation at Microsoft

INSPIRATIONAL EXAMPLES OF
INTERNAL DATA MONETISATION STRATEGIES AMONG RETAIL AND CPG COMPANIES

Globally, 53% of companies are investing in Big Data. To date, the majority of internal data monetisation initiatives are occurring among CPG and Retail companies. Notable examples include:

H&M in Greater China and South East Asia

This retailer already invests in Big Data and AI to customise the stock mix across different stores. In the future, H&M hope to use intelligent algorithms to analyse store movement, receipts, and a loyalty scheme to reduce the use of markdowns.

Unilever in Singapore

Unilever is currently embarking on new data analytics projects, notably to predict customer behavior across South East Asia. The CPG leader also plans to use data to transform the current offline supply chain into a data-driven retail logistic chain.

External data monetisation is also gaining traction across the whole of Asia. In China, an increasing number of ecommerce retailers, most notably Alibaba and JD, are selling their data to CPG companies who want to provide more localised product and services. Monetising data also helps the ecommerce retailer create a loyal set of brand partners that will continue to sell on their ecommerce platforms and benefit from big data acquisition. How might external data monetisation help a CPG or Retail company? Several examples that have succeeded in Asia include:

INSPIRATIONAL EXAMPLES OF
EXTERNAL DATA MONETISATION STRATEGIES FROM E-COMMERCE PLATFORMS

JD ecommerce from China

To provide a service that actively monetises Big Data, JD created a service called *Zu Chongzhi*. This leverages online data from JD's platforms and offline data from partner brands to enhance retail decision-making whilst reducing internal infrastructure investment. Successful cases include QM, a furniture retailer, who successfully used the platform to understand customer sub-clusters residing near to an offline branch in Beijing. Using trend information, the platform recommended increasing the number of non-furniture SKUs to 3,000. The outcome showed a **30% uplift in incoming traffic** and **80% revenue generated** from the new products added. CPG brands have also benefitted from JD's *Zu Chongzhi* data platform. Examples include Quaker, who used data to identify an untapped segment and create a new category of health drinks, and Nivea, who used the platform to analyse real-time behavioural trends towards skin care products.

Alibaba in China

The ecommerce giant formed strategic data agreements with PepsiCo as well as Mattel. Both companies intend to use Alibaba's data to enhance the overall brand experience and drive local growth. Current initiatives include using data to customise the design of toys to Chinese children by Mattel, and further developing the online sales channel to expand customer bases by PepsiCo. Other CPG brands that have worked with Alibaba's data for smaller, short-term initiatives include Nestlé, Unilever, and Mars.

LAZADA and ZALORA across South East Asia

In Thailand and Indonesia, both ecommerce platforms are working on data analytics projects with brands across various industries, mostly to improve their understanding of customers. LAZADA in particular hope to eventually provide a data science service that actively enables partner merchants to personalise offers based on demographic data.

Leveraging data to understand customers better is vital to drive Digital Transformation.
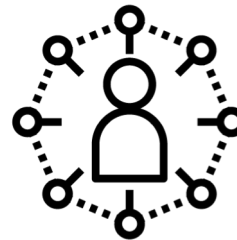
Retailers need to accelerate their data monetization strategies both internal and external to compete with the e-commerce platforms.

KEY TAKEAWAYS

Platforms need to accelerate access to the insights from their data to form valuable partnerships and gain further revenue and value from brands who use their platforms.

CPG companies need to evaluate when to build their own sources of knowledge and gather data directly and when to leverage the data of platform partners.

EXPERT OPINION: WINNING STRATEGY 3

" Data is ubiquitous, it's about which is the most important data you want, how do you get it and how do you use it to get the insights you want. Without data, you're shooting in the dark. "

Rohit Bhasin, Global Vice Present of Pond's, Unilever

" A question that keeps popping up is 'why someone didn't buy a certain clothing'. The reason could be that they didn't like it after touching the fabric, but there's difficulty in mapping these data points no matter how complex your data is. We hope to find a solution to mapping more complex data points in the future.

Providing customers with the valuable experience that they are looking for boils down to using data to understand the friction points, using data to find the solution to the problem. For example, be it leveraging social media or improving sizing metric, how we understand sales data and customer profiling can lead us to better predict demand fluctuations. "

Dione Song, Chief Commercial Officer of Love, Bonito Singapore

> Recently, we completed a holistic analysis to understand customers, but we don't stop there. We already have plans to develop the 2nd phase of analysis, to enrich the content with personal, psychological and social behaviour of customers and to identify the nuances that we can tap into and own. At the same time, we are putting a single-view platform to provide 360 omni-channel experience so we can deliver seamlessly and consistently to the consumer.

Executive, Global Lifestyle Retail Brand

> Brands should actively put customers at the heart of their business (not just say it) to drive insight-led digital initiatives. [This means] harnessing data and using technology to understand consumer behaviour not only during, pre and post purchase, but also beyond their own ecosystems. We identify the 5W's (who, what, when, where, and why) to enable us to provide the right products, and the right communications to the right customers, at the right time – across all channels.

