



# Consumer Trends in Asia: 2021

**Kadence**   
International

## Introduction

# Consumer Trends in Asia

Looking ahead to the trends that will shape the coming year is a critical exercise for any business. But in 2021, this is perhaps more significant than ever. Consumer behaviour has been transformed as a result of Covid-19, as many shifts in behaviour have accelerated.

This report is specifically designed for companies looking to grow their presence in Asia and is based on the analysis of local experts across Kadence International's 8 Asian offices: China, India, Singapore, Thailand, Vietnam, Indonesia, the Philippines and Japan.

Each of these countries has its own distinct characteristics and trends so we've looked across the markets to identify broad themes that provide an overarching picture of what's happening in the region. We then explore how these trends are playing out differently in the different markets across Asia.

Read on to learn more about the 5 trends and what your business can do to capitalise on them.



# Vocal *for* local



TREND

# Vocal for local

**The economic turmoil of Covid-19 has made consumers more conscious than ever of the impact of their purchase power. In light of this, we see a big trend towards supporting local brands, which we expect to be significant in 2021.**

However, this trend is playing out differently in different markets across Asia. In some countries, this has translated to a push for national, rather than global brands, driven in part by government initiatives. In India, one of the countries hit hardest by the pandemic, Prime Minister Modi, has encouraged Indians to go “Vocal for Local” to help to revive the economy. Emphasising the concept of ‘aatmanirbhar’ (self-reliance), the government is encouraging the promotion of Indian brands, as well as local manufacturing and supply chains. In response, homegrown brands such as Amul, Dabur and Marico are leveraging this messaging in their marketing as a way to appeal to consumers and steal market share from global companies.

We see this trend towards buying national, rather than international brands echoed to a certain extent in China. Demand for local brands has been growing in China in recent years. Not only has the quality of Chinese brands improved drastically of late, but international trade tensions

have played their part too. Now, with the travel and import restrictions brought about by Covid-19, this trend has accelerated further. There's a growing desire amongst Chinese consumers to buy local products that reflect Chinese culture as a way of demonstrating national pride and leveraging their consumption power to benefit the country.<sup>1</sup>

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## SUPPORTING LOCAL BUSINESSES

**The sentiment we saw at the height of the pandemic with movements like 応援消費 (consume to support) in Japan and #belidariteman (buy from a friend) in Indonesia is unlikely to subside.**

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In other Asian markets, like Singapore, Indonesia and Japan we're seeing more of an emphasis on hyperlocalisation, with consumers looking to support small businesses in their local neighbourhoods through tough economic times. The sentiment we saw at the height of the pandemic with movements like 応援消費 (consume to support) in Japan and #belidariteman (buy from a friend) in Indonesia is unlikely to subside. This will be particularly important in the world of food and drink. In one of our recent studies exploring the long-term impact of Covid-19 on the sector, we found that 42% of Asian consumers intend to continue supporting local food and drink brands in future.

<sup>1</sup><https://baijiahao.baidu.com/s?id=1656003841932753899&wfr=spider&for=pc>

## What does this mean for brands?

Against this backdrop, national brands that can emphasise their heritage, brand story and local connection will be in pole position to build strong relationships with consumers. But all is not lost for global brands. Multinational companies that are able to demonstrate a real understanding of the market and its distinct culture, and then harness this insight to develop relevant products, services and campaigns will reap the rewards.



**A great example of this comes from Nike.** To grow its presence in the Chinese capital, the brand launched Beijing 99, a campaign with local culture and understanding at its heart. Nike knew that Beijingers can be perceived as being all talk, so it created a campaign designed to give residents a chance to prove that they really are as good as they say, running a basketball competition to rank the top 99 players in the city. Drawing on traditional imagery inspired by Ming and Qing dynasty military ranking systems, as well as tongue-in-cheek local humour to bring this up to date, the campaign proved to be a hit with Beijingers.

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**There's also scope for bigger brands to partner with smaller business to tap into this desire to support local.**



