

Hakuhodo Institute of Life and Living ASEAN holds “THINK FUTURE-FORWARD: How ASEAN Lives Evolve As Technology Gets Smarter” ASEAN *Sei-katsu-sha* Forum held in Bangkok

Tokyo—January 24, 2019—Hakuhodo Institute of Life and Living ASEAN (“HILL ASEAN”) today announced findings from its latest research into ASEAN *sei-katsu-sha*¹ in Bangkok, Thailand. It was the Thailand-based think-tank’s fifth such presentation.

Titled “THINK FUTURE-FORWARD: ASEAN Lives Evolve As Technology Gets Smarter” the presentation delved into what media the Internet of things (IoT), artificial intelligence (AI) and other “next smartphone” technologies will give rise to; how *sei-katsu-sha* behavior, brand selection and shopping processes will change; and what companies and brands should do today to prepare.

“THINK FUTURE-FORWARD” means thinking about creating the future yourself

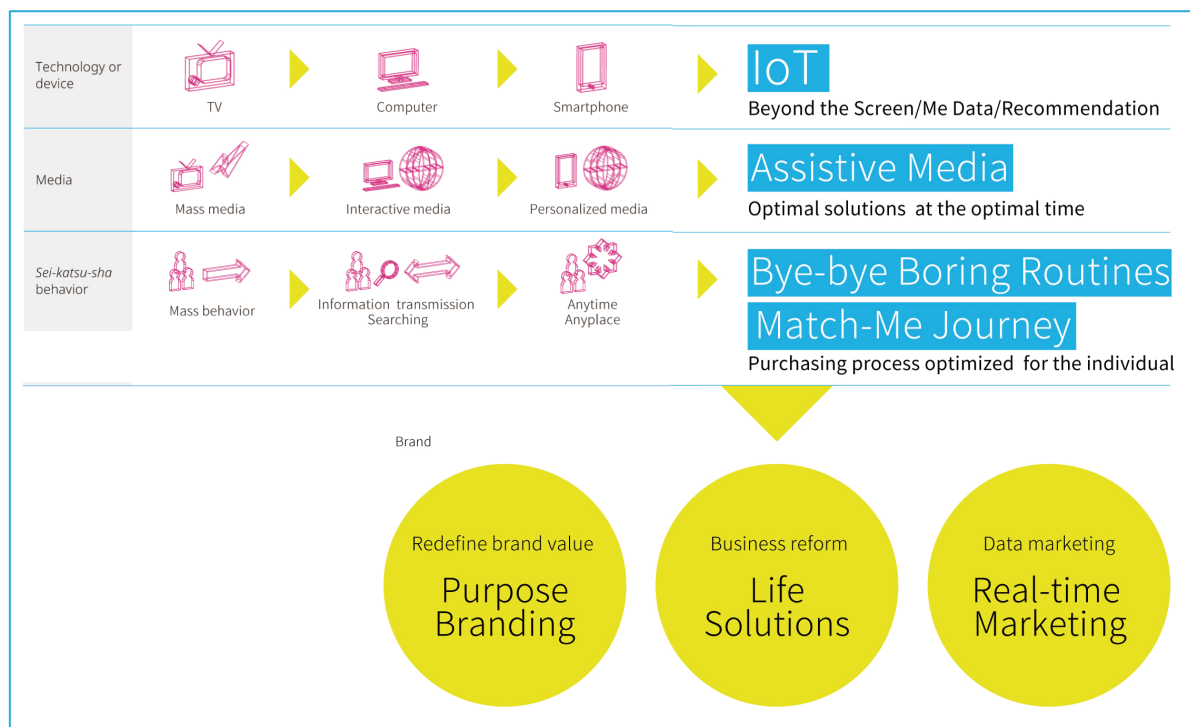
The best way to predict the future is to create it yourself. From this year’s ASEAN *Sei-katsu-sha* Forum on, we will research what ASEAN *sei-katsu-sha*’s futures will look like, and make recommendations to enable companies to create the future themselves.