Executive, Global Lifestyle Retail Brand

WINNING STRATEGY 4
DELIVERING DATA WRAPPED SHOPPING EXPERIENCES THAT DELIGHT

As the major ecosystem platforms win share of customer interactions and build deep customer knowledge, traditional retailers are looking to reinvent the shopping experience, focusing on delighting the customer in the shopping experience. As customer journeys change, traditional retailers need to shift their focus so that they can obtain high volume customer data through multiple channels during the actual shopping experience. Analytics and customer knowledge will enable high-value data wrapping to enhance the retail experience. Analytics helps companies to create customer-facing features and experiences. Customer knowledge helps companies achieve a current, accurate understanding of customer needs and actual behaviour.

Figure 6: Creating Customer Value Using Analytics
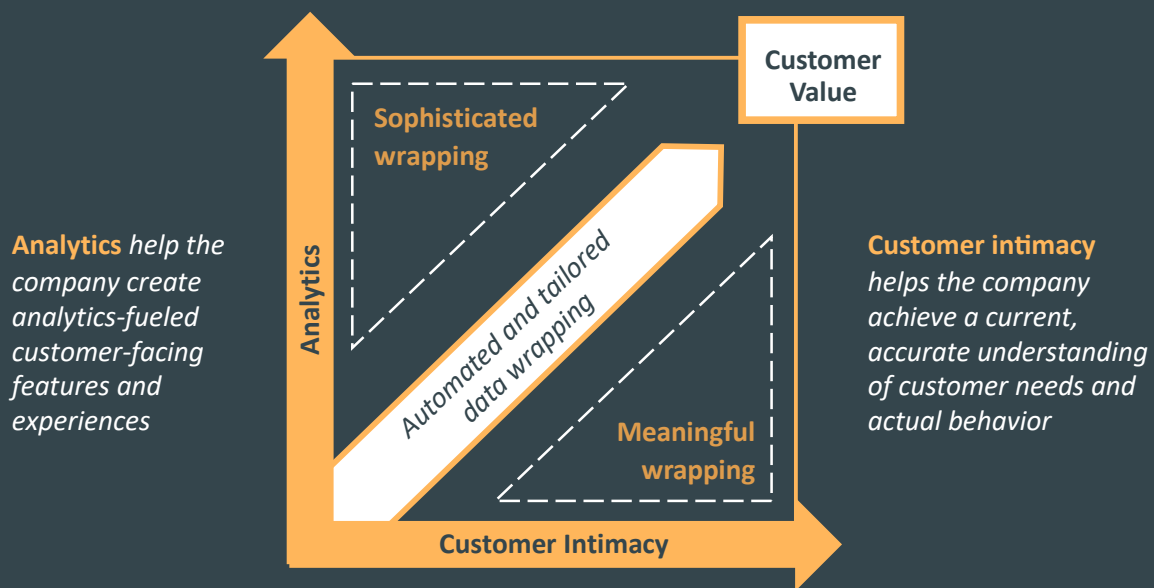
Source: MIT Center for Information Systems and Research (2017), Applied Data Wrapping: How Companies Create Customer Value With Analytics

Achieving this requires the creative and strategic use of customer data. Unified data helps retailers not only identify their customers, but also understand and engage with them.
Moreover, unified data allows retailers to capitalise on the advantages that digital brings, while also maximising the advantages of physical stores. For example, face-to-face advice or demonstrations that would be hard to replicate in a digital environment. We are also seeing brands using data to create new retail experience showcases.

INSPIRATIONAL EXAMPLES OF DATA WRAPPED SHOPPING EXPERIENCES IN PHYSICAL RETAIL

JD.com opened new innovative stores at travel locations (e.g. airports and railway stations), which enabled customers to buy what they wanted, whenever and wherever they wanted. The stores leverage JD's latest retail technology to make it easier and more enjoyable for travelers to make purchases on the go. The technology (the integrated JD Zu Chongzhi platform), helps stores to understand how customers interact with products and traffic flow for example, generating heat maps in order to support product selection, inventory management and product up-selling and cross-selling.

Herbal tea chain Hung Fook Tong in Hong Kong launched several intelligent AI-based tea kiosks developed in conjunction with IBM. The kiosks apply visual recognition technology and use AI to calculate what each purchaser's unique tastes are likely to be, and suggest product recommendations based on that data. The kiosks transform the relationship between the brand and customer (making it hyper personal), as well as redefining the brand's category definition of CPG.
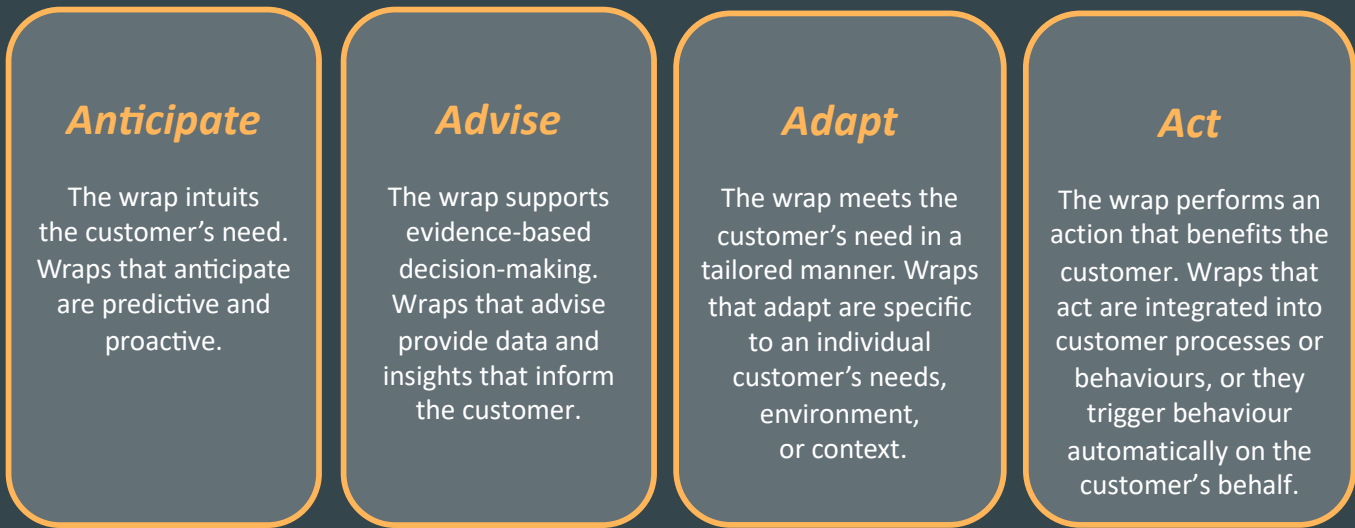