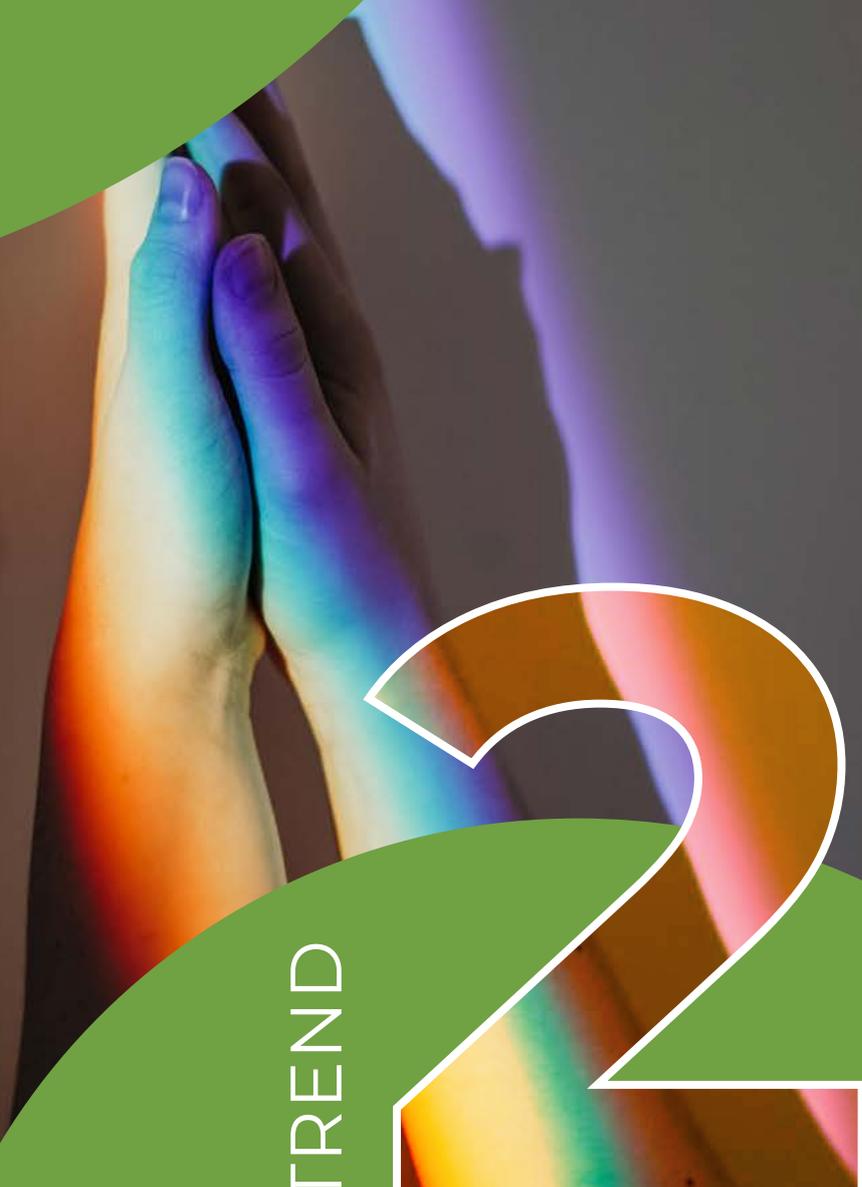
**In Singapore, supermarket chain FairPrice has extended its scheme to support SMEs.** This sees local produce suppliers benefit from shortened payment terms and in-store promotions, a win-win strategy that allows SMEs to extend their reach, and the supermarket to take a slice of the market for local food.



CONSUMER TRENDS IN ASIA  
**VOCAL FOR LOCAL**



# Looking for *action*



TREND

# Looking for action

As we consider the key trends for 2021, we can't forget that we've experienced a watershed moment. Covid-19 has caused many people to reconsider what is important to them and this has extended to their relationship with brands.

Research we conducted exploring expectations of brands since the pandemic found that 62% of Asian consumers believe that brands need to re-evaluate their role in society in a post-Covid world.<sup>2</sup>

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**62%** of Asian consumers believe that brands need to *re-evaluate their role in society.*<sup>3</sup>

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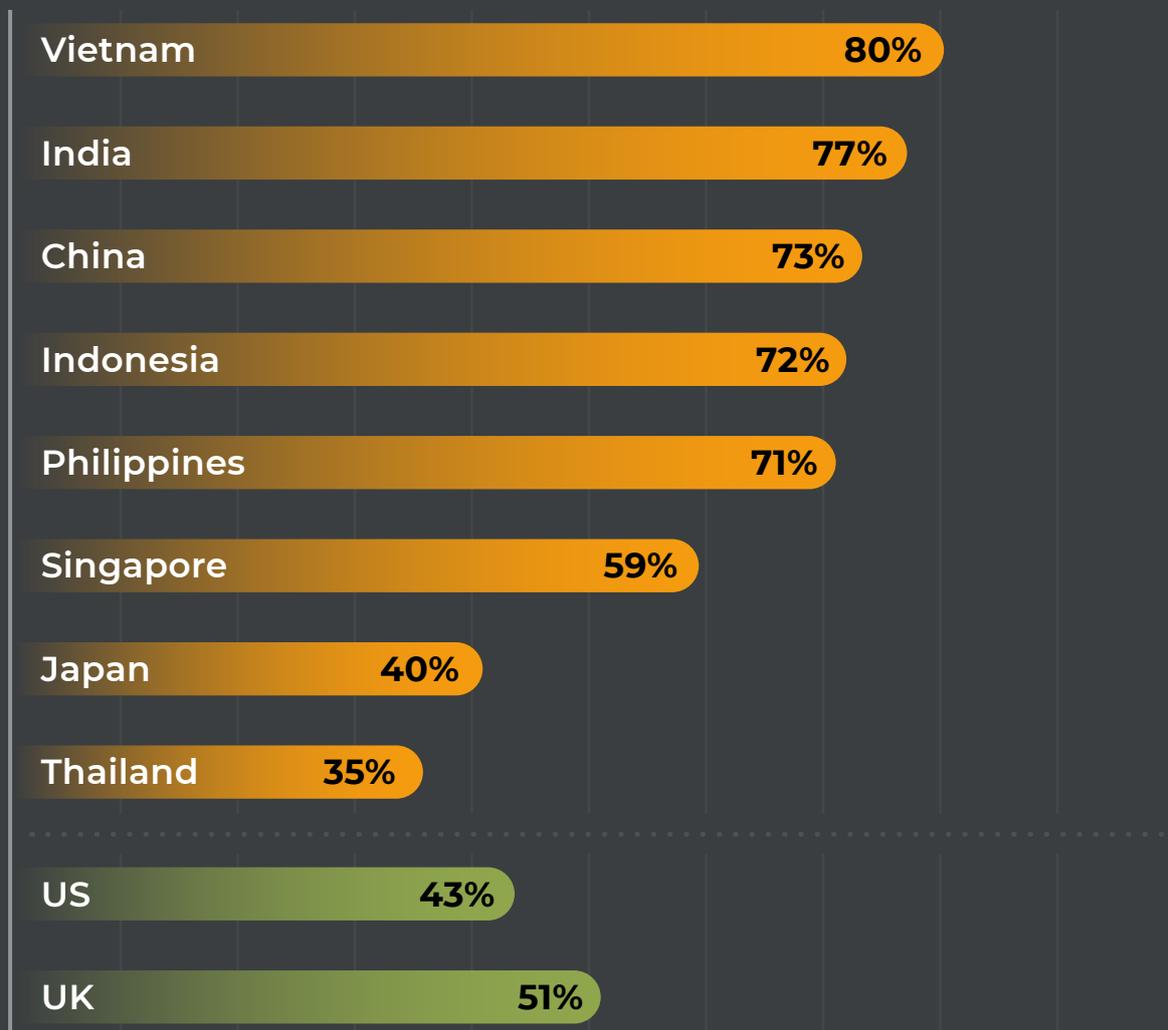
It's clear that consumers now have higher expectations of the companies they buy from so we expect that in 2021 consumers will demand more from brands, wanting to see them using their might for good and making a difference to the communities they serve. Indeed, our research shows that 63% of Asian consumers believe that organisations have a responsibility to contribute financially to their communities. This expectation is much stronger in Asia

