



Marketing Strategies: Navigating the New Normal

Marketing Benchmark Whitepaper For FMCG Sector in APAC

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If COVID taught us anything it is that we need to think and act differently than we did in the past. For us marketers, this has never been a more accurate statement than now.

But as brands look to the future, how can we leverage past lessons to impact consumers behaviors now? It is an interesting question not easily answered in the context of the past three years. Marketing and consumer expectations have changed but to what degree? Which marketing drivers still work? Are they still efficient?

What do I do now?

At Ekimetrics, as data science experts, we recognize the importance of historical data in predicting future trends. We use **multi-faceted, scenario planning** to determine what and where we need to focus. While a complex undertaking, we are still confident in data science. **By understanding the past, even through a pandemic, marketers can leverage historical trends and benchmarks to plot their brands future strategy.**

Our Whitepaper delves into marketing benchmarks, including spend and ROI, before and after the pandemic by Advertising & Promotion drivers. **We will answer the question that brands ask us most often: how does my ROI compare to the sector at large?**

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Our study will enable you to compare your brands marketing spend with sector and peer benchmarks, validating your intuitions through quantitative research, helping to create a winning combination to ensure future success.

”

More than

10,000

Datapoints

All the insights and figures in this report are extracted from Ekimetrics' proprietary media benchmark platform with the focus on Retail industry especially with the deep dive in FMCG brands, representing more than billions of dollars in media spending.

The scope covers all marketing levers across the sector, including Offline & Online paid media, and owned media with the focus on **APAC (excluding China and including Japan, Korea, Taiwan and SEA)** and on **China** specifically covering three periods.

- 1 Pre-pandemic (2019)**
- 2 During-Pandemic (2020-2021)**
- 3 Recovery period (2022)**

Key Takeaways



As we enter the post-COVID landscape, digitization in the retail sector remains a key priority as brands adapt to evolving consumer behaviors.

“

While trends vary across different APAC markets, the common thread is that businesses must understand and cater to the unique needs and preferences of their target audiences to thrive in the new normal.

”

1

FMCG brands remain focused on offline channels

Marketers are **raising the investment proportion** in online channels like **video and SEM by 12% and 4% respectively**, but most FMCG marketers are heavily invested in **TV and offline media with over 60% of the total budgets**.

2

Most marketing channels saw greater efficiency (ROI) during recovery compared to previous years

The APAC market has experienced an improved efficiency during COVID recovery for almost all the marketing drivers, among which sampling activities saw a notable rise **with a more than doubled ROI**.

3

Online search and display are effective sales drivers

SEM and display advertising **remain the top three most effective sales drivers** despite a slight drop in efficiency during the Covid recovery period

1

Marketing spend shifted from TV to OTV and social media platforms

The budget **shifted to Online video and social media**, which replaced traditional TV with **better targeting and user-generated product information**.

2

Enhanced efficiency in FMCG marketing investments

FMCG marketing activities were more efficient during Covid, driven by **a more optimized investment portfolio**.

3

Covid introduced the digital means to the seniors' purchases

Covid spurred digitalization among the elderly, boosting digital media efficiency and benefiting the FMCG industry.

CHINA

Our analysis of media trends reveals that the post-COVID (new normal) landscape is set to look vastly different from what we have seen in the pre-Covid period, with FMCG sector adapting to new consumer behaviors and trends.

In order to stay ahead, brands must adopt digitalization and personalization strategies that align with the evolving needs of their target audiences. Implementing these strategies will enable marketers to capture the growing retail market and drive long-term success.



FMCGs adapt to evolving consumer needs with a consumer-centric marketing strategy for personalized, consistent experiences.

Though TV bounces back, the demand for digital video grows, requiring innovative marketing techniques such as targeted ads to reflect changing consumer needs.



Market Overview

1

China's retailers allocate more investment to marketing compared to other APAC countries

The Chinese retail market is highly competitive, and **it is challenging to gain dominance with digitalization** and evolving consumer preferences. Thus, retailers in China must allocate more budget to marketing to maintain their market positions.

2

FMCG marketing budgets in APAC have yet to recover to pre-pandemic levels amidst consumer caution

Despite the **FMCG sector's 4% YoY growth**, it may take some time to return to pre-pandemic levels due to mixed signals in APAC markets, such as a positive stimulus due to **lifting of COVID-era restrictions against negative pressures of high inflation** and rising interest rates.



China's retail brands allocate a larger share of marketing budgets compared to other APAC countries

After analysing sector data, a notable disparity in media spending allocation was identified between the Retail sector in China and the rest of the Asia-Pacific (APAC) region. Specifically, the Retail sector in China has been allocating a larger proportion of their budget towards marketing activities compared to other countries in the APAC region

- The Retail market in China has become highly competitive, leading retailers to increase their marketing spend during and after COVID with a focus on maintaining their market positions by attracting and retaining valuable customers. With many domestic and international players in the market, it is challenging for individual companies to gain dominance, especially because the sector is largely made up of small and medium-sized retailers. Furthermore, the market is changing due to various factors including digitalization and evolving consumer preferences, which requires an assertive approach to marketing investment to build a strong brand identity and secure a leading position.
- In APAC, investment budgets as a percentage of market sales have not yet returned to pre-pandemic levels, possibly due to rising inflation and prices impacting consumer behavior. Two out of three consumers are more cautious when spending and prioritize value for money in their purchasing decisions. While at the same time retail brands have raised prices, citing "premiumization" as justification for the increases across all sectors, from FMCG to fashion¹.



¹Retail in Asia, Consumer trends in APAC for the rest of 2022, 2022

FMCG marketing budgets in APAC have yet to recover to pre-pandemic levels amidst consumer caution

During the early stages of the pandemic, FMCG retailers in APAC (excluding China) adopted a cautious approach to the uncertain market climate, with a 4% reduction in investments.

Although the FMCG sector's value growth has increased by about 4% YoY, it may take some time to return to pre-pandemic levels due to mixed signals in APAC markets².