We believe that the IoT will be the next technology to change ASEAN *sei-katsu-sha* after the smartphone. The spread of the IoT will usher in Assistive Media, a new form of media that will provide the right solution at the right time; release *sei-katsu-sha* from routine, everyday actions, enabling them to say Bye-Bye Boring Routines; and bring about shopping behavior based on preference matching—the Match-Me Journey—in which *sei-katsu-sha* will not compare information on and select and decide the best product or service by themselves, but receive best-buy recommendations suggested by AI and buy things that have been matched to their personal preferences.

As a result, we advise companies and brands that they need to think about creating the future themselves by making the following preparations.

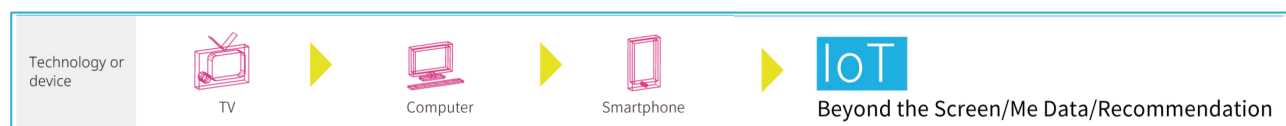
- Purpose Branding: Redefine their brands according to the purpose and situation
- Life Solutions: Provide comprehensive solutions to *sei-katsu-sha* problems—not just things
- Real-Time Marketing: Optimize their marketing for the individual and the moment

¹ *Sei-katsu-sha* are more than simply consumers, just as people’s lives and lifestyles include more than just shopping. Hakuhodo introduced this term in the 1980s to emphasize its commitment to a comprehensive, 360-degree perspective on consumers’ lives.



Hakuhodo Institute of Life and Living ASEAN will continue to support ASEAN companies' marketing activities with insights into and proposals for ASEAN *sei-katsu-sha*.

■ The IoT: The next technology after the smartphone to change ASEAN *sei-katsu-sha* will be



The penetration of the smartphone in the last decade has dramatically changed the lives of ASEAN *sei-katsu-sha*. ASEAN is one of the world's most mobile connected regions. The per capita penetration of mobile phones here tops that even of developed regions of the world. Hakuhodo Institute of Life and Living ASEAN's question was: looking forward to the next 10 years, what technologies will change ASEAN *sei-katsu-sha*'s lives and how?

Recently, the Internet of things has been in the spotlight as the next big technology after the smartphone. The IoT is literally things that are connected to the internet. Further, it's said that the IoT will become smarter in line with advances in AI technology, and the idea of an "intelligence of things" is gaining traction. Some estimates suggest that IoT devices will grow to double the number of mobile phones within the next couple of years, and IT companies are fighting fiercely to develop the IoT and come up with related innovations.

We believe that the popularization of the IoT will bring about the following three changes.

1. Advent of the "Beyond the screen" age

With the spread of the IoT, the digitalization that has been occurring on screen will expand beyond the screen. The wave of digitalization will spread to home appliances, cars, cities and social infrastructure.

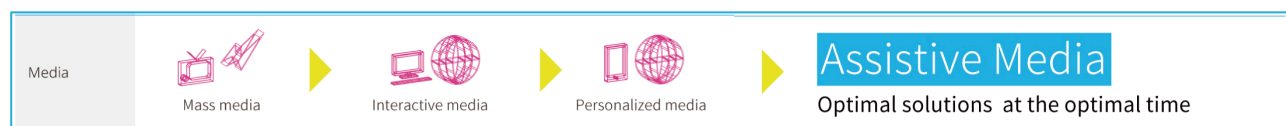
2. Accumulation of "Me Data"

With the spread of the IoT, various information about us—our behavior history, purchase history, preferences and condition—will be accumulated on various IoT devices. We have already reached an age where products connected to the IoT collect this information on you—"Me Data"—and manage it centrally with one ID.

3. Optimization of recommendations

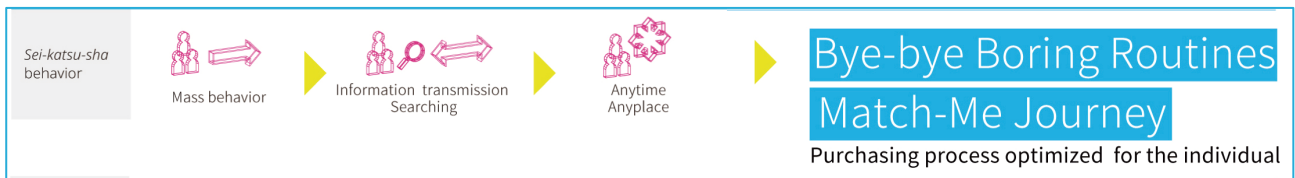
The richer Me Data becomes, the more optimized recommendations provided by AI will become. The more AI studies your Me Data, the more it will be able to predict your behavior and provide you with what you need at that moment through various IoT devices.