<sup>2,3</sup> <https://kadence.com/what-consumers-want-to-see-from-your-marking-as-they-emerge-from-lockdown-report/>

than it is in the US or in the UK, where only 43% and 51% of consumers respectively believe this to be important. Of course, this sentiment does vary by market - it's particularly strong in Vietnam, India, China, Indonesia and the Philippines, whereas attitudes in Japan and Thailand are closer to those seen in the West.<sup>4</sup>

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## BRANDS HAVE A RESPONSIBILITY TO CONTRIBUTE FINANCIALLY TO THE COMMUNITY



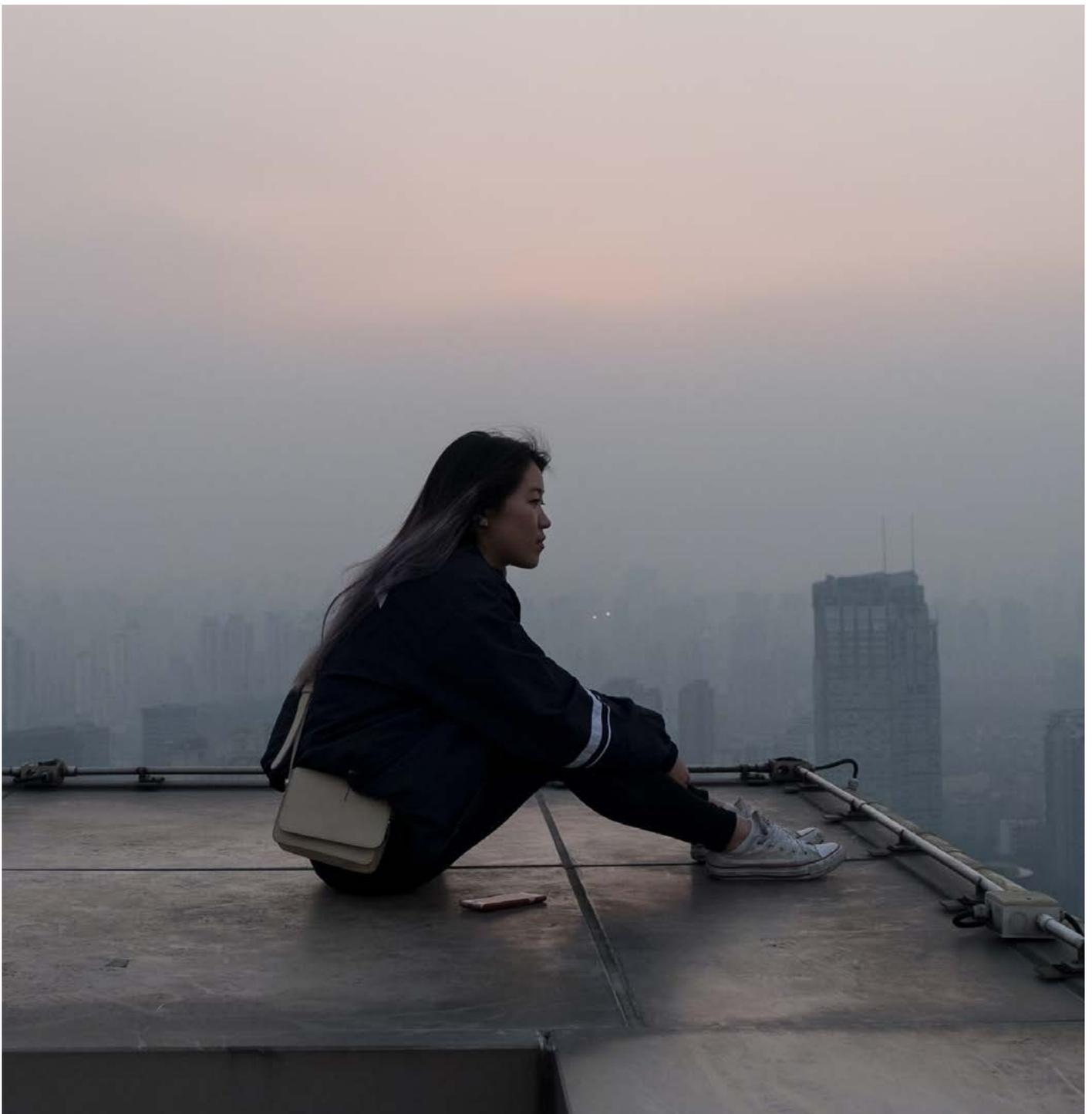
Source: Brands Exposed – What consumers want to see from your marketing as they emerge from lockdown, Kadence International

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<sup>4</sup> <https://kadence.com/what-consumers-want-to-see-from-your-marketing-as-they-emerge-from-lockdown-report/>

The majority of Asian consumers (58%) also want to see brands' actions going beyond donations, with a desire to see them leading meaningful initiatives to support the community. Again, expectations in Asia are higher than in the US and UK, where just 41% and 46% of consumers respectively consider this to be important.<sup>5</sup>

<sup>5</sup> <https://kadence.com/what-consumers-want-to-see-from-your-marketing-as-they-emerge-from-lockdown-report/>



## What does this mean for brands?

This desire to see brands playing a bigger role has been important for a number of years but it's clear this has come into sharper focus during 2020 and will remain a key theme in 2021 as the impact of the crisis continues to be felt.

