Digital Explosion in Southeast Asia

The Importance of Omnichannel & Mobile Marketing in 2023
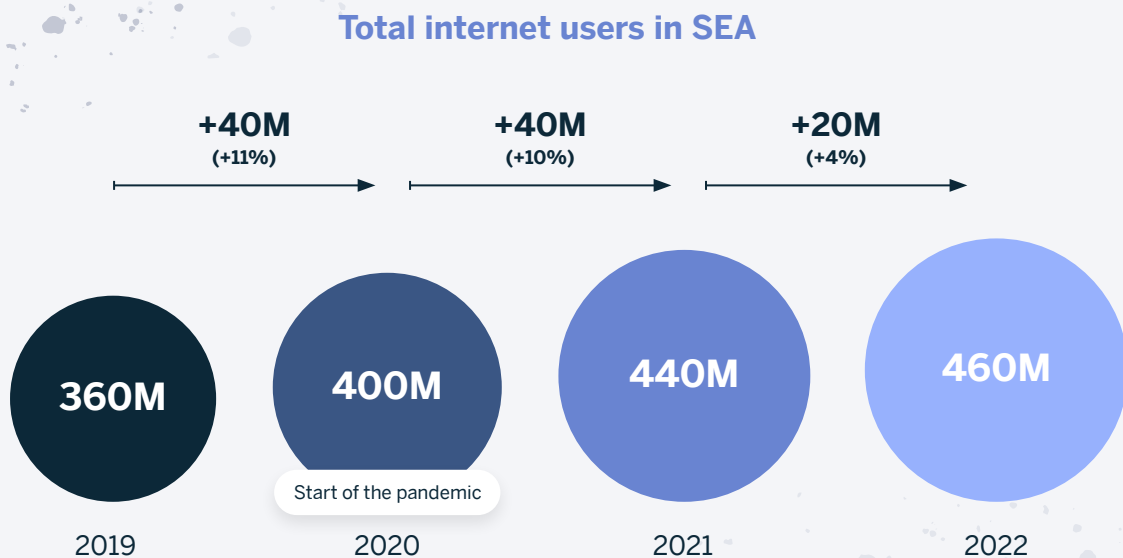
Table of Contents

The Dawn of Southeast Asia's Digital Decade

The most recent edition of Google, Temasek and Bain's e-Conomy Southeast Asia (SEA) report (ref) opens by boldly calling the 2020s **SEA's 'Digital Decade'**.

This is being driven by rapid digital transformation, which has seen over 100 million new internet users being added to the SEA region since 2019.

Total internet users in SEA

+40M
(+11%)

+40M
(+10%)

+20M
(+4%)

360M
2019

400M
Start of the pandemic
2020

440M
2021

460M
2022

Sources: Google, Temasek and Bain, e-Conomy SEA, 2019, 2020 and 2021; Statista for 2022

A staggering 78% of total retail sales worth $2.448 trillion took place through mobile phones in 2020 alone (ref). This rapid adoption of mobile has given rise to new trends such as **grocery delivery, video-on-demand, and music streaming**, all of which are increasing in popularity among SEA consumers.

In this ebook, we'll explore the macroeconomic trends at play in the SEA region and what this means for digital marketers looking to capitalize on these trends. We'll examine the importance of omnichannel marketing, mobile's role within the strategy and the opportunities that conversational commerce presents for the long-term success for brands in SEA's 'digital decade'.

The Boom of SEA's Digital Economy

There is no denying COVID-19's influence on the digital boom taking place in SEA.

According to Nikkei Asia (ref), Southeast Asia experienced an unprecedented growth in their digital economy during the pandemic, with 60 million people becoming online consumers during this period of crisis.