Alibaba's Hema stores across China are leading seamless shopping experiences by integrating mobile shopping with a mobile-led store that also collects shopper insights. Shoppers can scan barcodes in-store via their mobile app for product information and get recommendations for similar products based on store interactions. Hema uses an algorithm in machine learning, a subfield of AI, which identifies patterns in observed data, builds models that explain relevant phenomena and makes predictions. In this way, it can learn each product's demand patterns through customers' consumption, so that it will be able to order the product more precisely. This results in a win-win situation for both the business and shoppers alike.
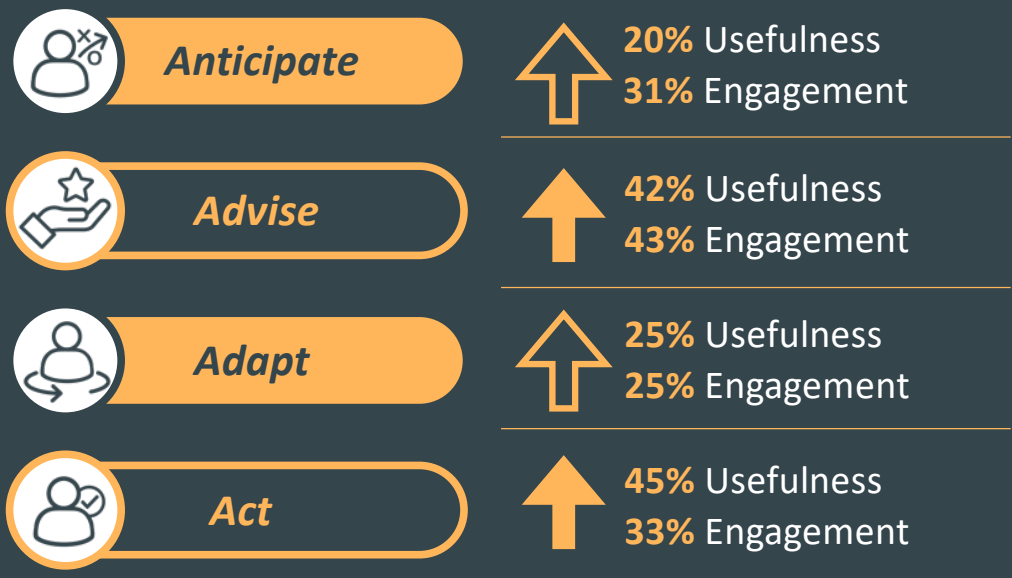

SK-II's Future X Smart Store. This is a Beauty Smart Store and also the first of its kind in South East Asia. It uses AI, facial recognition-powered skin analysis, and art installations generated by your facial features to create a personalised shopping experience. The Future X Smart Store provides a completely "phygital" experience where consumers can interact and enjoy the products without feeling the pressure to buy. SK-II's iconic Magic Ring skin analysis is one of the store's key highlights, which harnesses state-of-the-art facial recognition, AI technology, and computer vision. Detailed analysis is provided at the tap of a smart bracelet. The Smart Store then knows the consumer's skin well enough that when they hit the Smart Beauty Bar, it serves up a personalised browsing experience.

Retail and CPG companies are able to collect data on existing and potential customers in ways they could not have done previously, which enables greater personalisation and prediction of customer behaviours. Research from MIT has identified that useful, engaging data wrapping is associated with four design characteristics:

Anticipate	*Advise*	*Adapt*	*Act*
The wrap intuits the customer's need. Wraps that anticipate are predictive and proactive.	The wrap supports evidence-based decision-making. Wraps that advise provide data and insights that inform the customer.	The wrap meets the customer's need in a tailored manner. Wraps that adapt are specific to an individual customer's needs, environment, or context.	The wrap performs an action that benefits the customer. Wraps that act are integrated into customer processes or behaviours, or they trigger behaviour automatically on the customer's behalf.

The breakdown for each of the four design characteristics associated with useful, engaging data wrapping are as follows:

Figure 7: **Design Characteristics Associated With Useful, Engaging Data Wrapping**

Anticipate
20% Usefulness
31% Engagement

Advise
42% Usefulness
43% Engagement

Adapt
25% Usefulness
25% Engagement

Act
45% Usefulness
33% Engagement

Source: MIT Center for Information Systems Research (2018), Making Money From Data Wrapping: Insights From Product Managers

The key challenges faced by traditional retailers lie in integrating their back-end infrastructure with frontline operations and putting in place the right systems and capabilities, so they will be able to effectively capture, analyse and use data, which in turn will both enhance customer experience and increase customer retention.