One thing's for sure – brands need to be prioritising actions over words. Prior to Covid-19, many of the campaigns in this space were criticised for being all talk. Avoiding empty words is now more important than ever, given the high-profile action-orientated initiatives of many brands during the crisis. Consumers want to see evidence of the actions that brands are taking and the impact this is having. But this isn't just confined to the world of B2C. A recent study we conducted with Bloomberg found that 56% of business decision makers in Singapore, Thailand, Malaysia, Hong Kong, Japan and Australia are looking for brands that are protecting the underprivileged and vulnerable and a further 56% want to see brands using their resources to give back to society.<sup>6</sup>



**56% of business decision makers in Singapore, Thailand, Malaysia, Hong Kong, Japan and Australia are looking for brands that are *protecting the underprivileged and vulnerable*.**<sup>6</sup>

<sup>6</sup><https://kadence.com/adapting-to-a-new-working-world-insights-from-our-research-with-bloomberg/>



**OYO**



**For a masterclass in how to contribute to the community financially, look no further than hotel chain, OYO.**

Not only has the firm set up a dedicated fund to support employees, partners, and families affected by Covid-19, but the CEO for Southeast Asia, Japan and the Middle East - a former doctor - and other members of the leadership team have donated a proportion of their own salaries to the fund.

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**Lenovo**



**Tech brand Lenovo has launched a free online education platform in India called SmarterEd.** The platform

connects volunteers with learners, in an effort to help those in remote areas to gain access to education.

# Racing towards a *digital future*

TREND

3

# Racing towards a digital future

For many years, seismic events have acted as a catalyst for technological change. SARS is widely recognised as having initiated e-commerce in China. MERS is seen to have brought about a similar shift in South Korea.<sup>7</sup> And Covid-19 is no exception.

In response to regulations, businesses and consumers have adopted online solutions at a rapid rate. In some markets like India this has been accompanied by governmental action to provide digital connectivity in remote rural areas and to low income groups, enabling the delivery of basic services during this time. As such, some demographic groups have experienced the benefits of online shopping for the first time.

Of those already shopping online, their behaviour only shows signs of increasing. A survey conducted by Bain and Facebook found that 30% of digital consumers in 6 Asian countries (Singapore, Malaysia, the Philippines, Indonesia, Thailand and Vietnam) have increased their online shopping, with a further 30% having shopped online for goods they usually buy in person.<sup>8</sup> Having experienced the ease

<sup>7,8</sup><https://www.bain.com/insights/how-covid-19-is-changing-southeast-asias-consumers/>

and convenience that online can bring in new categories such as groceries or personal care, consumers intend to keep shopping in this way. 83% of those surveyed said they are likely to continue increased spending online after the pandemic subsides and there are significant numbers (35%) of older people - aged 55 and over - that share this sentiment.<sup>9</sup>