"The influx of online customers in Southeast Asia is creating the perfect opportunity for forward-thinking marketers in SEA and APAC to provide elevated experiences through consolidated customer engagement strategies and agile omnichannel campaign orchestration.
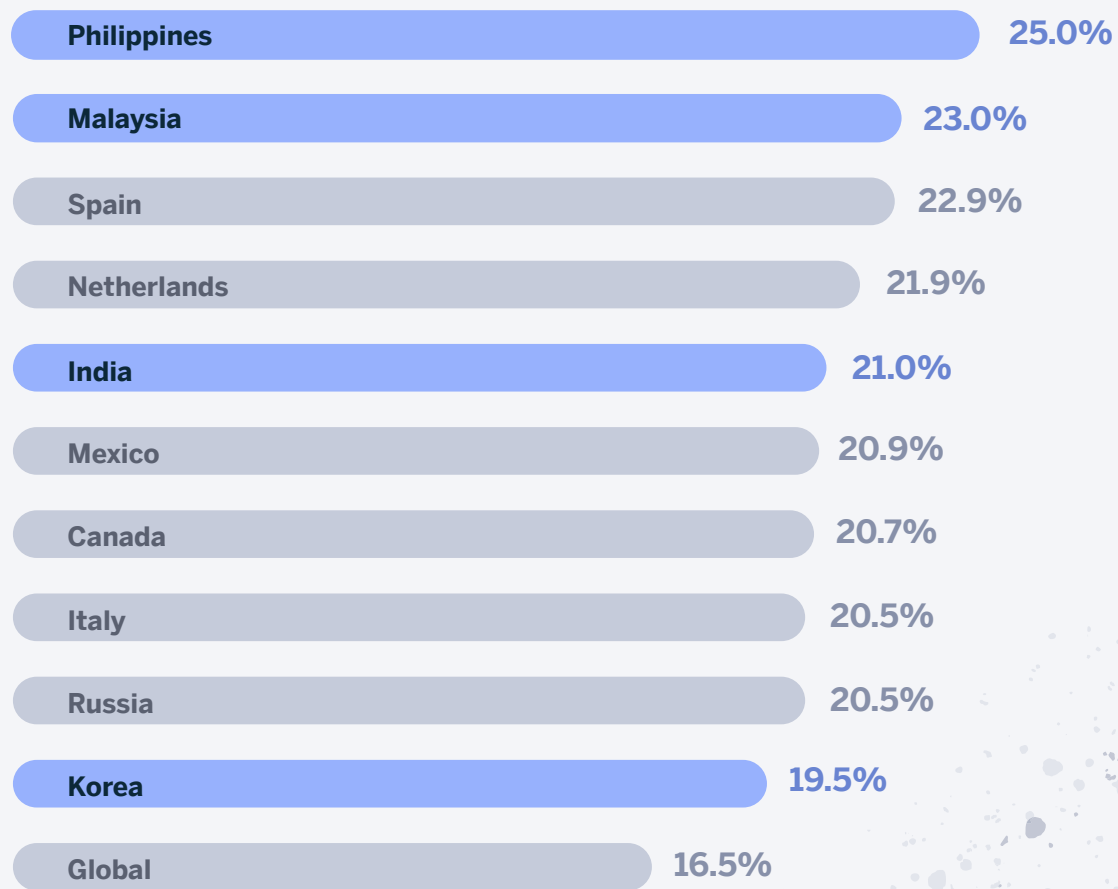
We see customer-obsessed businesses run impactful customer experiences by applying multiple channels in a single campaign and meeting customers where they want to be met with the right message at the right time."

Carole Martin, RVP Services APAC

emarsys

An SAP Company

This rapid digitalization in South and Southeast Asia is paving the way for new opportunities, particularly for younger generations. In fact, many Asian countries are at the forefront of digital innovation globally.

For instance, the Philippines and Malaysia have achieved impressive rates in e-commerce retail growth at 25% and 23% annually respectively.

Top 10 countries by e-commerce retail growth

| Country	Growth
Philippines	25.0%
Malaysia	23.0%
Spain	22.9%
Netherlands	21.9%
India	21.0%
Mexico	20.9%
Canada	20.7%
Italy	20.5%
Russia	20.5%
Korea	19.5%
Global	16.5%

Sources: eMarketer

The Rise in Digital Consumption

The World Economic Forum (ref), lists four driving factors that have contributed to the rapid growth in digital consumption in South and Southeast Asia.

Vast, digitally native youth population

Rapid adoption of financial services via smartphones
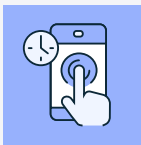
High mobile penetration and use of e-commerce and social media to buy products and services

Government support - introducing supportive policies to boost the digital economy and infrastructure