■ The spread of the IoT will usher in a new form of media: "Assistive Media"



The popularization of the IoT will bring about a new form of media that we have dubbed "Assistive Media." We are entering an "Assistive" age, where we'll get what we need from information and solutions optimized for us with Me Data and AI technology. Not only will our everyday lives become more Assistive, so will media.

■ How *sei-katsu-sha* behavior will change as IoT technology becomes Assistive Media

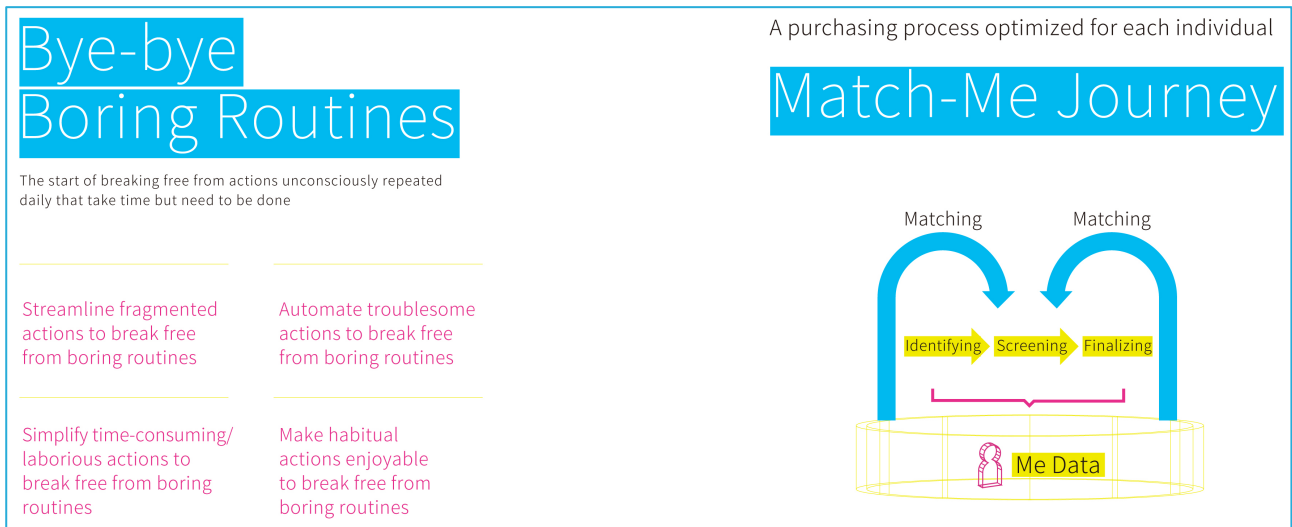


From our ASEAN *sei-katsu-sha* research, we defined two behaviors that will emerge among *sei-katsu-sha* in ASEAN.

First is Bye-Bye Boring Routines. Carrying out everyday routines will decrease as these actions are streamlined, simplified and automated by the IoT and AI technology. Moreover, the IoT and AI will make boring routines more fun. When it comes to shopping, regular purchases and items that *sei-katsu-sha* have no particular preferences about may no longer be selected by *sei-katsu-sha* themselves.

The second is the Match-Me Journey. Instead of researching, selecting and making decisions about the best product or service themselves, *sei-katsu-sha* will receive best-buy recommendations suggested by AI and buy things that have been matched to their personal preferences.

■ New *sei-katsu-sha* behaviors that will emerge in ASEAN



■ Background to new *sei-katsu-sha* behaviors (from independent Hakuodo quantitative research)

Like elsewhere, information fatigue and decision fatigue are spreading in ASEAN, leading to the desire to have someone assist with information gathering and the purchasing process.