² Kantar, Kantar Worldpanel Asia Pulse 2022 Q3, 2022

- On one hand, lifting COVID-related restrictions has boosted pent-up consumer demand, and some governments such as those in Japan and Hong Kong have provided monetary and fiscal stimulus to encourage spending.
- On the other hand, high inflation and rising interest rates have created negative pressures in many markets, with inflation varying from 2.3% in Peninsular Malaysia to 7.1% in Thailand (as of May 2022). In some markets, the take-home FMCG inflation rate is higher than the average, with rural Vietnam experiencing a rate of 8% compared to the overall rate of 2.9%³. Consequently, FMCG volume growth is slowing down in some markets.

FMCG Market Investment/Sales



Note: Please note that due to the unavailability of China sales data, we are unable to draw any definitive conclusions about the trend of Chinese FMCG. Our analysis is based solely on investment data, and as such, any assumptions or conclusions should be made with caution.

³ Kantar, FMCG Inflation in South-East Asia Playbook, 2022

APAC Focused

Excl. China

Overall APAC marketing showed resilience in the face of COVID with significant restructuring of investment from offline to online channels and the rising importance of certain levers like OOH, OTV and Search throughout the COVID period into the recovery.

We have observed that APAC retail brands have taken strategic measures to adapt to the changing consumer behaviors such as increased time spent streaming videos, greater e-commerce spending and increased usage of search and social media as a sales channel.

Despite the digitalization trend, we found that some offline channels are still important for industries like FMCG, and it is imperative to optimize spending for these channels to ensure they are not oversaturated.



APAC Retail Overview

1 APAC saw steady investment growth in paid media over the past 3 years

Paid media in APAC experienced a **57% surge** during the COVID Recovery period, particularly in online paid media channels.

2 Paid media performance was primarily driven by online channels

While paid media performance has improved, **online media is seeing stronger efficiency compared to offline** with performance above profitability threshold over the years.

3 Offline media exhibited improved efficiency during recovery period

Despite a pandemic-driven shift toward online spend, offline media efficiency slightly improved during recovery with enhanced OOH strategy for FMCG.

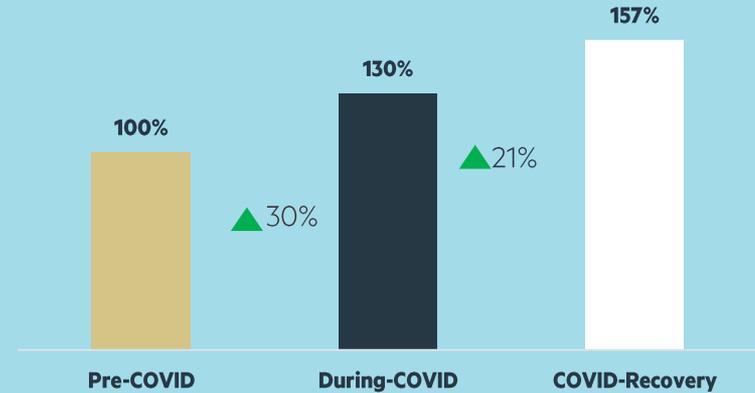
Digitalization became the new trend for retail sectors since COVID

(Note: Paid media is the most frequently utilized marketing drivers across all Retail sectors. Consequently, the analysis of investment and efficiency trends for the entire Retail sector will solely focus on paid media. However, a thorough examination of other media channels will be undertaken in the subsequent sections, where the specific drivers for FMCG sector will be scrutinized.)

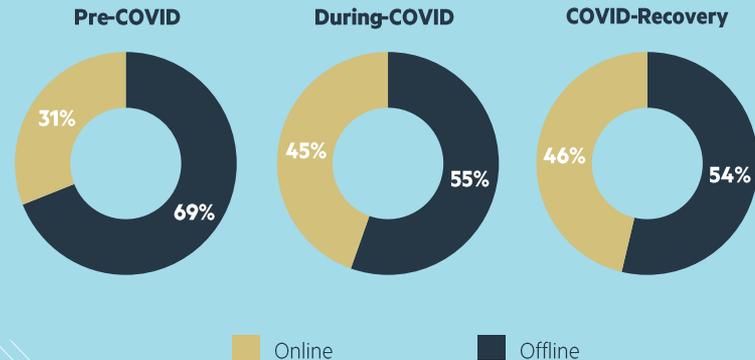
Paid media maintained its upward trajectory in the APAC region, experiencing a 57% surge during the COVID Recovery period compared to pre-COVID levels and is projected to rise by 5.6% in 2023.⁴

The surge in Online media share, which increased from 31% to 46% from pre-COVID to the recovery period, was primarily driven by the growing number of internet users in the region, the shift to omnichannel strategies, and the faster adoption of e-commerce by consumers. Specifically, the growth is attributed to search and Social media channels. According to Media Partners Asia, this trend is set to continue, with Digital channels expected to contribute to 67% of ad spend by 2025.⁵

APAC Retail: Paid Media – Spending Evolution



APAC Retail: Paid Media Spend Split



⁴Dentsu, Global Ad Spend Forecasts, 2021

⁵Media Partner Asia, Asia Pacific Advertising Trends, 2021

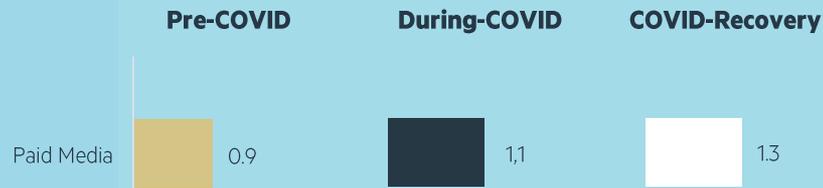
Resilience and efficiency of paid media amid market uncertainty and shift to online

Despite the market uncertainty and the shift from Offline to Online, the efficiency of paid media have increased slightly throughout the pandemic period, which demonstrates the resilience and scalability of this marketing driver.