McKinsey & Company estimate that the proportion of digital payments in Asia will be at 65% in 2024 (against an average of 52% globally), making the continent a global leader in e-commerce.
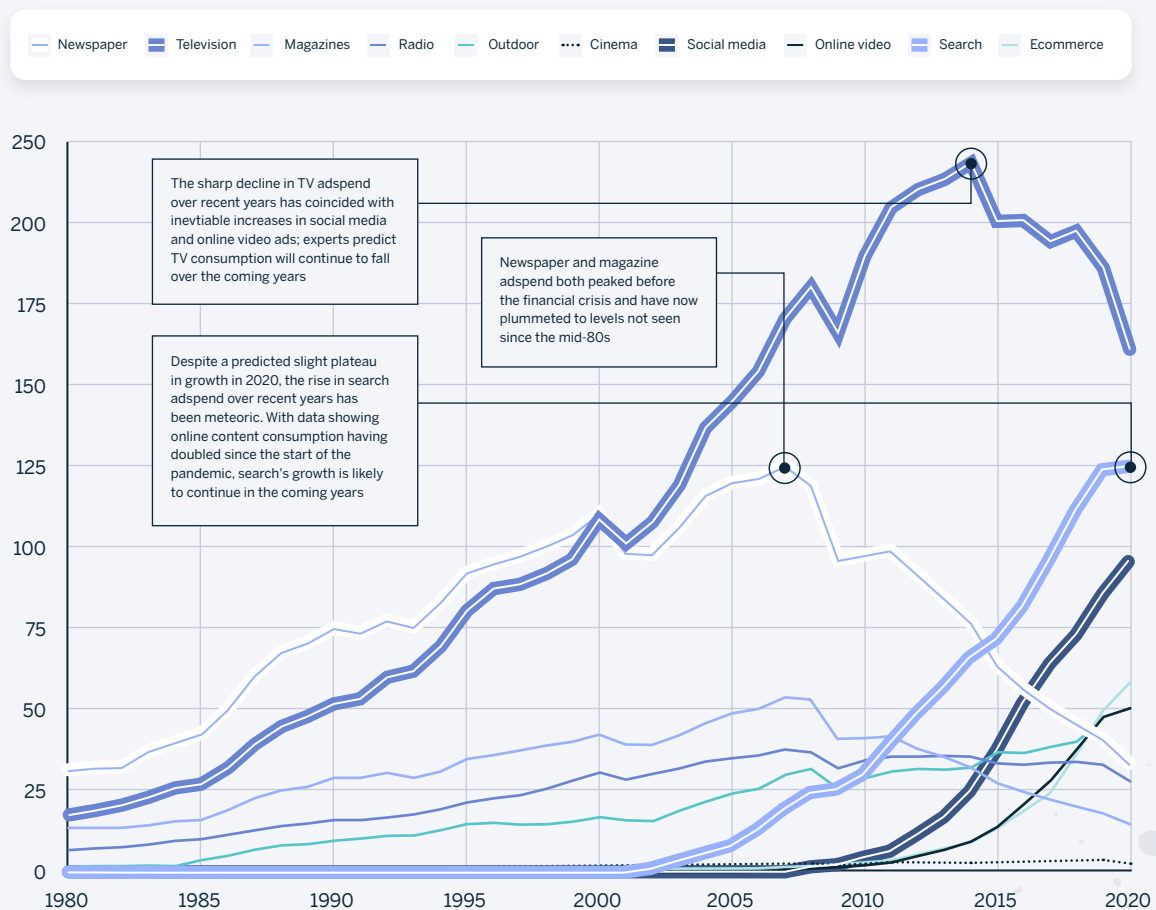
The increase in digital payments corresponds with a rise in the number of channels Southeast Asian shoppers are using for both discovery and purchase. A report by Bain & Company (ref) shows that social media is currently driving almost half of online discovery in the region.

E-commerce marketplaces account for 51% of online spend, with alternative e-commerce platforms such as business messaging and live-shopping accounting for 22% of online spend.

The Downside of the Digital Channel Explosion

The increase in e-commerce corresponds with a global shift in ad spend away from traditional media channels (print, radio, television) toward digital channels (search, social and online video).

Global adspend over the years by medium ($ billion, current prices)

Legend: Newspaper · Television · Magazines · Radio · Outdoor · Cinema · Social media · Online video · Search · Ecommerce

The sharp decline in TV adspend over recent years has coincided with inevtiable increases in social media and online video ads; experts predict TV consumption will continue to fall over the coming years

Despite a predicted slight plateau in growth in 2020, the rise in search adspend over recent years has been meteoric. With data showing online content consumption having doubled since the start of the pandemic, search's growth is likely to continue in the coming years

Newspaper and magazine adspend both peaked before the financial crisis and have now plummeted to levels not seen since the mid-80s

Sources: WARC 2020

Digital channels are far hungrier for content than their traditional counterparts. Marketers fueling these disparate channels, often managed in their silos, are struggling to keep up. This leads to inconsistencies in customer experience.