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## E-COMMERCE



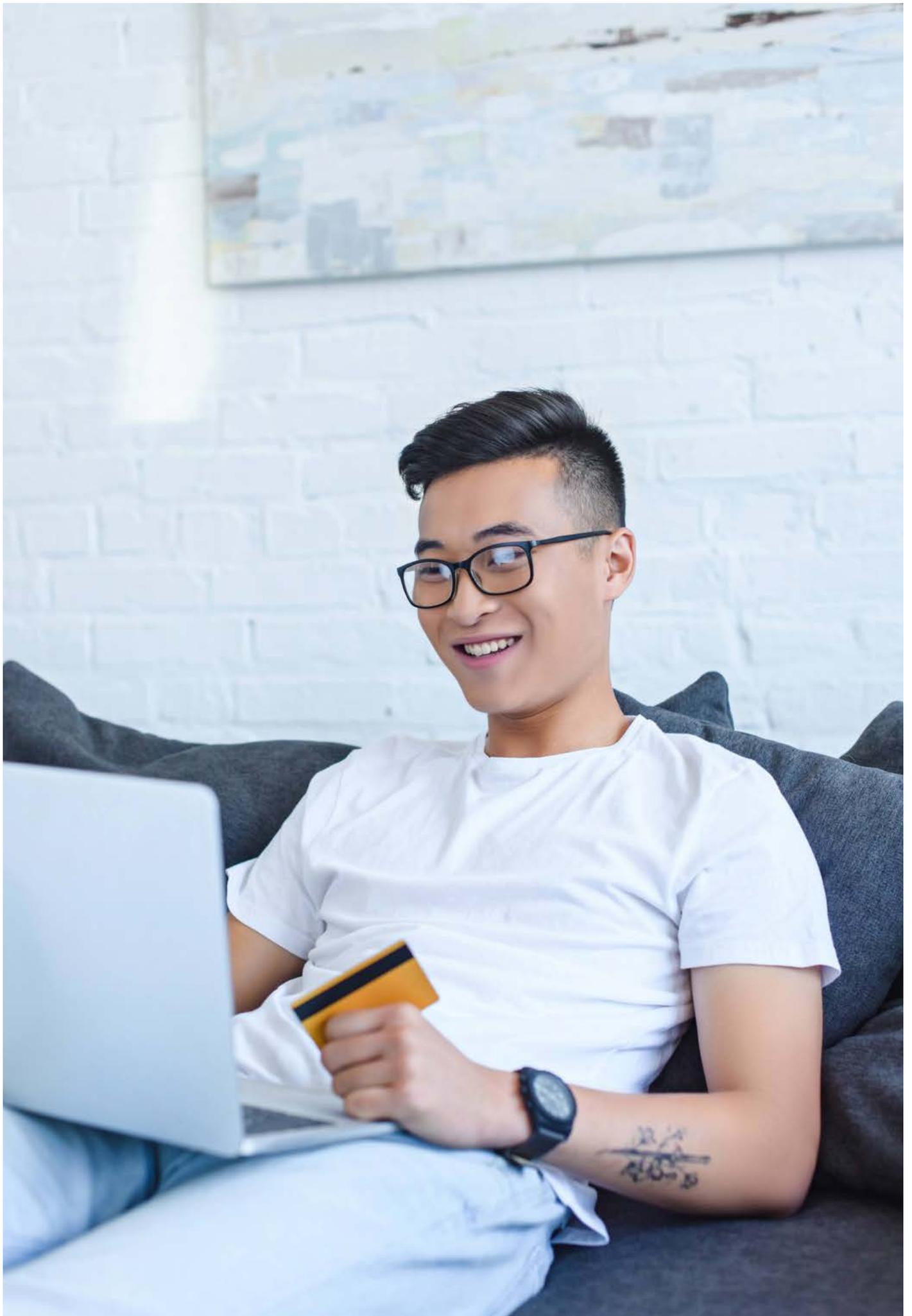
**83% of digital consumers in Singapore, Malaysia, the Philippines, Indonesia, Thailand and Vietnam intend to maintain increased online spending after the pandemic subsides according to research from Bain and Facebook.<sup>10</sup>**

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This change is echoed in the B2B space. Our research with Bloomberg exploring the attitudes and behaviours of business decision makers in 6 markets (Singapore, Thailand, Malaysia, Hong Kong, Japan and Australia) found that 48% intend to purchase more goods online going forwards.<sup>11</sup>

<sup>9,10</sup> <https://www.bain.com/insights/how-covid-19-is-changing-southeast-asias-consumers/>

<sup>11</sup> <https://kadence.com/what-are-the-shifts-in-business-and-brand-values-in-the-economic-reopening-insights-from-new-research-with-bloomberg/>



## What does this mean for brands?

The growth of ecommerce across Asia will only accelerate, further fuelled by 5G. Against this backdrop, brands in sectors new to e-commerce will need to re-evaluate their distribution channels, ensuring the availability of their products online, not just through their own websites and apps but digital marketplaces too. A further consideration is how to nudge people into buying items online that have traditionally been purchased offline. Developments in technologies such as livestreaming, augmented and virtual reality make this an exciting space to watch – particularly as consumers have become more familiar with and open to immersive and interactive technology as a result of Covid-19. There are many great examples of innovation from around the world that retailers and brands can take inspiration from.



### **Japan – the next frontier of influencer marketing**

In markets like Vietnam, many brands have seen success by partnering with micro influencers. In Japan, this concept has been taken a step further by Staff Start, the app helping retailers put store staff front and centre in an effort to increase online sales.

Staff simply sign up to the app, take a photo of themselves modelling an outfit or product, link the items, and then post the image to their social media channels. All corresponding orders are tracked, with staff compensated accordingly. With over 8,000 brands having signed up to date there are high hopes for the app.<sup>12</sup> It's thought that having images that better help consumers visualise items, combined with recommendations from trusted and reputable staff, will increase sales.

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### **China – the rise of shopstreaming**

In China, shopstreaming is big business. The phenomenon, where influencers or key opinion leaders review products live and answer questions from their followers, is being used to sell everything from lipstick to kitchen appliances. Since the onset of the pandemic, the trend has boomed, with many consumers regarding it to be a more sociable way of shopping. According to iResearch, the industry is set to be worth over RMB 865 billion by the end of 2020, with 62% of all Chinese internet users being livestreaming users.<sup>13</sup>

<sup>12</sup> <https://medium.com/beautytech-jp/cosmetic-sales-staff-use-staff-start-app-to-engage-customers-istyle-is-also-on-this-new-beauty-c27545f10cc7>

<sup>13</sup> <https://technode.com/2020/06/12/livestreaming-in-china-only-for-sales-or-is-there-brand-value/>

# Seeking *value*



TREND

# Seeking value

With many consumers having been financially impacted by Covid-19 and facing an uncertain economic future, the importance of value is coming to the fore.

Bain's study of digital consumers found that 57% of respondents in Southeast Asia are prioritising value for money in their purchases. It also indicates that saving is a priority, with 60% planning to save more in future. Attitudes here are different to in the US. Digital consumers in the 6 Southeast Asian countries Bain surveyed – Singapore, Malaysia, the Philippines, Indonesia, Thailand and Vietnam - are nearly two times more likely to start saving more after the crisis than their American counterparts.<sup>14</sup> The trend towards saving is also prevalent in China, with a recent McKinsey survey showing that 42% of young people in the country plan to save more as a result of Covid-19.<sup>15</sup> We also see it in our own data from Thailand, where consumers have cut back on non-essentials.