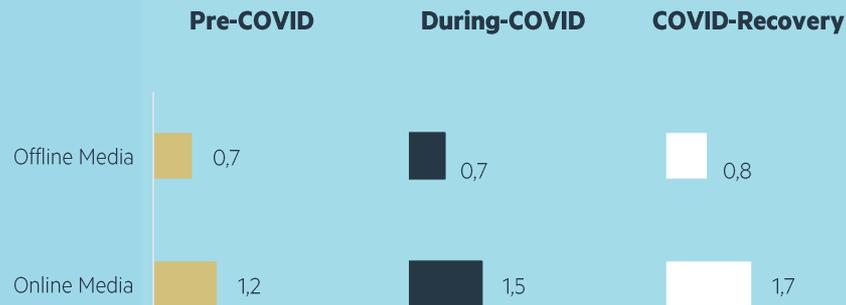
Further analysis of paid media reveals that Offline media experienced a marginal increase in efficiency during the recovery period due to improved performance in various formats such as optimized OOH strategy for FMCG sector. Meanwhile, Online media channels saw more significant increases in efficiency, driven by various Online media channels such as search, Display and Social media etc.

Moving forward, we will conduct a detailed analysis of the investment trends and efficiency changes of various marketing drivers in the FMCG during the pre-covid, during covid, and post-covid periods, providing insights on observed trends.

APAC Retail: Paid Media Absolute ROI



APAC Retail: Offline/Online Media Absolute ROI





APAC FMCG Deep Dive

FMCG brands remain focused on offline channels

Marketers are investing more in online channels like video and SEM, but most FMCG marketing budgets are heavily invested in TV and offline media.

Most marketing channels saw greater efficiency (ROI) during recovery compared to previous years

The APAC market has experienced an improved marketing efficiency during COVID recovery, with sampling activities expected to see a notable rise in ROI.

Online search and display are effective sales drivers

SEM and display advertising remain among the top three most effective sales drivers, despite a slight drop in efficiency during the Covid recovery period



Increased investment in digital channels while maintaining dominance of offline media

FMCG brands in APAC are still reliant on traditional Retail channels, which accounts for 45% of sales in the region⁶. Despite the impact of COVID, Offline Retail sales in the FMCG sector bounced back quickly, with a double-digit growth of 12.3% in 2021 compared to 2020 and a 7.6% growth compared to 2019⁷.

^{6,7}NielsenIQ, Mapping the shift in FMCG Retail channel trends, 2022

For FMCG, Offline Retail remains the primary channel for investment. However, we observed a growing proportion of ad spend being allocated to Online channels in COVID Recovery period, as consumers increasingly shift their shopping behaviour towards e-commerce platforms. A few key investment trends are observed in the study:

1.
TV continues to be the dominant channel despite eroded share in spend

FMCG channels continue to heavily rely on TV advertising, but as traditional TV viewership declines, we anticipate that the Digital ad spend for FMCG will align with other Retail sectors. In mature markets like Australia and Japan, the decline in TV ad spend is expected to be long-lasting, and a return to pre-pandemic levels is unlikely⁸.

⁸ Media Partner Asia, Asia Pacific Advertising Trends, 2021

⁹ Google, How the streaming boom has landed us back in the living room, 2021

¹⁰ Google, Year in Search 2022: APAC search trends, 2022

2.
FMCG brands have noticed that APAC consumers are increasingly streaming online videos

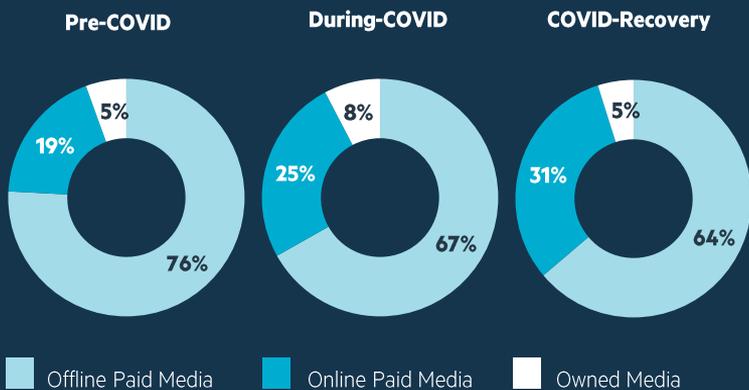
FMCG brands are capitalizing on the rising streaming viewership among consumers in APAC, resulting in significant double-digit growth of Online video spending. As there are nearly two-thirds of the internet population in APAC stream content on an average day, Online video channels have emerged as a valuable tool for brands to engage with consumers, especially as behaviours such as streaming YouTube on TV continue to gain popularity in the region⁹.

investment trend

3.
Search emerged as the 3rd top investment choice as consumers valued online searches before purchases

Paid search has been on the rise in APAC, making it one of the fastest-growing regions for search advertising globally. With the cost of options on the rise due to inflation, consumers are turning to paid search to weigh their choices. In 2022, there was a 260% increase in search interest for the price of goods in Vietnam, and a 160% increase in search interest for the same in the Philippines¹⁰. Consumers are also placing greater importance on goods ratings, quality, and brand reputation when making purchasing decisions.

APAC FMCG: Spend Split by Driver



APAC FMCG: Spend Split by Channel

		Pre-COVID	During-COVID	COVID-Recovery
Offline	OOH	1%	<1%	1%
	TV	74%	66%	62%
Online	Search	2%	6%	6%
	Display	6%	4%	3%
	OTV	7%	13%	19%
	Social	4%	3%	4%
Owned	Sampling	6%	8%	5%



Rapid increase in efficiency of OTV, social and sampling

During the COVID period, market uncertainties resulted in stable or reduced efficiencies across various marketing drivers, which improved in the recovery period as brands optimized their marketing spend and consumption levels returned to pre-pandemic levels. In COVID-recovery period, these drivers are proven to be efficient.

1.

Changing consumer tastes creates opportunity to leverage sampling for recruitment

Sampling saw a sudden increase in efficiency in the recovery period despite reduced spend as consumers returned to Retail stores. The COVID recovery era has witnessed a general shift in consumer preferences towards health, safety, wellness, and sustainability, presenting an opportunity for brands to leverage changing customer loyalty¹¹. Hence, in today's highly competitive market, product sampling has emerged as the most effective strategy for driving customer recruitment.

2.