KEY TAKEAWAYS

Data should be used not just as a source of insight but as an asset to actively enhance the customers experience
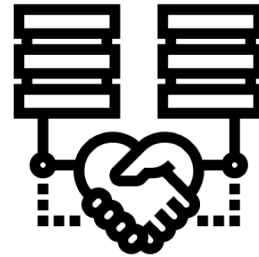
Data wrapped experience in physical retail should not be seen as simply an efficiency driver but as a way to creatively delight the hyper connected shopper.

EXPERT OPINION: WINNING STRATEGY 4

"As expectations from customers change with the rise of "small brands", channel fragmentation, ever-expanding choice and the demand for hyper-personalised offers, we as an industry have to harness data to deliver exceptional experience for customers."

David Kinder, Innovation Manager of Nestlé Australia - Confectionery

"When well used, data will have influence in many spheres of the retail experience, ranging from identifying bottlenecks and improving processes to empowering salespeople and leaders to take better decisions and thus, improve customer experience. However, one major area that has been used by successful companies is on using big data to identify trends and anticipating needs and thus improving customer experience. This is especially true for larger companies that historically respond slower to changes. Data has enabled such organisations to better compete with smaller and nimbler companies and, be more agile in responding to changes."

Wladmir Silva, Managing Partner Asia Pacific Consumer Practice of DHR International

"Data is ubiquitous, it's about which is the most important data you want, how do you get it and how do you use it to get the insights you want. Without data, you're shooting in the dark"

Rohit Bhasin, Global Vice Present of Pond's, Unilever

WINNING STRATEGY 5

EMPOWER THE FRONT LINE DIGITALLY

As digital disruption continues across the retail sector, companies are focusing on integrating operations across channels, to improve efficiency and customer experience. As they do so, they quickly realise that a digitally empowered frontline is vital for a good customer experience with today's hyper connected shoppers. More Retail and CPG companies are using **Big Data** to enable staff to better serve customers and create a smart and engaging experience. Additionally, these technologies will also help to drive revenues, cut costs and improve margins.
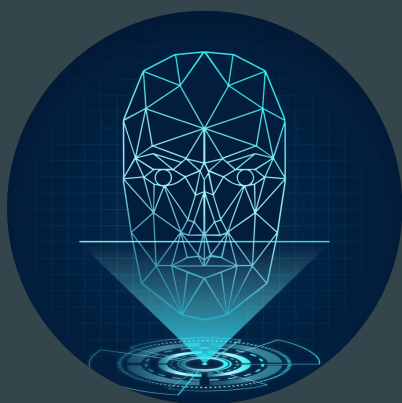
Leading the retail revolution is China, with AI-enabled services such as facial recognition and unmanned retail stores.

Biometric payment, typically based on facial recognition technology, facilitates a cashless checkout experience by linking to a shopper's account. Research shows that most digital buyers in China are happy with this payment method, and 41% enjoy shopping at unmanned stores.

Figure 8: Consumer Attitudes Toward AI-Enabled Services in China

Attitudes of Urban Digital Buyers in China Toward
Select Retail Technologies/Internet of Things (IoT), May 2018
% of respondents

Happy with using biometric payment methods

62%

Prefer self-service checkout

61%

Would consider using smart connected refrigerators that automatically order and replenish items

58%

Enjoy shopping at unmanned stores

41%

Notes: ages 20-49
Source: Mintel as citied in press release, Oct 31, 2018

INSPIRATIONAL EXAMPLES OF WINNING STRATEGIES TO EMPOWER THE FRONTLINE DIGITALLY FROM RETAIL COMPANIES

BingoBox in China. This is a 24-hour, cashier-free convenience store that is opening several unmanned retail operations in the country. It is one of the first movers in a phenomenon known as "new retail" in China, which is commonly understood as using technology to transform offline retail. It uses QR code scanning for users to enter the store, as well as sensors and computer vision technology to track shoppers' movements and the items they pick up from shelves. It also features a staff-less smart checkout counter, where customers scan and pay for the selected items via their mobile phone with Alipay and WeChat Pay payment support. Facial recognition technology is used as a security feature when they exit the store.

JD.ID X-Mart in Indonesia. The 270sqm AI-powered experience store in Jakarta is the first of its kind in Indonesia and the largest to use JD's unmanned store technology to date. Customers are encouraged to pick up whatever they want and walk straight out of the store without needing to wait in line or pay. The technology, which premiered in Beijing last year, has become increasingly sophisticated with the application of facial recognition and other advanced computer vision technologies.

7-Eleven in Thailand. The convenience store leader is also bringing facial recognition technology and behaviour analysis of customers and employees to its 11,000 stores. It will use these technologies to identify members of 7-Eleven's loyalty programme, allowing managers to single them out for promotions, analyse in-store traffic, monitor product levels, suggest products to customers, and even measure the emotions of customers as they walk around.

Habitat by Honestbee in Singapore. The country's first tech-enabled, multi-sensory grocery and dining experience. In this futuristic grocery store and eatery, long queues are a thing of the past, as AutoCheckout enables quick, fully automated and cashless payment via the Honestbee app.