**60% of digital consumers in Singapore, Malaysia, the Philippines, Indonesia, Thailand and Vietnam are planning to *save more in future* according to research from Bain and Facebook.<sup>16</sup>**

<sup>14</sup> <https://www.bain.com/insights/how-covid-19-is-changing-southeast-asias-consumers/>

<sup>15</sup> <https://www.mckinsey.com/featured-insights/asia-pacific/fast-forward-china-how-covid-19-is-accelerating-five-key-trends-shaping-the-chinese-economy>

<sup>16</sup> <https://www.bain.com/insights/how-covid-19-is-changing-southeast-asias-consumers/>

## What does this mean for brands?

Companies across all sectors will have to work harder to get consumers to part with their cash, clearly articulating the benefits and value of their products, and focusing on building customer loyalty to avoid switching. In financial services, there is a big opportunity to support savvy consumers in achieving their saving goals through investment products and meeting the needs of the more cautious through insurance products.

Another key aspect to consider is how this trend towards being more money-conscious will impact broader behaviours. We expect to see consumers in Southeast Asia spending more time at home in 2021 as a result of attitudinal shifts in relation to money, as well as changing working patterns. The research from Bain and Facebook supports this. They found that Southeast Asian digital consumers are 1.5 times less likely to dine out or go to a cinema since restrictions have eased than those in the US.<sup>17</sup> This marks a significant change in behaviours that brands will need to adapt to, understanding how they can pivot to deliver their product or service proposition not just in person but in an in-home environment too.



**Southeast Asian digital consumers are 1.5 times less likely to dine out or go to a cinema since restrictions have eased than those in the US according to research by Bain and Facebook.<sup>17</sup>**

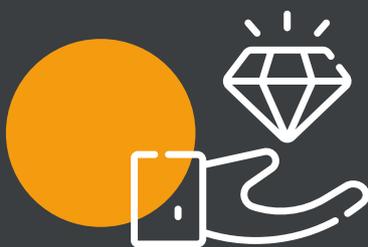
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<sup>17</sup> <https://www.bain.com/insights/how-covid-19-is-changing-southeast-asias-consumers/>



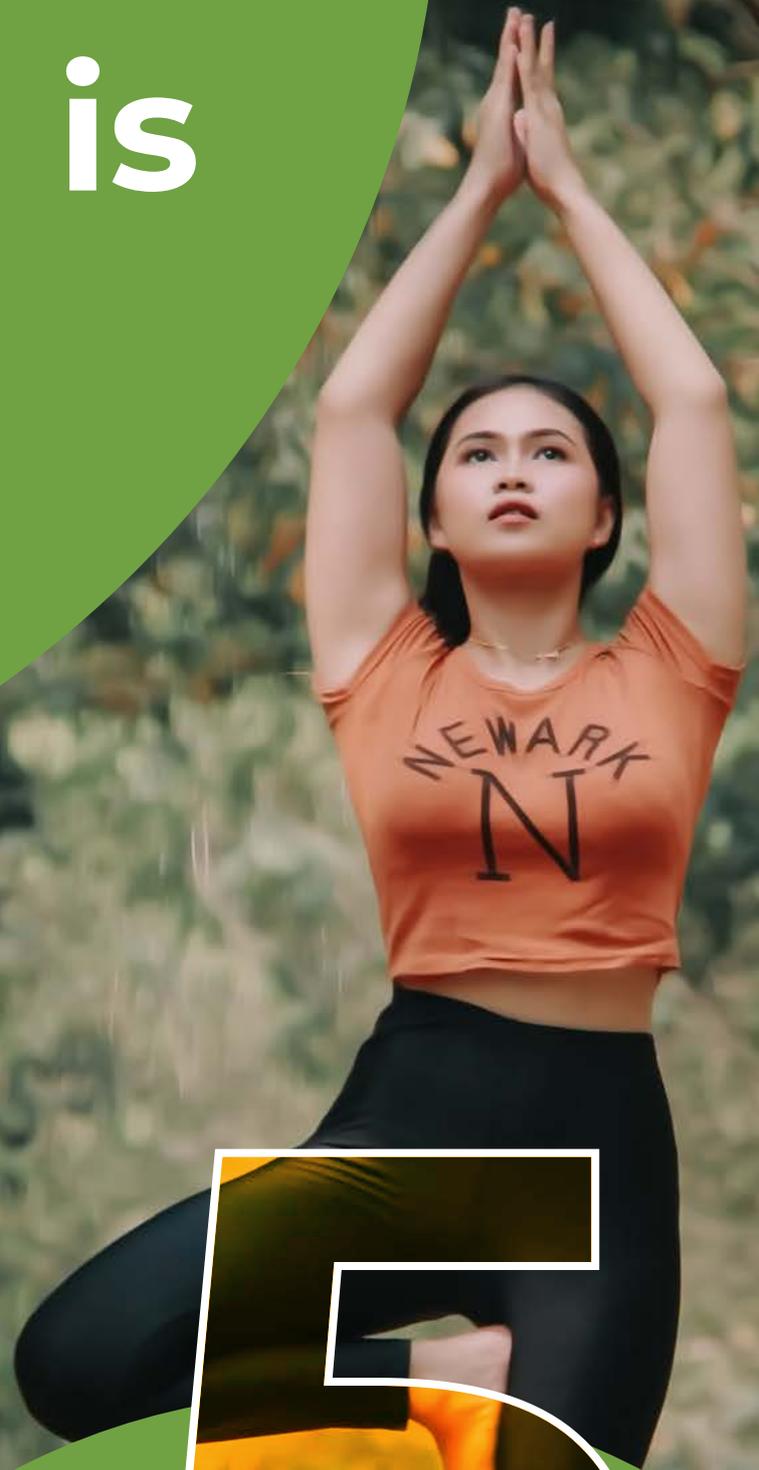
## **Tipping Club – creating value through experience**

Singapore-based bar Tipping Club is offering live cook-alongs where customers get chance to cook with a chef over Zoom using ingredients that have been delivered to their door. First introduced as a way of surviving the pandemic, strategies like these could increasingly be used by brands hoping to demonstrate value, establish differentiation and build loyalty in a changing world, which sees consumers spending more time at home.