Search and display remained best-performed online channels despite slight efficiency drop

Despite the slight efficiency drop, search and Display advertising remained the most effective channels for FMCG companies in the APAC region. This is because these channels offer targeted advertising and have a wide reach on the growing customer's appetite for searching Online for goods ratings, quality, and brand reputation when making purchasing decisions¹², allowing brands to connect with their target audience effectively.

3.

FMCG brands optimize channel efficiency as TV Ad spends shift to OTV

The analysis shows that decreased investment in TV advertising during the post-COVID period resulted in an improvement in Offline media efficiency, suggesting that TV channels had reached saturation levels pre- and during-COVID and lower spending on TV allowed FMCG brands to optimize their marketing spend. Conversely, the increase in investment in OTV led to an increase in efficiency, indicating a significant potential for growth before reaching saturation levels.

efficiency trend

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¹¹EY, How Asia-Pacific must respond to the new, post-COVID consumer, 2020

¹²Google, Year in Search 2022: APAC search trends, 2022

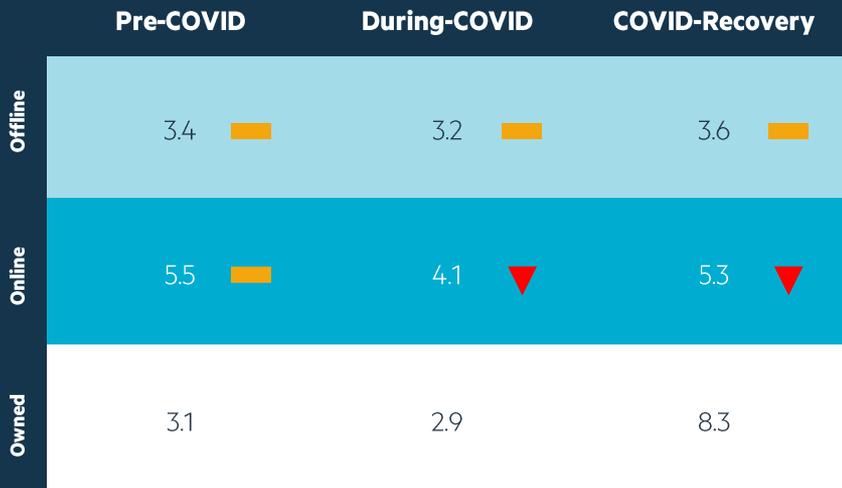
Compare to aggregated Retail industry:

Similar level: ■

ROI Higher than aggregated Retail: ▲

ROI Higher than aggregated Retail: ▼

APAC FMCG: ROI Index* Split by Driver



APAC FMCG: ROI Index* Split by Channel

	Pre-COVID	During-COVID	COVID-Recovery
Offline			
OOH	2.4	5.0	5.2
TV	3.4	3.2	3.6
Online			
Search	7.1	3.8	6.2
Display	6.9	7.0	6.3
OTV	2.8	3.4	5.5
Social	3.5	3.6	4.3
Owned			
Sampling	3.1	2.9	8.3

*Note: As a precautionary measure on confidentiality, the ROI index is being used instead of the absolute ROI value

China's overall retail market continued to invest a greater share of its sales revenue on marketing throughout the covid period (and into recovery) in order to capitalize on changing consumer behaviors and gain market share.

Despite China already being a strong digital-first retail market, our analysis saw an even greater allocation of media spend to online media in the face of COVID. At the same time offline paid media share shrank to 7% in the recovery period compared to 24% in pre-pandemic levels. Online channels like search and social media were the focus of spending during COVID.

China Focused



China Retail Overview

1 **China's paid media investment shows steady growth over time**

During the COVID recovery period, paid media in the China region experienced a significant increase of 144%, primarily due to the expansion of online media

2 **China's world-leading digital marketing gained further momentum**

Digital marketing in China, which had already seen significant growth, has been further boosted by the enduring effects of Covid-related policies and changes in the population's behavior.

3 **Online media was the main driver of paid media efficiency**

Efficiency of Paid media rose with the increased investment in the face of sales stagnation due to lockdowns, which was mainly driven by online media

Digitization became the new trend for all retail sectors since COVID

Thanks to the emerging omni-channel strategy, paid media spend has increased over the past few years. During COVID, as uncertainty persisted over when consumers would return to physical shops, many companies scaled back their promotional activities for products and prioritize their Digital advertising and e-commerce efforts throughout the second year of the pandemic. This resulted in a surge in ad spending and an increased emphasis on Online channels to engage with customers. Although the world entered the Recovery period, this trend continued, with a slight increase in the size of China's advertising market in 2022¹³.

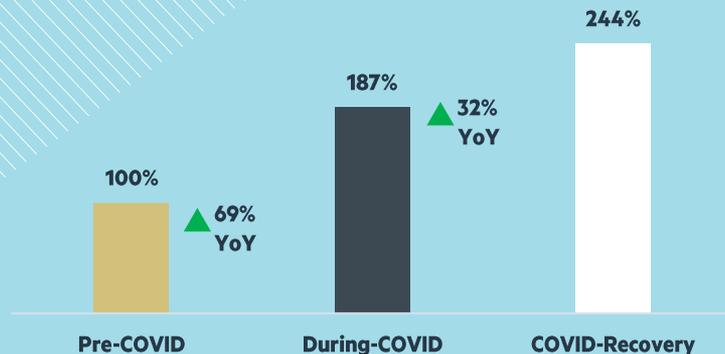
The trend of Digitalization is strongly influencing the market, with China at the forefront of this movement.

The number of internet users in China has been increasing rapidly, with around 60% of the population already using the internet before the COVID pandemic and further accelerated in 2020, reaching 69% of the total population¹⁴. As more people use the internet, Retailers are investing more in Online media to connect with their audience in which China's total Digital media spending has increased by a compound annual growth rate (CAGR) of 13% between 2019 and 2021¹⁵.