KEY TAKEAWAYS

Investing in technologies that digitally enable the frontline is a smart move to increase operational and employee efficiencies.

It should be approached from first understanding unmet customer needs and friction points.

It is important to properly integrate the technologies across all channels.

Ensure that the technologies implemented are not one-sided, but rather benefit both the business and customers.

EXPERT OPINION: WINNING STRATEGY 5

"On one hand, digital transformation is important to keep up with changing customer behaviour and expectations. On the other, it is also critical to integrate the systems properly from upstream all the way downstream. The last thing we want is having 3 to 4 separate systems which might end up decreasing efficiency and losing purpose."

Dione Song, Chief Commercial Officer of Love, Bonito Singapore

"Our biggest problem is that most of our storekeepers have been with us for more than 10 years. Whatever we give them to implement, it takes time. We have a great education programme here and great training so we are trying to train them further."

James Park, President of Guess Japan and Korea

"To deliver the best shopping experience for customers, the buying equation has two components: offline and online. This is especially true for the younger generation, that are looking for personalised experiences and have high multichannel expectations. Retail is well known for having very high turnover rates. Recruiting, training, engaging, motivating and retaining good leaders and staff is one of the toughest challenges for the industry. Additionally, communication is no longer top-down. 'Shop floor' staff expect to have two-way, open lines of communication with leaders. Companies that have recognised the value of listening to the front line are faster in responding to the changes in customers' behaviours."

Wladmir Silva, Managing Partner of Asia Pacific Consumer Practice of DHR International

WINNING STRATEGY 6

BATTLING FOR THE RIGHT TALENT
Organisations becoming talent development platforms

Over the past two years there has been a significant shift from fighting a **"war for talent" to fighting a "war for skills"**, creating environments built on "providing talent challenges" as a possible solution. As companies' external eco-systems have become more diverse they have realised that the prospective "Generation Me" hires are looking beyond purely financial incentives.

In fact, they are looking for organisations that can offer them challenging and innovative problems to solve and be a part of their overall career and life plans. At an entry level, there is now an understanding that it is unlikely that candidates will be with a company for the next five to ten years and a realisation that shorter-term objective setting around appointments will result in a higher retention rate and a mutually better outcome for the business and the individual.

This is not to say that organisations are not looking at retention strategies designed for the longer term as well. Within the retail industry (comprising very early stage adopters of e-Commerce and digital branding strategies) the focus has now moved to understanding how talent which may have started within marketing and social commerce functions can be developed through the operational and organisational phases of digital disruption and ultimately become the business leaders of the pure play digital, data driven company of the future.

In a similar way to insurance and financial services organisations, other large retail and consumer conglomerates are also looking to **develop faster moving separate pure play digital entities that can respond in an agile way to emerging territories**. In South East Asia, companies are looking for much faster innovation which is quicker to action and implement, and that requires talent with experience and an understanding of customised, country-by-country engagement as well as knowledge of how this translates to both regional and global strategy.

ECOMMERCE EXPERIENCE IS REQUIRED BUT WHAT'S NEXT?

Within Greater China, the market has experienced an **ecommerce revolution** in the past five years which has led to a great depth of talent with technical platform experience. As the establishment of ecommerce platforms has become ever increasingly commoditised, retail and consumer organisations are looking for talent in this space to have strategic as well as technical skills, with the key question being:

> " **After five years of growth, what's next?** "

The leading ecommerce platforms, such as **Alibaba in Greater China and Lazada in South East Asia**, are developing big data and analytics "bolt-on" services which in turn are driving organisational requirements for talent with advanced analytics capabilities that can devise and implement strategy based on data-supported reasoning.

With marketing functions becoming more technology-centric, and the need for technology functions to become ever more business savvy, there has never been a greater demand for organisations from across consumer and retail sectors to look to talent from adjacent or disparate markets to fulfill key leadership functions where this talent shift has already taken place.

With the commoditisation of ecommerce platforms across Asia, returning (and in some cases imported) talent from both Europe and the US with new ideas and innovations has become highly sought after. Customers are becoming more mobile, and taking shopping trips to countries outside of Asia is becoming standard practice. This leads to exposure to emerging trends such as **"The Social Influencer"** which, whilst not as prevalent in Greater China, are already well established in the US and Europe, and are gaining strong footholds within countries in South East Asia where platforms like Instagram are rapidly growing in popularity.

The Social Influencer phenomenon bridges gaps across all age groups and brands, creating entirely new models in customer segmentation, which in turn drives more connected channel and branding strategies. Whether you are Kylie Jenner (currently tracking 140,000,000 Instagram followers and counting) or Iris Apfel, "The Muse of New York" (1,000,000 Instagram followers and counting), the importance of creating a global single point of customer view is now critical: customers are targeted worldwide, not just domestically, and what is absorbed abroad can often impact procurement decisions in domestic channels and outlets. Across Asia, brands are looking to influencers such as

Chris Lee, the Chinese pop star and actress who is a brand ambassador for Gucci

Fan BingBing, who is a regular influencer for Givenchy

BRAND
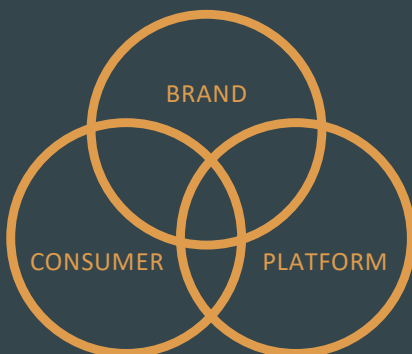
CONSUMER   PLATFORM

These trends require talent that has an intrinsic understanding of the connected eco-system that exists **between brand, consumer and platform**, and that is highly skilled in adjusting strategy in response to real-time customer reaction based on real-time analytics and geography. The requirement for talent to have heightened competencies in areas such as adaptability and influencing is now critical.