**CONSUMER TRENDS IN ASIA  
SEEKING VALUE**

Health is  
*wealth*



TREND

5

# Health is wealth

It would be impossible to write a trends report for 2021 without mentioning health. The experience of the pandemic means that this is now top of the agenda for many consumers.

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**67%** of business decision makers across Singapore, Thailand, Malaysia, Hong Kong, Japan and Australia believe that *taking care of their personal and family's health is more important than ever* according to our research with Bloomberg.<sup>18</sup>

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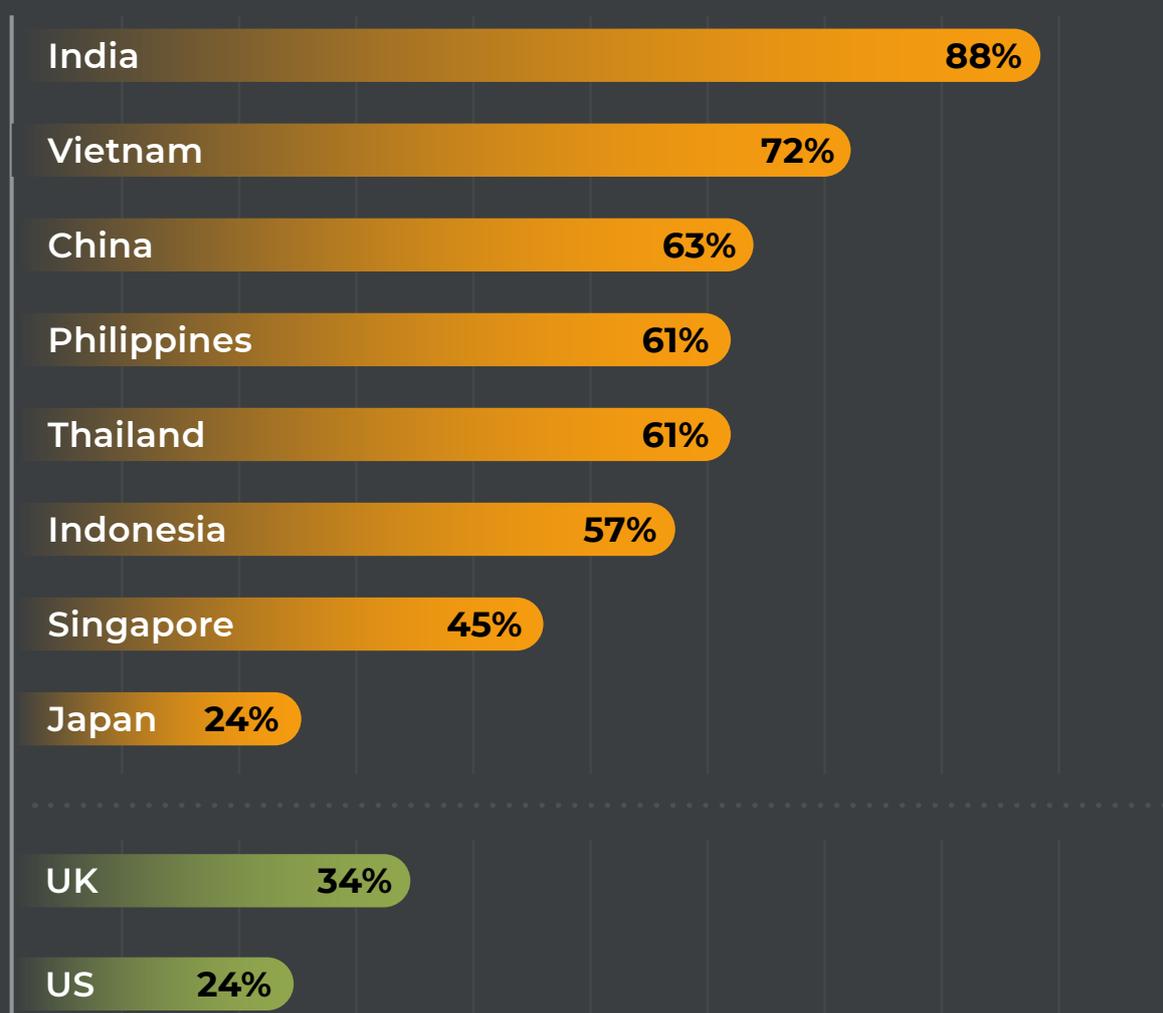
We see this trend playing out in a number of ways. The first is in healthier diets. Our report on the impact of Covid-19 on the food and drink industry found that since the pandemic, the majority of Asian consumers (59%) have adopted healthier diets, with just 6% stating that what they eat and drink has changed for the worse.<sup>19</sup> In some markets including India, Vietnam, China, the Philippines and Thailand there have been big swings towards healthier diets. This represents a marked difference to Western markets - just 24% of Americans and 34% of Brits believe what they're eating has

<sup>18</sup> <https://kadence.com/what-are-the-shifts-in-business-and-brand-values-in-the-economic-reopening-insights-from-new-research-with-bloomberg/>