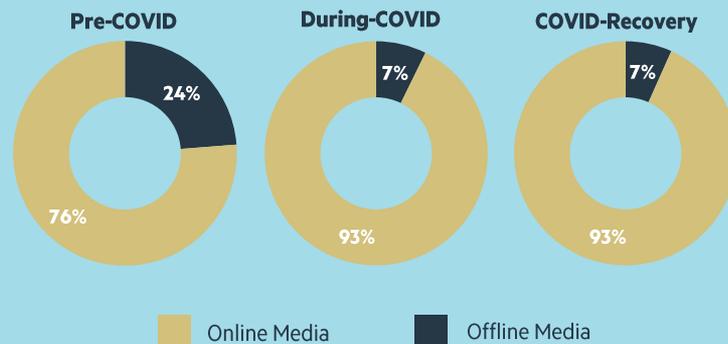
^{13,15}Dentsu, China Media Landscape Report Q1 2023, 2023

¹⁴Statista, Number of internet users in China from 2012 to 2022, 2023

China Retail: Paid Media – Spending Evolution



China Retail: Paid Media Spend Split



Online Media

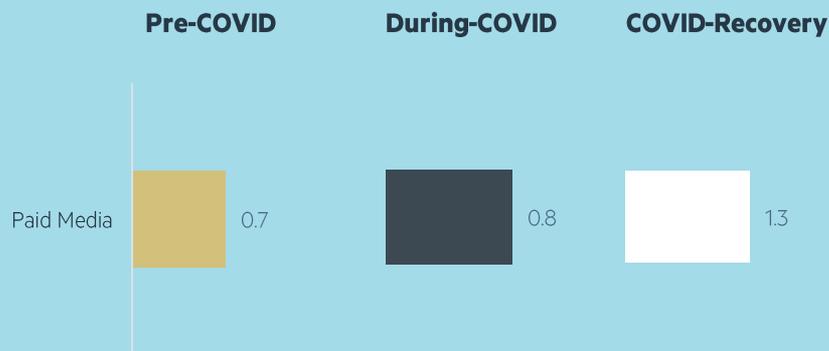
Offline Media



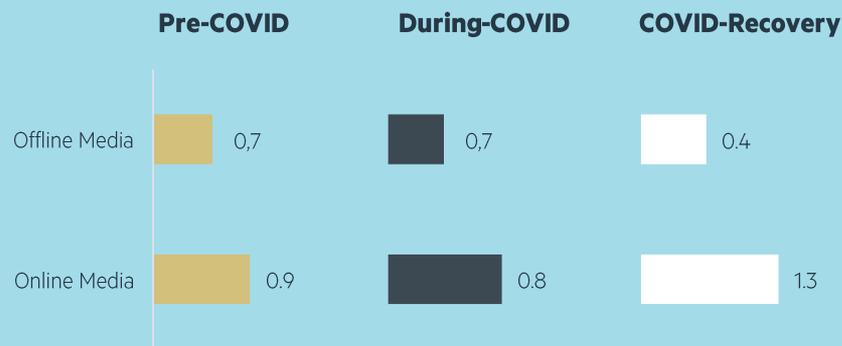
Efficiency of paid media exceeded pre-pandemic levels despite sales stagnation due to lockdowns

The effectiveness of paid media has shown an increase with higher investment, indicating that there is still untapped potential for scaling up spend levels in this medium. Notably, there was a substantial improvement in efficiency during the recovery period, as Chinese brands adapted to changes in media consumption habits despite the disruptions caused by the 2022 lockdown.

China Retail: Paid Media Absolute ROI



China Retail: Offline/Online Media Absolute ROI



The enhanced efficiency in Online media can be attributed to the growing popularity of short videos, live streaming, Social media, and e-commerce platforms. Even prior to the pandemic, China was already an influential Digital market, accounting for 45% of global e-commerce transactions and boasting over 850 million internet users in 2019¹⁶. During the lockdown period, companies implemented a range of Digital tools to maintain customer connections, such as virtual showrooms, Online consultations via WeChat, and the utilization of live streaming and Online video formats¹⁷. The rise of the **"stay-at-home economy"** has had a lasting impact on the Retail experience, leading to a shift towards Online shopping for nearly all Retail sectors.

Similarly, we will undertake a comprehensive analysis of investment trends and efficiency changes across different channels in FMCG sector, spanning the pre-COVID, COVID, and post-COVID periods in the following sessions.

^{16,17} McKinsey & Company, China Consumer Report 2021, 2021



China FMCG Deep Dive

Marketing spend shifted from TV to OTV and social media platforms

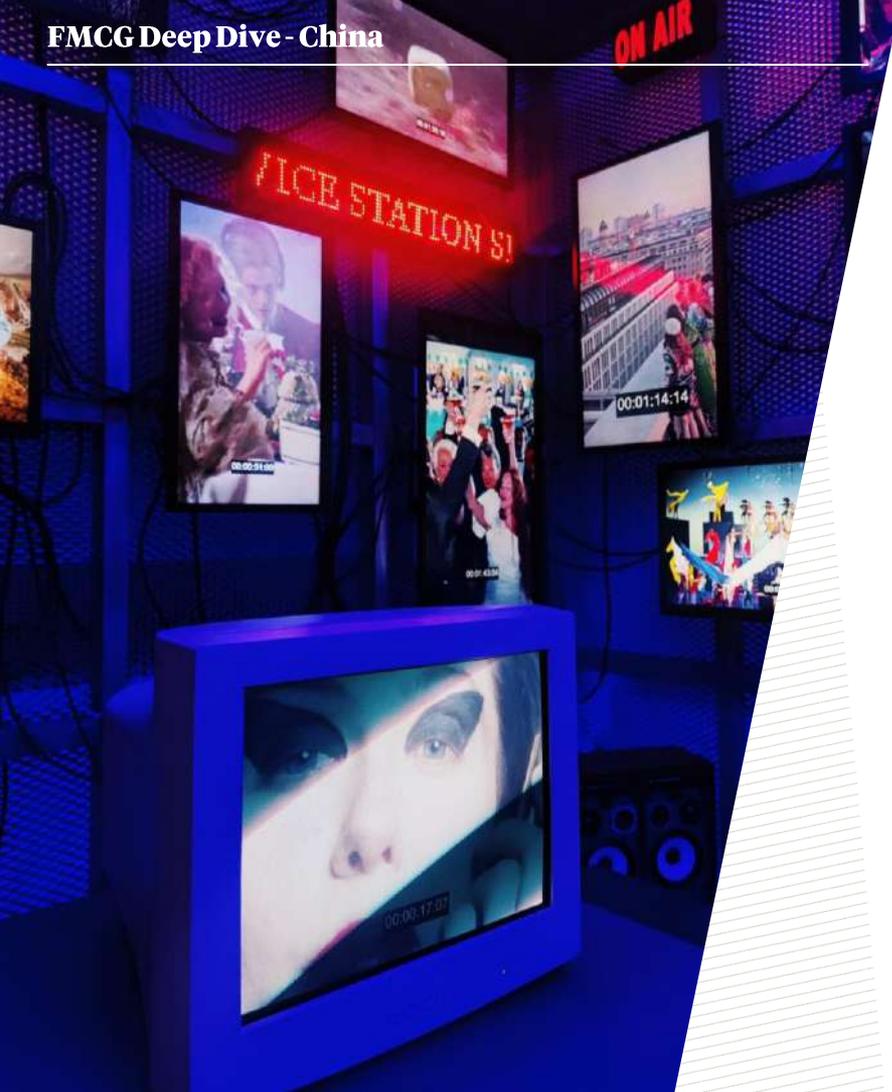
The **budget shifted to Online video and social media**, which replaced traditional TV with better targeting and user-generated product information.