As organisations cross borders, barriers start to come down. Talent with heightened collaborative competencies is vital for organisations to be able to identify synergies between different markets and understand how this is translated to an overall global strategy, not just a local one.

The ability of organisations to assess this talent and change competency requirements (particularly when looking outside of their competitive eco-systems) still falls behind the curve, with senior leadership teams and boards still looking for support in this area to help understand the talent landscape and its application to changes in business and market challenges.

KEY TAKEAWAYS

Understand how the talent's offering can blend into your existing organisational structure and add to the skills needed to reach the ideal Future Ready state well before hiring.

Consider non-conventional hires to balance both talent and knowledge relevancy / emotional affinity to key customers.

Revamp ways to nurture the individualistic ambitions of new talent.

EXPERT OPINION: WINNING STRATEGY 6

I believe that the biggest asset of every organisation is its people.
Attracting and retaining the best talent has become a war. An aging population, low birth rates, low unemployment rates and the desired lifestyle of newer generations are ingredients to the perfect storm. It has never been so challenging to attract and retain talent, and this should be a top priority to every organisation. I am still surprised when I encounter a company who doesn't have a CHRO in its Board and treats HR just as a support function. Good leaders with an engaged and motivated team make the difference on a level playing field driven by technology advancements.

Wladmir Silva, Managing Partner Asia Pacific Consumer Practice of DHR International

I believe in the next 2-3 years a lot of brands will die and we are going to have much more narrow competition.
To battle this, we need the people. Our priority and investment are always in our people. Technology is also very important, although we know we are behind.

James Park, President of Guess Japan and Korea

WHAT SHOULD RETAIL AND CPG COMPANIES KNOW ABOUT THE MANY HYPER CONNECTED SHOPPERS OF APAC TODAY?

Without aligning strategy back to customer insights, the journey to being Future Ready will only be halfway complete. Due to the rich cultural diversity of the APAC region, it is undeniable that there are many types of hyper connected shoppers. As an overview, we have outlined the key trends that retail and CPG companies should know about such shoppers in key APAC markets to truly make a meaningful impact.

CHINA

As the boundaries between online and offline are strategically merged to invent the Next Retail experience, Chinese shoppers no longer utilise channels in isolation, but instead simultaneously, to benefit the whole omni-channel shopper journey. Shopping on mobile at least once a month (65%) and spending approximately 17.8 billion USD during China's largest 'Singles Day' one-day shopping event, Chinese mobile commerce will hit 5.638 trillion USD in sales by the end of 2019. WeChat, QR codes and self-service touch displays are all essentials that China's digitally native shoppers expect, but what matters more is how they are using them to elevate the overall experience and B2C interaction. For retail and CPG companies targeting or aiming to target the Chinese market, here are the things Chinese hyper connected shoppers want most:

Immediacy, not just hyper convenience – Think See Now, Buy Now services.

Data-driven retail empowerment – 9/10 Chinese shoppers are ready to share their data with companies for more personalised services .

Social commerce that entertains – Particularly among China's post-80s and 90s, young shoppers want to be entertained whilst shopping online, especially using gamification tactics.

New niche cross-border CPG offerings – Preferably to introduce on existing ecommerce channels which Chinese shoppers already use. Approximately 61% of hyper connected Chinese shoppers want brands to offer more cross-border offerings, while the number of digital cross-border shoppers has grown eight times in just five years to reach 89 million in 2018 (see figure 9). The newest opportunity for this is in men's grooming, including skincare and cosmetics like facial masks and BB creams, which will hit 16.04 billion yuan in 2022.

## IN SUMMARY, THE CHINESE HYPER CONNECTED SHOPPERS OF TODAY WANT:

Dynamic and hyper-relevant experiences with seamless integration of technology.

Strong brand presence across multiple m-commerce platforms for easier accessibility and convenience.