In addition, positive attitudes to AI technology and high usage of IoT devices suggest that *sei-katsu-sha* will accept IoT- and AI-assisted labor saving and recommendations without resistance.

People in ASEAN love technology, but feel “information fatigue”

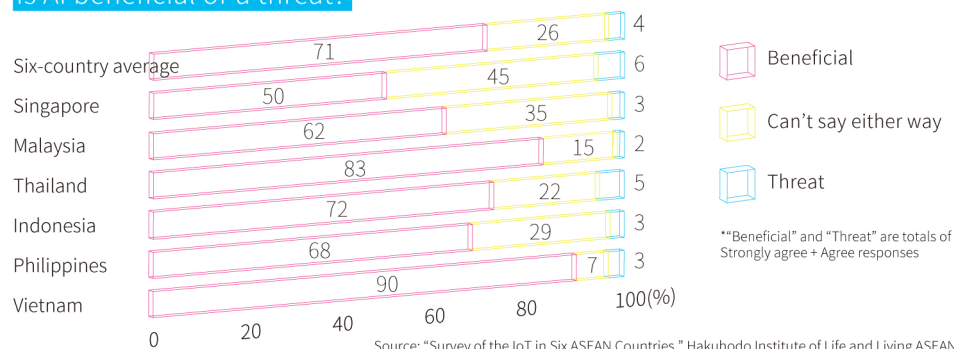
Everyday lifestyle attitudes (Total for Strongly agree + Agree)

(%)	I obtain information before others	I always like to try out new products	I am very familiar with the latest trends in technology	I think I stare at my smartphone screen too much	Selecting products is sometimes bothersome	Recently I feel overwhelmed by too much information
Six-country average	68	66	59	70	50	48
Singapore	64	61	49	68	59	51
Malaysia	51	53	52	65	43	30
Thailand	71	64	57	68	52	54
Indonesia	71	65	60	74	39	41
Philippines	87	79	73	80	59	65
Vietnam	67	72	61	65	50	45

Source: "Survey of the IoT in Six ASEAN Countries," Hakuodo Institute of Life and Living ASEAN

Around 70% accept AI as beneficial

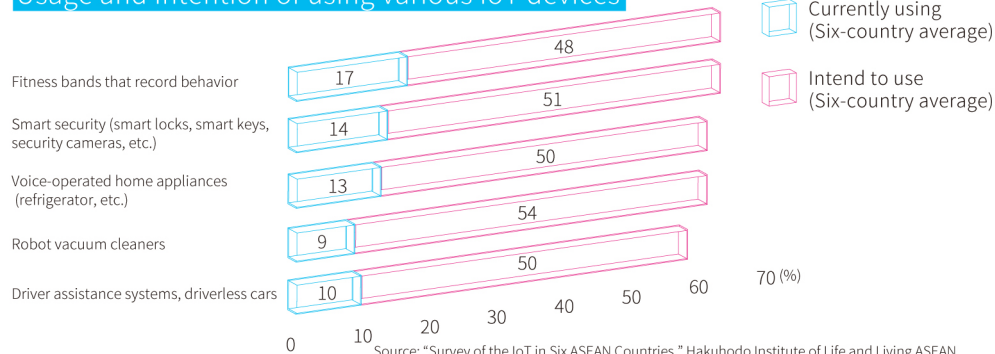
Is AI beneficial or a threat?



Source: "Survey of the IoT in Six ASEAN Countries," Hakuodo Institute of Life and Living ASEAN

Intention of using the IoT is high, but ownership still lags

Usage and intention of using various IoT devices



Source: "Survey of the IoT in Six ASEAN Countries," Hakuodo Institute of Life and Living ASEAN

■ What can brands do now to prepare?



Purpose Branding: Redefine brand value according to purpose and situation

Searching for specific products and brand names when selecting brands will decline, with Assistive Media suggesting the “No. 1” brand (No. 1 in top of mind, top search result, No. 1 in sales, lowest priced, etc.). What brands will need when this happens is a meaningful purpose. In other words, to clearly identify how and when their products will benefit *sei-katsu-sha* with a clear purpose and situation relevant to everyday life scenes. In these two aspects, it is essential to become what *sei-katsu-sha* need most.