Enhanced efficiency in FMCG marketing investments

FMCG marketing activities were more efficient during Covid, driven by a **more optimized investment portfolio**.

Covid introduced the digital means to the seniors' purchases

Covid spurred digitalization among the elderly, boosting digital media efficiency and benefiting the FMCG industry.



TV spending has proportionally declined to make way for online video and social

Historically, FMCG Retailers in China have divided their advertising budget almost equally between Online and Offline channels, with a slight preference for Offline media. However, the COVID pandemic prompted a significant shift towards Online channels, resulting in a 60-to-40 ratio in favour of Digital media.

This shift can be attributed to the growing importance of e-commerce as a Retail channel, with Online sales accounting for over 30% of FMCG sales in China in 2021. Although Chinese FMCG Retailers have yet to see a full recovery from the pandemic's effects, there have been some common changes in their investment strategies during this time.

1. Online video is of similar spending level as traditional TV

While traditional TV is still the primary Offline paid media channel, its share of the budget has decreased, as more funds are being allocated to Online Video and Social Media. Both TV and Online Video utilize a video format, and often feature the same creative. However, TV advertisements are broadcasted virally and can only be purchased by airtime, while Online Video targeting capabilities are becoming increasingly specialized¹⁸. Retailers can tailor their video content to specific audiences, which aids in converting viewers into potential leads or even customers.

^{18,21} Dentsu, Global Ad Spend Forecasts July 2022, 2022

^{19,20} LinkedIn, The Top 6 Forces Shaping China's FMCG Markets, 2020

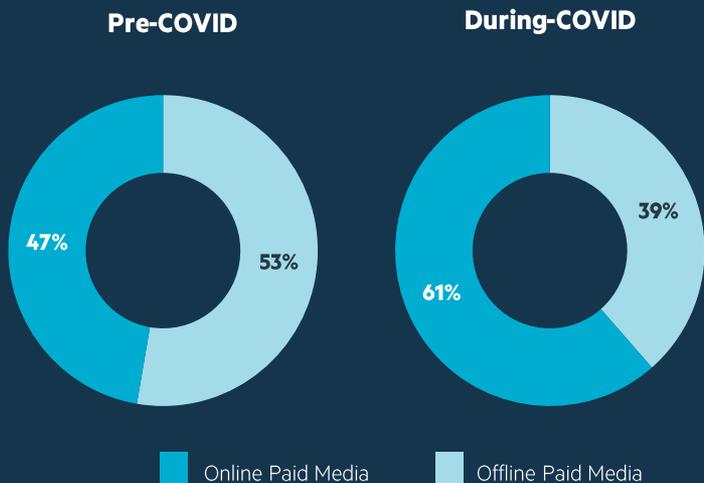
2. Traditional TV make way for digital social as the largest growth channel

In China, recommendations hold significant weight as consumers rely heavily on them when making purchase decisions. Social e-commerce has emerged as a Digital version of this phenomenon, where users can generate their own content, reviews, and product demonstrations on platforms like RED¹⁹. These platforms integrate e-commerce capabilities and allow communities to collectively purchase products through a fast-growing phenomenon called community group buying. The model leverages "mini-apps" within established platforms such as WeChat²⁰. Apart from offering integrated e-commerce, companies utilize WeChat to develop private domain traffic and share content through official company pages.

3. COVID has changed the consumption habit of seniors

A notable trend is the increasing acceptance of Online consumption among the elderly population. A study reveals that this trend is expected to continue, with over two-thirds of China's elderly population predicted to be Online users by 2030²¹. The COVID pandemic may have expedited this shift as seniors were forced to adapt their lifestyles to Digital platforms during lockdowns. Consequently, FMCG brands are reassessing their marketing channels to engage with this demographic. With a mix of Online and Offline outreach channels. In China, for example, senior influencers live-stream products and have millions of followers.

China FMCG: Spend Split by Driver



China FMCG: Spend Split by Channel

		Pre-COVID	During-COVID
Offline	TV	53%	39%
	Search	9%	4%
Online	OTV	38%	40%
	Social	<1%	17%

Online media efficiency growth exceeds TV with online video dominating

Online and Offline media have exhibited improved media efficiency, but the growth in efficiency is greater in Online media. While traditional methods can still be effective in reaching certain consumer groups, investment in Social media and livestreaming may yield better results for Digital natives.

FMCG companies will need to continuously experiment with their marketing strategies to refine their approach to reaching consumers, particularly as consumer groups become increasingly diverse²².