COVID-19 may have driven a surge in digital adoption and e-commerce in SEA, but it's left many brands with a deluge of customer data they are unable to use effectively. There is often no central view of the customer, and activating data across multiple channels is hard. Successful ominichannel integration is needed to deliver truly personalized experiences.

Without knowing where customers are within their lifecycle, nurturing them toward products they desire and experiences they will come back for - driving repeat purchase and customer loyalty – proves difficult

With this in mind, omnichannel marketing platforms such as Emarsys present a huge opportunity for SEA brands who want to consolidate customer data and activate across multiple channels to capitalize on the digital boom within the region.

The Omnichannel Opportunity in SEA

A recent survey published by Forrester entitled "The Omnichannel Difference: How The Most Customer-Focused Companies Deliver The Value of Omnichannel" ([ref](#)) showed that mature, customer-obsessed firms that deploy omnichannel strategies enjoyed:

Higher margins

Sixty-two percent of respondents in the study from customer-obsessed firms indicated that their company's omnichannel strategy has yielded higher margins for them. Compare this to just 45% of respondents from non-customer obsessed firms who said the same.

Strong customer retention and loyalty

Just more than half of respondents in this study from customer-obsessed firms (54%) compared to 46% from non-customer-obsessed firms said their company experiences better customer loyalty and improved retention from its omnichannel efforts.

Improved customer interactions

More respondents in our study from customer-focused companies also said their firm has more productive single interactions with its customers. For example, 52% of respondents in our study from customer obsessed companies said omnichannel programs boosted individual customer interactions and engagement compared to 46% from non-customer-obsessed companies.

Omnichannel marketing follows a data-led, AI-driven approach to understanding complex data points such as customer behavior, preferred channels, and lifecycle stage to determine which messages to send to which customers, through which channels, at what times.

The result is a seamless, deeply personalized customer experience that has a much higher probability of driving profitability and growth.

Key Drivers of Omnichannel Marketing

The Tech Boom

The proliferation of mobile devices, the rise of social media, and the increasing use of cloud-based technologies have all contributed to the rapid growth of omnichannel marketing.

Changing Customer Behavior

Customers now expect to receive personalized content and interact with businesses in real time across multiple channels.

Data and Analytics

Companies in the Digital Age typically sit on a goldmine of sales, product, and customer data. This data is the lifeblood of omnichannel marketing. It allows businesses to gain an intimate understanding of their customers.

Increased Competition

In under 50 years 80% of the market value of S&P 500 companies shifted from tangible assets to data and software. Omnichannel marketing keeps brands top of mind in a fiercely competitive market.

The following example is a good illustration of how omnichannel marketing can be used to deliver millions of personalized messages in real-time in order to improve user experience.

RUNTASTIC

Adidas Runtastic:
Using Real-Time Triggers to Deliver
Personalized Content

The Business

As part of the Adidas family, Runtastic strives to change the lives of their 165+ million users through sports. They're dedicated to providing the best user experience to their worldwide community through their adidas Running and adidas Training apps.

The Challenge

✔ **Cross-channel execution**   ✔ **Scaling personalization**

✔ **Contextual experiences**   ✔ **Multiple countries and languages**

With an international active user base engaging across devices, channels, and apps, adidas Runtastic wanted to consolidate communication for their users and provide the perfect fitness experience. They needed a system capable of processing huge amounts of activity data in real time so that relevant and engaging feedback would be triggered as subscribers trained.

The Solution

The real-time capture, analysis, and execution capabilities of the Emarsys marketing platform perfectly matched adidas Runtastic's needs. With powerful cross-channel automation, available via a highly accessible interface, adidas Runtastic could easily manage their digital marketing strategies to meet objectives using engaging and personalized content.

"With Emarsys, we have been able to address business challenges within our organization by gaining deeper insights into our customers. We are excited to take this journey together and be part of this solution, which will help mobile businesses win in this highly competitive sector. As a result of these insights and new capabilities, we now serve our community through a mobile-first approach by delivering millions of personalized messages every day — all within a single platform."

Edit Dudás, Head of CRM

RUNTASTIC

The Mobile Takeover

Asia is the most populous continent worldwide and home to the largest number of mobile phone users (ref). Roughly two-thirds of its population uses these mobile services, and there is vast potential for further expansion. Notably, South and Southeast Asia have experienced some of the fastest growth rates in terms of mobile users.