Figure 9: Growth in Cross-Border Digital Buyers in China

Cross-Border Digital Buyers in China, 2013-2018
millions

2013	2014	2015	2016	2017	2018
10	15	23	42	66	89
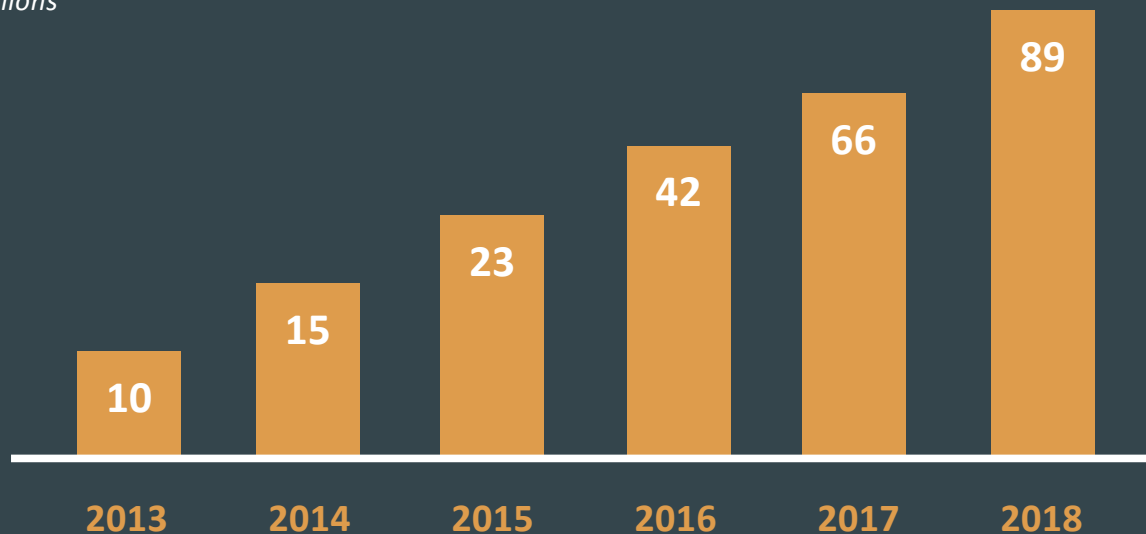
Source: China e-Business Research Center (CECRC), "2018 China Cross-Border Ecommerce Market Data Report," June 5, 2019

THAILAND

Although unlike China, the omni-channel trend has yet to be fully embraced in Thailand, 13.9 million Thai shoppers are actively buying online today. Social commerce is particularly strong, whereby many small merchants are posing threats to larger brands by actively selling personalised fashion, beauty and other products on their own Facebook, Instagram and LINE pages to match the social media habits of shoppers. From a cultural perspective, Thai shoppers are willing to experiment and embrace newness so long as those around them likewise conform. Subsequently, retail and CPG companies need to strike a balance between technological and cultural relevancy when elevating their shopping experiences for Thais. To fully embrace the opportunities of this opportune developing market, these are the things hyper connected Thai shoppers want today:

Simple real time services online — Adding live chat or Click and Collect features can already ease the challenges Thai shoppers face when buying online.

Partnering with brands they already love — Getting local endorsement is often the toughest barrier companies face. With the growing plethora of small merchants and technology start-ups, forming a partnership ecosystem with local vendors could help retail and CPG companies win more Thai shoppers.

Utilising social beyond awareness — To drive added transactions among the 32 million Thai users using LINE, many companies are actively investing in this messenger app. Though it may be tempting to conform, it is important to properly consider the role of LINE across the entire purchase funnel given the high industry average block rate (15-50%). How might retail and CPG companies make use of LINE to hit CRM and data acquisition metrics on top of driving awareness and engagement to enhance the overall shopping experience?

IN SUMMARY, THE THAI HYPER CONNECTED SHOPPERS OF TODAY WANT:

> **Convenient access to information that is done on social networking platforms.**

> **Shopping experiences that have a more personal and conversational approach.**

SINGAPORE

In Singapore, **84%** of the population state that they love to shop online, and nearly a third of the population buy online once a week. With Singapore having a high smartphone penetration rate, with ownership of devices at an average of 3.71 per person and access to devices at an average of 4.72 per person, Singaporeans of all ages have embraced the spirit of browsing and shopping online. Here is a snapshot of hyper-connected shoppers in Singapore:

A love for online shopping - A staggering three-quarters of Singaporeans purchased online at least once a month, with millennials and wealthier Singaporeans being more likely to purchase at least once a week.

Huge popularity of in-app shopping - It is being used at least once a week by 46% of the population.

Open to new experiences - Shoppers are becoming interested in using AR to 'try' their clothing, with more than half of Singaporeans believing that this would enhance their shopping experience.

Savvy and well-connected Singaporeans now expect a seamless offline-to-online shopping journey, optimised ecommerce, and more importantly, m-commerce platforms, retail-tainment, and an overall shopping experience that can resonate with them. Retail and CPG companies are increasingly turning to digital technology. Coupled with increasing demands and expectations from shoppers, the heat is on for brands and retailers to contend for a share in the retail landscape. Experiential retail is a strong shopper magnet, and by focusing on customer experiences with the aid of digital technology, they can curate a retail experience that can learn more about and resonate well with the shopper.

IN SUMMARY, THE SINGAPOREAN HYPER CONNECTED SHOPPERS OF TODAY WANT:

> **Seamless omni-channel shopping journeys with ongoing surprise and delight moments.**

> **Retail-tainment and experiential retail as key differentiators between on-trend and not on-trend brands.**

> **Strong brand presence across multiple m-commerce platforms for easier accessibility and convenience.**

Indonesia, on the other hand, is seeing a move from proximity retailing to online shopping. Mobile phones are the most convenient for online shopping, due to the strong demand for convenience among many hyper connected shoppers in Indonesia. In addition, the country is experiencing the closure of many retailers. This trend has nothing to do with shoppers' purchasing power – it is more due to the growth of technology, and because shoppers are becoming more economical as they become more knowledgeable. Here is a snapshot of hyper connected shoppers in Indonesia:

Convenience is key - According to Nielsen's 2018 'Lifestyle Changes Improve The Need Of Convenience For Consumers' report, 58% of shoppers said they would choose a retail store with a location that was convenient for them. 44% choose to shop at stores that have short checkout lines or fast checkout lanes.