1. Online video rivals TV as a key incremental driver

The trend seen in FMCG APAC is also evident in the FMCG brands in China where TV ROI has shown improvement despite reduced spending, suggesting that the spending on television advertising had already reached saturation levels during the pre-COVID period. The increased investment in OTV has led to more than a twofold increase in its media effectiveness as compared to the pre-pandemic level, indicating significant potential for growth before reaching saturation levels, which is in line with the growing popularity of OTV formats among consumers.

2. Digital search reduced in effectiveness yet remained high

Digital Search is the only channel that experienced a drop in ROI during the COVID pandemic, possibly due to the highly competitive market during that period as majority of players shifted their advertising budget to Online channels. However, Digital search is still a key channel for consumers to obtain information from, especially for second or third-tier cities²³ given its ROI remains healthy at above 1.

3. Social media ROI maintain stable despite the biggest increase in investment

The notable surge in Social media investment for FMCG in China with an unchanged ROI could be attributed to various reasons. One plausible explanation could be the influx of new brands and companies, leading to stiffer competition for the same target audience and consequently increased advertising costs. This intensified competition may render it arduous for brands to differentiate themselves and establish a meaningful connection with their intended audience, resulting in a flatlining of ROI despite heightened investment.

^{22,23}McKinsey & Company, The shifting consumer packaged goods market in a diversifying Asia, 2021

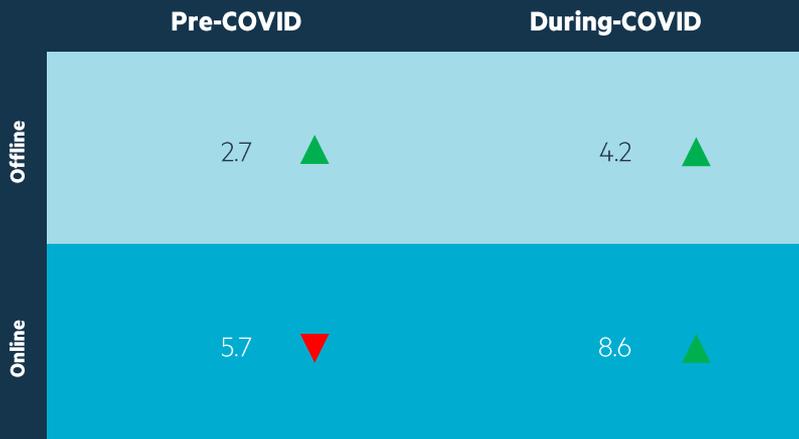
Compare to aggregated Retail industry:

Similar level: ■

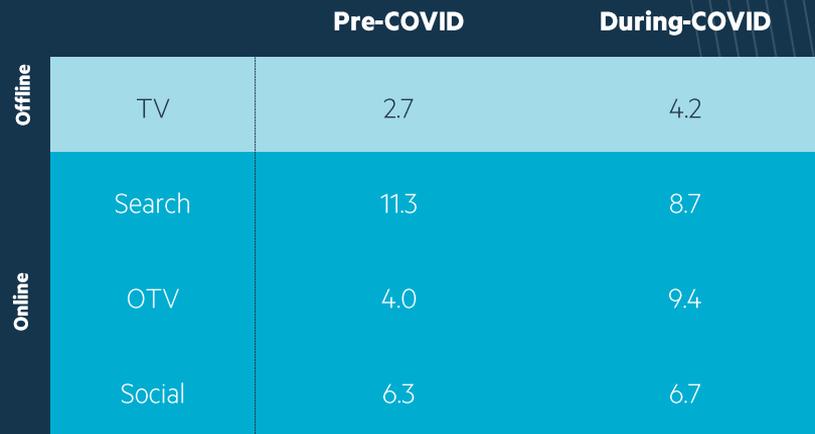
ROI Higher than aggregated Retail: ▲

ROI Higher than aggregated Retail: ▼

China FMCG: ROI Index* Split by Driver



China FMCG: ROI Index* Split by Channel



*Note: As a precautionary measure on confidentiality, the ROI index is being used instead of the absolute ROI value

New Normal

Post COVID

As the Retail sector moves beyond the COVID recovery period, it is critical to consider the trends that will shape the "new normal." One of the key trends is digitization, which continues to be a priority for brands as consumer behaviors evolve. This trend is relevant for all the retail industry, and specifically for FMCG Retailers, which is with unique ways of responding to the digitization trend that reflect the distinct needs and preferences of their target audiences.

In this chapter, we will delve into the post-COVID trends for these sectors, exploring the innovative strategies that brands are employing to remain competitive and meet the evolving needs of consumers in the ever-changing Retail landscape. By discussing these trends, we aim to provide marketers with inspiration for adjusting their media investment strategies in the post-COVID era.

Upcoming Retail trends

1

Customers are growing more price-sensitive as core inflation levels rise.

Yearly inflation is expected to rise from 4.4% in 2022 to 4.2% in 2023, before gradually declining to 3.3% in 2024 as global energy and food prices fall. Despite this trend, core inflation levels are anticipated to remain above pre-pandemic levels of 2%.²⁴ In this economic climate, nearly half of all shoppers (49%) are indicating a preference for lower-priced brands, while 45% are planning to seek out additional discounts and promotions to mitigate the slight inflationary pressure²⁵. However, essential products like hygiene items are expected to experience less negative impacts. In order to stay competitive, Retailers must strike a balance between managing costs and building strong customer relationships. This can be achieved through targeted marketing campaigns and trade promotions, which can help retain customers and drive sales.

2

Omnichannel is the future of retail

E-commerce growth has stabilized in many markets, with a 3% decline in overall e-commerce sales in APAC, as per a recent Nielsen report²⁶. Brands must focus on delivering a seamless customer experience that enables shoppers to switch between Online and Offline channels effortlessly. The trend towards mobile shopping apps and Online marketplaces is driving the growth of omnichannel Retail. Despite 49% of consumers globally shopping across channels, 70% of their budget is spent Offline, highlighting further potential for brands to adopt the omnichannel approach²⁷.