<sup>19</sup> <https://kadence.com/understanding-the-impact-of-covid-19-food-industry-trends-for-2020-and-beyond/>

changed for the better.<sup>20</sup> In line with this renewed focus on health, the majority of consumers are also cooking more for themselves and consuming more fruit and vegetables than before the onset of the pandemic.<sup>21</sup>

## OVERALL WHAT I EAT AND DRINK HAS CHANGED FOR THE BETTER

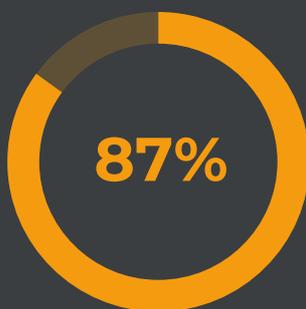


Source: Understanding the impact of Covid-19: Food industry trends for 2020 and beyond, Kadence International

<sup>20,21</sup> <https://kadence.com/understanding-the-impact-of-covid-19-food-industry-trends-for-2020-and-beyond/>



But diet isn't the only area that consumers are concerned about when it comes to their health. We're seeing growth and innovation in a range of areas. Thanks to the rise of free at-home workouts, fitness has found new audiences and taken on a new relevance. So too has mental health, with PwC reporting that 87% of Chinese consumers are focused on taking care of their mental health.<sup>22</sup> The adoption of telemedicine has also accelerated. In Indonesia, firms like Halodoc and Alodokter have partnered with ride hailing apps so that they can both prescribe and deliver medicine, and in China, the Ping An Good Doctor app which offers online consultations has experienced record growth. With many consumers having used and experienced the convenience of services in this space for the first time, this is an area expected to see significant growth.<sup>23</sup>



**87% of Chinese consumers are focused on taking care of their mental health, according to research from PwC.<sup>24</sup>**

<sup>22,24</sup> <https://www.pwccn.com/en/retail-and-consumer/publications/gcis-china-report-jul2020.pdf>

<sup>23</sup> <https://asia.nikkei.com/Business/Health-Care/Ping-An-Good-Doctor-s-first-half-revenue-jumps-amid-pandemic>

## What does this mean for brands?

There are huge opportunities for brands across sectors to tap into these burgeoning trends. In food and beverage, we're already seeing many brands focusing their innovation efforts on creating product variants that tap onto consumers' health concerns. In China, there's been an uptick in product launches such as milk with immune globulin and vitamin C fruit tea. It's a similar story in Thailand where beverages containing Vitamin C have seen 47% growth compared to last year.<sup>25</sup>

There's also scope for brands to support consumers in cooking healthier recipes at home with fresh ingredients. This could be anything from recipe inspiration to condiments and meal kits right through to new business models.



### **Sharedine – making healthy meals easy**

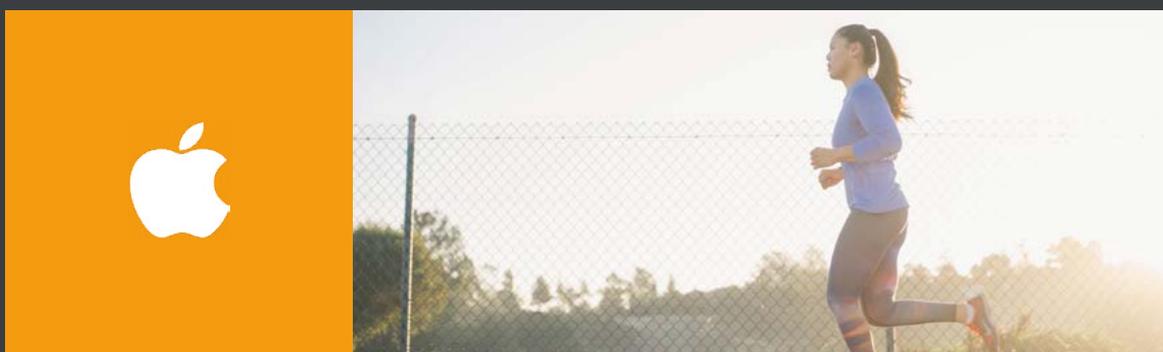
Japanese company Sharedine takes convenience to another level. Not only do customers get the ingredients for a set of healthy meals delivered to them, but they also get access to a personal chef who will prepare the dishes

<sup>25</sup><https://www.longtunman.com/23541>

in your home and leave them in the fridge so they can be reheated over the coming days.

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In the fitness and leisure space, we expect to see ever more brands offering free services that complement their core products in an effort to acquire and retain customers. Another important consideration should be empowering consumers with their own data to gamify the experience and increase brand engagement. Companies that have adopted these strategies have reaped the rewards. Nike, for instance, attributes a 30% increase in its digital e-commerce business to the activity apps it has launched to support customers in the pursuit of a healthy lifestyle.<sup>26</sup>



### **Apple – empowering consumers with their health data**

In Singapore, the Health Promotion Board has partnered with Apple in an effort to help citizens achieve their health goals. Together they've designed an app to nudge users towards healthier habits – be that eating well, exercising or making sure users go for regular health check-ups. In return for clocking up activity, users can earn e-vouchers for a range of popular stores.

<sup>26</sup> <https://www.pwccn.com/en/retail-and-consumer/publications/gcis-china-report-jul2020.pdf>

## Concluding thoughts

Asia is a vast and diverse region, and as such the trends in this report only represent the tip of the iceberg. If you'd like our support in understanding the changes taking place in your key markets and how you can capitalise on these, please get in touch.

Kadence International is a global boutique market research agency. With offices spanning Asia, Europe and the US, we combine the global reach of a large agency, with the agility and personalised service of a small boutique.

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