Rise of internet and mobile adoption - 58% of Indonesians with smartphones will grow to 78% by 2020, according to OpenGov Asia. 74% of Indonesian online consumers say that they enjoy the freedom of being connected anytime, anywhere.

Utilisation of advanced technologies - The younger, digitally literate population has been quick to adopt technologies such as QR codes, facial recognition and AI, as well as shifting to cashless payments.

A landscape ripe for innovation - With the growing mobile adoption rate and the increase in the millennial population, more daring innovation related to retailing is also emerging, as the Indonesian population, especially those who reside in the capital city, is deemed to be better able to receive and utilise more advanced technology. Through aggressive promotions by digital payments platforms such as GoPay and OVO, this led shoppers to quickly adopt this technology at a faster pace. Retail and CPG companies need to realise that the opportunities are there for them to evolve through partnerships and by increasing touchpoints with shoppers and instil in them the joy of the shopping experience.

IN SUMMARY, THE INDONESIA HYPER CONNECTED SHOPPERS OF TODAY WANT:

Strong brand presence across multiple m-commerce platforms for easier accessibility and convenience.

Digitised payment options that are better connected with devices and apps they use on a day-to-day basis.

THE FINAL TAKEAWAY FOR
RETAIL AND CPG COMPANIES

TODAY'S REALITY:

01
The digital transformation race continues to be real and rapid.

02
Becoming a 'Future Ready' organisation is not a straightforward path to success. There are many possible pathways, each with their own advantages and challenges of which retail and CPG companies should be cognisant.

03
Ultimately, to determine the right steps, companies need to start from a customer-centric perspective. Only then will the transformation strategically enable companies to maximise operational efficiency and meaningful customer experience that makes the brand matter to their customers.

THE 6 WINNING STRATEGIES:

01
Re-image selling models at the forefront

02
Establish a platform and ecosystem of partners

03
Maximise data monetisation, both internally and externally

04
Deliver data wrapped shopping experiences that delight

05
Empower the frontline digitally

06
Battle for a diverse range of new talent

THE MANY NEEDS OF HYPER CONNECTED SHOPPERS IN APAC:

CHINA
Immediacy in retail speed, new niche cross-border CPG offerings, social commerce that entertains, and data-driven retail empowerment.

THAILAND
Simple real time services online, new partnership offerings with local brands they love, and utilising social beyond awareness.

SINGAPORE
Seamless omni-channel shopping, retail-tainment, and increased brand penetration across multiple m-commerce platforms.

INDONESIA
Increased brand penetration across multiple m-commerce platforms and new digitised payment options that connect with their day-to-day digital habits.

ABOUT
Ogilvy Consulting

We are the global strategy and innovation arm of the world's greatest creative network, The Ogilvy Group.

At Ogilvy Consulting, we believe in the **power of brand, customer experience, data and technology to transform businesses, and drive growth**. In an era of great fragmentation, brands are the connective tissue for complex organisations and global economies.

We provide Digital Transformation, Innovation and Marketing Transformation consulting, with an approach that puts your customer at the center to deliver transformation that strengthens your brand and drives growth.

ABOUT

DHR
INTERNATIONAL

Founded in 1989, DHR International is one of the largest, privately held providers of executive search solutions with over 50 wholly-owned offices spanning the globe.

DHR International's renowned consultants specialise in all industries and functions in order to provide **unparalleled senior-level executive search, management assessment and succession planning services** tailored to the unique qualities and specifications of our select client base. DHR International are leaders within the digital and innovation space providing strategic insight and expertise to many of the worlds largest MNCs and across Asia to some of the best known brands and organisations.

At DHR International, our mission and values are to create the best possible partnerships between our clients and candidates guided by the collaboration among our industry experts. Our success is based on the satisfaction of our clients and the growth of our candidates. We do not work on searches, we solve them.

ABOUT
S_HIFT

Everyone is talking about the convergence of changing technology, consumer behaviours, and workforce talent that is pushing tried and tested business models to the edge of extinction.

But what hasn't been so immediate is clarity in the boardroom. **Who "owns" the technology? How do you reinvigorate, transform and rally the troops? How do you sell product in a fragmented world? How do you change a business model before it's too late? How can you plan for growth?**

The digital transformation of any organisation must start in the boardroom. It is a shared responsibility that transcends functions and departments. Collaboration holds the key, and S_HIFT is the product of two respective industry leaders doing just that.

With expertise in **customer insight and brand building (Ogilvy), and talent transformation (DHR)**; S_HIFT is a unique collaboration to help businesses tackle a holistic approach to digital transformation.

Our research papers and events are designed to help the C-suite clarify and simplify in a world of digital disruption. And our bespoke consulting offering helps to unify the boardroom through structured assessments and tools, which ultimately help organisations plan, implement, and deliver short, medium, and long term strategic growth.

ABOUT
OUR PATRONSHIP
WITH MIT CISR

Ogilvy is the only Creative Agency that is a research **patron** of MIT CISR. This patronage provides Ogilvy with a distinct advantage in helping businesses: **understand, strategise, design and execute Organisational, Marketing and Technology transformation**.

Through our patronship, Ogilvy will be working with MIT CISR to develop research and strategies that defines the role and requirements of Brand building in Digital Transformation. This unique research will be available to Ogilvy clients.

APPENDIX

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