²⁴ Asian Development Bank, Asian Development Bank outlook 2023, 2023

^{25,27} Oliver Wyman, Future of Retail 2022 NACS Asian CEO Summit, 2022

²⁶ NielsenIQ, The Omni Future of Retail: 2023 Outlook on e-commerce and in-store shopping, 2023

Upcoming Retail trends

3

East Asia and Southeast Asia anticipate sales growth with the return of tourism.

While visitor arrivals in 20 economies were just 26% of 2019 levels in 2022, there was a notable increase to 45% in 2022 Q4²⁸. For economies in East and Southeast Asia, tourism revenues are a critical component of their economies, and with most tourist destinations in the region reopening, a swift recovery is expected this year, particularly given their proximity to China. Therefore, brands operating in these markets may consider implementing new marketing strategies such as targeted advertising campaigns and optimized Social media presence to reach potential travelers.

“ Since the trend discussed in this whitepaper applies to all sectors, marketers should bear this in mind as they explore the specific trends in more detail for each sector. It's crucial to understand the broader trend's potential impact on the overarching Retail sector. ”

²⁸ Asian Development Bank, Asian Development Bank outlook 2023, 2023

1.

Adapting to Evolving Consumer Needs: The Key to FMCG sector's Success in the Digital Age

The COVID pandemic has accelerated the Digital maturity of consumers, paving the way for Gen-Z to demand products that align with their values. By 2023, customer experience and Digitalization are predicted to make up 38% of the total impact on FMCG.²⁹ To thrive in this new era, FMCG companies must adopt a consumer-centric marketing strategy that provides personalized, consistent, and captivating experiences across both Digital and traditional channels.

Although traditional mass marketing channels like TV are bouncing back from the pandemic slowdown, the demand for Digital video is projected to continue growing, as it enables companies to reach and target hard-to-reach audiences using first and third-party data.³⁰ By leveraging this data, FMCG companies can identify opportunities based on demographic and interest segments and customize their strategies with different product offerings and diverse creatives, rather than relying on a single brand message.

Overall, the FMCG sector is shifting towards a more tailored marketing approach that reflects the changing needs and preferences of consumers in the Digital age. As such, FMCG companies must keep pace with this evolution by embracing innovative marketing techniques that enable them to deliver the personalized, consistent, and captivating experiences that consumers demand.

^{29,31} StartUs Insights, Top 10 FMCG sector Trends & Innovations in 2023, 2023

³⁰ Dentsu, China Media Landscape Report Q1 2023, 2023

2.

Revolutionize FMCG with a Dynamic Route-to-Market Strategy

In today's FMCG market, consumers have various channels to engage with brands, going beyond traditional physical stores. Although traditional trade still has a significant share of FMCG sales in Asia Pacific, e-commerce is growing rapidly and has become the second-largest channel in the region, accounting for 20% of sales.³¹

Livestreaming has gained tremendous popularity among consumers who appreciate its promotional offers, direct understanding of products, and prompt query resolution. In China, Taobao dominates the livestreaming space, offering consumers integrated e-commerce features to make purchases during livestreams.

Community buying, also known as group buying, is another growing trend in the FMCG market. It involves a group of consumers coming together to purchase a product or service in bulk, allowing them to take advantage of discounts and other promotional deals that may not be available to individual buyers. Originating in China, this trend is rapidly expanding into other parts of Asia and is expected to become more popular as consumers look for better products and prices.

To thrive in this dynamic market, FMCG companies must diversify their channels, including e-tailers, livestreaming, and community buying platforms. In the long run, they should also focus on building direct-to-consumer capabilities that seamlessly integrate Online and Offline channels, which will be crucial for sustained success.

The background of the slide features a group of people in silhouette, appearing to be in a meeting or discussion. They are positioned against a clear, light blue sky. The silhouettes are dark and detailed, showing profiles and some facial features like glasses. The overall composition is clean and professional.

Final Words

The Importance of Adapting to Sudden Market Changes: A Lesson for Businesses and Marketers to Remember

Omnichannel has become integral

Although more consumers are shopping online, traditional trade still accounts for a large part of their budget., highlighting the importance of enabling shoppers to switch between online and offline channels effortlessly.

Relationships are everything

Cultivation of a loyal local customer base in the long run is recommended to build a defensive baseline, targeted promotions and CRM needed to maintain customer retention.

Online-offline scale balanced

The pandemic has expedited the pace of digital marketing, even among the senior demographic, but traditional offline media remains an essential part of the media mix.

“

There is now an opportunity to evaluate and put the emphasis back to the marketing mix

”

Follow these 5 Key Actions to Success of Formulating your Marketing Strategy:

1. Assess efficiency of current marketing investment

What is your current investment portfolio? Which sales drivers are more efficient? Are there any sales drivers that have reached the saturation level?

2. Compare with peer benchmarking

How do the sales drivers perform compared to the peer in the same industry? Are there potential improvements in the ways of marketing investments?

3. Incorporate tech-enabled solutions for budget optimization

Use data-based decision making to allocate marketing spending efficiently. Create a marketing optimization engine that incorporates historical investment performance and saturation levels of sales drivers to maximize the value of marketing spending.

4. Build sustainable customer strategy with advanced analytics

Develop personalized customer engagement strategy with analytics to boost retention and loyalty for different segments of customers such as VIC and Gen Z

5. Develop diversified sales channel strategy

Utilize multi-faceted channels across top and lower-tier cities for offline expansion, e-commerce platform and social media channels for online share development



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Olivier oversees all the operations in APAC on over 10+ markets. He supports companies in their data transformation. He supports the development of data science solutions up to industrialization. Olivier is a strategic advisor for C-executives in formulating marketing & sales strategies, that aim at boosting long-lasting top- & bottom-lines performance, and at offering enhanced customer experiences.

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About Ekimetrics

Global data science leader, Ekimetrics, helps clients optimize their marketing, customer engagement and operational efficiency, as well as advising how to upgrade their products and services. Founded in 2006, Ekimetrics has a presence in more than 50 countries, generating over EUR 1 billion in profits for its clients since 2006. www.ekimetrics.com

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An aerial night view of a city skyline, likely Hong Kong, featuring numerous illuminated skyscrapers and a harbor. The word "Ekimetrics." is overlaid in white text in the center of the image.

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