As reported by UN-ESCAP, Asia continues to be a dominating force in the global e-commerce market; it accounts for 78% of total retail sales worth $2.448 trillion taking place through mobile phones alone.

"Mobile devices are everything right now... We are adopting our digital channels to mobile. Customers can redeem benefits or see their available benefits through the mobile device. And also when they get to the store, even if they are not buying online, when they get to the store, they use their mobile device to identify themselves and to accumulate points with every purchase."

Danielle Ríos, Head of Loyalty

innovasport

The growth of mobile has driven development in these economies and enabled citizens to connect and transact more readily from anywhere at any time.

Smartphone penetration in Southeast Asia and South Asia in 2020 and increase in mobile phone connections in 2019/2022
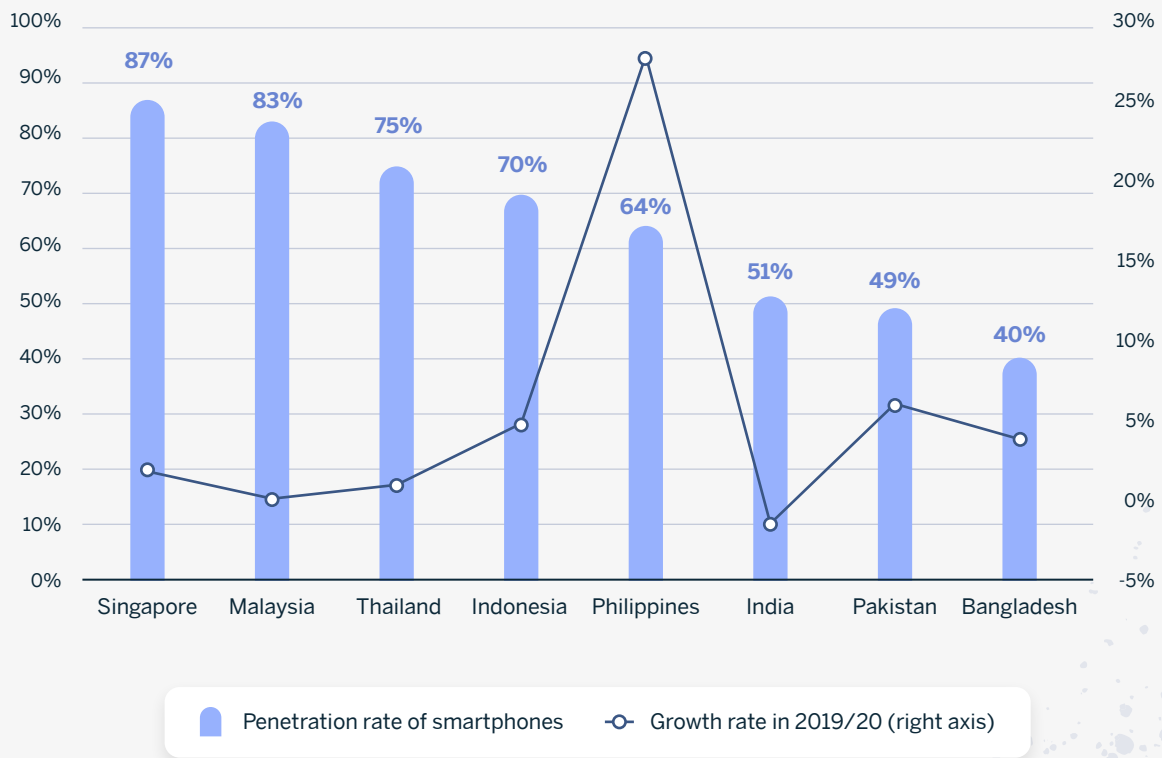
Sources: GSMA, Datareportal

The global proliferation of mobile has led to some innovative examples of mobile-first marketing as we'll see in the next case study.

÷Babbel

Babbel Case Study:

Delivering 1:1 Mobile Customer

Experiences to Accelerate Revenue

The Business

As a market leader in e-learning, Babbel offers one-month, three-month, six-month or yearly subscription options to its language-learning programs. The app saw triple-digit growth during COVID-19 and learning activity in the app doubled from March 2020.

The Challenge

✔ **Consistent cross-channel execution**   ✔ **Scaling mobile strategies**

✔ **Delivering real-time, relevant engagements**

Overall, the brand had to maintain innovation to remain competitive with smaller, more agile players in the market. In addition to a new focus on the live tutoring space and making the app free for students, Babbel needed to boost personalization within its app. The goal was to create a quicker, easier path-to-purchase for those with high likelihood to convert right away while serving helpful suggestions and courses to those who may be undecided.