Life Solutions: Provide comprehensive solutions to *sei-katsu-sha* problems—not just “things”

To be selected by *sei-katsu-sha* and Assistive Media, brands cannot simply manufacture products and sell them. They will need to offer “life solutions,” or services tailored to *sei-katsu-sha* needs. Companies might choose to work together to create huge ecosystems that provide life solutions.

Aside from products, it will become essential for companies to develop solutions by thinking about what problems their brands can solve.

Real-Time Marketing: Marketing optimized for the individual and the moment

It will become possible to personalize and customize communication content and timing for each *sei-katsu-sha*’s circumstances. Moreover, by combining their own data and Me Data, discerning the relationship between the target and brand will also become possible. Planning moments and communication content will optimize engagement between the brand and *sei-katsu-sha*. Accordingly, acquiring Me Data and building and utilizing their own data are urgent tasks for companies.

Survey outline

Hakuhodo Institute of Life and Living ASEAN's Study of the IoT in Six ASEAN Countries

Qualitative survey		Quantitative survey
Home-visit study	Survey method	Internet survey
Men and women aged 20–49 (SEC classes A–C)	Subjects	Men and women aged 20–49 (SEC classes A–C)
Bangkok (Thailand), Singapore, Kuala Lumpur (Malaysia), Jakarta (Indonesia), Ho Chi Minh City (Vietnam), Manila (Philippines)	Survey areas	Thailand, Singapore, Malaysia, Indonesia, Vietnam, Philippines (nationwide)
6 households in each country 36 respondents in total	Sample size	900 samples in each country 5,400 samples in total
September–October 2018	Survey period	June 2018

Home-visit study Targeted categories and respondent eligibility

Smart homes	Smart cars	Online shopping
<p>Users of the following products and services:</p> <ul style="list-style-type: none"> - Smart speakers (those with an interface for operating home appliances, etc. by voice. Excluding those that can simply connect via Wi-Fi or Bluetooth) - Home appliances and home security that can be operated by smartphone (TV, air-con, lighting, security camera, etc.) -Voice operated cleaning robots 	<ul style="list-style-type: none"> - Connect car and smartphone via Wi-Fi or Bluetooth to play music or videos - Priority given to those that had selected and purchased a passenger car by themselves in the past year 	<p>Users of the following products and services:</p> <ul style="list-style-type: none"> - Mobile payment - Paid subscription services (movies, music, fashion, etc.) - Frequent users of e-commerce sites (e.g. does all shopping online, use of at least 5 times per month, excluding food deliveries, etc.)

About Hakuhood Institute of Life and Living ASEAN

Established as an in-house think tank studying *sei-katsu-sha* in 2014, HILL ASEAN was incorporated in Thailand in March 2017. It supports clients' marketing activities in ASEAN through insights into and proposals for ASEAN *sei-katsu-sha*.

Trade name: Hakuhood Institute of Life and Living ASEAN

Institute Director: Goro Hokari

Location: Bangkok, Thailand

Research & other activities:

- ASEAN Fixed Point Survey, a fixed-point survey of ASEAN *sei-katsu-sha* (every second year)
- Research and analysis from local perspectives in ASEAN countries
- Forums in ASEAN countries

■ About Hakuhood

Founded in 1895, Hakuhood is an integrated advertising and communication agency headquartered in Japan. The core agency of the Hakuhood DY Group, Hakuhood is the world's 6th largest advertising agency according to *Advertising Age's* "Agency Report 2018."

The Hakuhood Group has offices in 20 countries and regions, and over 10,000 specialists working in Japan and abroad. Hakuhood is strengthening its structure in emerging countries, particularly those in Asia, as it prepares to further expand its business across the region.

Sei-katsu-sha insight is the foundation for Hakuhood's thinking, planning, and brand building. It reminds us that consumers are more than shoppers performing an economic function. They have heartbeats. They are individuals with distinct lifestyles. Hakuhood introduced this term in the 1980s to emphasize its commitment to a comprehensive, 360-degree perspective on consumers' lives.

Renowned for its creativity, Hakuhood has twice won the Grand Prix at Cannes Lions International Festival of Creativity, and was the only agency headquartered in Asia to be awarded a Special Lion commemorating Cannes Lions' 50th anniversary in 2003.

To learn more, visit: www.hakuhood-global.com

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