The Solution

With the Emarsys Customer Engagement Platform, Babbel was able to gain insights about customers, such as their level of intent to learn a new language. They were able to identify and segment high, medium, and low intent learners to ensure the right personalized engagement reached the right user at the right time.

With email as the core communication channel, Babbel's investment in mobile — personalized in-app messaging along with push — converted 50% better than email by itself. After implementing personalization within the app, Babbel began driving better brand awareness, gaining more subscribers, and boosting engagement.

"At the end of the day, we want to personalize the whole product experience. Eventually, no two people who enter [our] bubble should have the exact same experience if they use the product differently... [and] we're working to have personalized recommendations at all times... [in the future, things will become] much more diverse... real-time personalization will get much more interesting for us in the future."

Nina Pollex, Director of CRM

÷Babbel

Weaving Conversational Commerce into Your Omnichannel Strategy

Conversational commerce refers to the intersection of messaging apps and customer engagement, support, and sales.

"So what actually is conversational messaging? It's a term that's been around for a while, but has taken a little bit of time for businesses to actually get up-to-speed and start using it. So shifting away from one-way messaging to two-way. It's about driving personalized campaigns, and it's about being targeted and that, I suppose, comes hand-in-hand with the personalized approach. And fundamentally it's on the customers' preferred channel of choice."

Sunny Dhami, Head of Product Marketing

sɪnch

Conversational commerce allows customers to chat with company representatives, get customer support, get personalized recommendations, and click to purchase — all from within messaging apps.

It's a surefire way for brands to dramatically improve the way customers experience their brands and yet, as noted by leading cloud communications platform Sinch in their recent CX report (ref), brands are falling short of customer expectations when it comes to two-way conversations.

This is due largely to the fact that, although CX experts have been encouraging brands to start two-way conversations for years, many have either ignored the advice or chosen to use the tech in a patchy way, rather than create a unified experience across all channels.
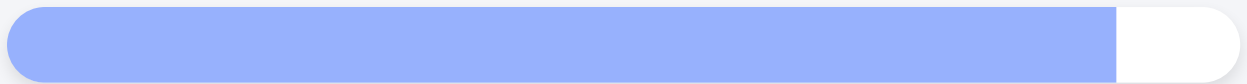
Sinch's research found that people overwhelmingly want messaging to be about having a conversation, not just another way to get bombarded with unwanted marketing.

What are some of the most useful messaging conversations?
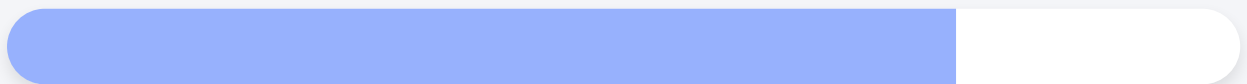
Get support or ask questions **90%**
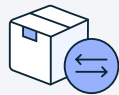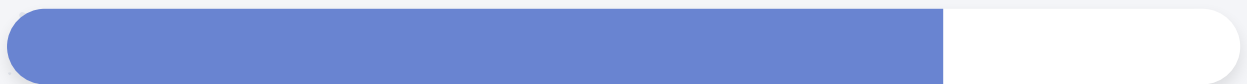
Initiate product returns, exchanges, and refunds **89%**

Get updates on items left in your cart **77%**

Complete a customer satisfaction survey **76%**

Source: Sinch's State of Customer Experience 2022

The global proliferation of mobile has led to some innovative examples of mobile-first marketing as we'll see in the next case study.

Fast-Track Your Omnichannel Journey

The path to omnichannel success doesn't start with a single project or a committee or even a particular tech platform; rather, it starts with taking one step at a time to put the customer at the center of everything your business does.

Whether you're just starting your journey from single- to multi-channel 1:1 marketing, or looking to increase the sophistication of your current omnichannel customer engagement strategy, Emarsys can help you power-up to the next level.

If you're interested in learning more about our omnichannel capabilities, our 3-minute demo video shows the Emarsys Customer Engagement Platform in action

Watch it here ⊙

For more information visit www.emarsys.com
or contact a member of our SEA Team

emarsys
An SAP Company

Will Wilson
RVP of Sales, APJ
Connect on LinkedIn

emarsys
An SAP Company

Lucy Wang
Sales Development Manager
Connect on LinkedIn

f www.facebook.com/emarsys www.twitter.com/emarsys in www.linkedin.com/company/emarsys