

trendwatching.com's free Monthly Trend Briefing

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LOCALIZASIAN

Innovation in Asia, by Asia, for Asia set for rapid growth in 2013 and beyond.



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Definition

Asian consumers have never had higher expectations, while brands across Asia are producing ever more best-in-class products and services. No wonder the thirst among Asian consumers for products and services tailored to their needs – by regional brands who really understand them – is set to grow spectacularly.

Expect to see a boom in products ‘Made in Asia, for Asia, by Asia’ fueled* by:

- The race for the Asian consumer, which has resulted in ever higher regional expectations, and therefore **demand for products and services that get it ‘just right’**.
- The desire among Asian consumers for regional success, and the **increased receptiveness of Asian consumers to increasingly best-in-class Asian brands**.
- The greater natural affinity that Asian brands have for regional consumer needs and wants.**

Cover images (clockwise from top left): Chinese youth in Japanese Cosplay at Chinajoy; the Korean reality show K-Pop Star Hunt cherry-picked and auditioned talent from the Asian region; Indonesian girls clad in hanbok, the Korean traditional dress; and a LG showroom in India.

** There are key **economic and political** currents driving this trend too, such as the strengthening of regional trade blocs and the desire to decouple the region and protect against global economic shocks. But in this Trend Briefing we’ll keep focused on the **consumer** drivers.*

*** Yes, we know, there is of course no one ‘Asia’. From longtime Gangnam socialites in Seoul to emerging consumer classes in Cambodia, the ‘Asian consumer’ encompasses the whole spectrum of wealth, sophistication, lifestyles and expectations. But the point remains that brands from the region are better placed to understand and dissect these nuances than those outside.*

Those drivers in more detail:

1. MATURING MARKETS



The grand dining hall in the 328-meter tall Longxi International Hotel in Huaxi, China's 'wealthiest village' (image via [Twisted Lifestyle](#))

Rising numbers of affluent Asian consumers means that **competition for their yuan, rupee, won, baht and rupiah is fiercer than ever.**

The boom that has made Asia an economic and consumer powerhouse continues apace. In 2011, Asia accounted for just 14% of global consumer spending; by 2020 its share will be 25%, and by 2030 it will reach 40% (Ernst & Young, 2012).

Already, there are countless signs of Asia's coming domination of the consumer arena. From global brands such as Estée Lauder paying homage with special **MADE FOR CHINA (IF NOT BRIC)** products and services, to Asian brands such as 'DAMN! I Love Indonesia' flaunting their culture in an orgy of **CELEBRATION NATION**, and brands like Lenovo driving growth in A2A (Asia-to-Asia) trade. Plenty more on these and more in our forthcoming exclusive **Asia-Pacific Consumer Trend Report**.



Pictured above: Estée Lauder's Osiao skincare range, tailored to Chinese complexions; Apparel brand 'DAMN! I Love Indonesia'; China-based Lenovo launching their smartphones in Indonesia

All this attention and subsequent choice means Asian consumers can, are, and will continue to become more demanding: seeking out best-in-class products and services **that cater explicitly to their needs, wants and desires.**

Those drivers in more detail:

2. LOCAL LOVE



The traditional narrative runs that as Asian consumers become more affluent, they flaunt their new-found status by turning to established brands from ‘western’ markets. And this is true: just look at the success that luxury brands from the ‘old world’ of France and Italy have had in the region. But running counter to this is the deep-rooted desire for consumers in the region to see Asia succeed (alongside the ongoing political squabbles in the region, just witness the support for Jeremy Lin and Psy throughout Asia as they saw global fame in 2012).

All of which means that now Asian brands are competing with (if not exceeding), the best of the best on the global stage, **Asian consumers are more eager to embrace Asian brands than ever before** (see [MADE BETTER IN CHINA](#) for endless examples of leading Chinese brands). A glance at the trade statistics tells the story: while both global trade and Asia’s trade with outside economies has doubled since 2000, Asia-to-Asia trade has tripled (IMF, May 2012).

3. HOME ADVANTAGE



Whether as a result of shared values, operational experience in fast-growth economies, or a natural affinity for local nuances, **Asian brands and businesses simply ‘get’ Asian consumers – their mindset, wants and needs – in ways that outside brands sometimes still struggle to.**

Just see the way Chinese beer brand Tsingtao adapted their product around a traditional Chinese drinking practice (below): we haven’t spotted any Belgian beer brands doing the same ;-)

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Some recent examples of LOCALIZASIAN to learn from or run with:

Tsingtao: 'Made for Chengdu' adaptation



Chinese brewery **Tsingtao** has adapted its beer bottle for Chengdu consumers (how's that for truly regional LOCALIZASIAN?). The new bottle is larger – holding two or three pints – allowing for the beer to be poured into small cups and shared over Sichuan food. This mimics the traditional way that baijiu (a Chinese spirit) is communally drunk.

LG: India's most trusted consumer durable brand



Korean LG Electronics has been pursuing a dedicated 'micro-localization' strategy in India since 2010. The company now has 27 products tailored to the Indian market, including the **Charcoal Lighting Heater Microwave**, which includes an autocook menu with settings for over 130 Indian dishes (including naans, parathas, and tandoori items like murg tandoori and paneer tikkas). The brand was voted the most trusted consumer durable brand in India in 2012.

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WeChat: Chinese messaging app caters to the region



Tencent's **WeChat**, the Chinese voice, text and photo messaging service packed with features that resonate with Asian consumers (such as the ability to connect with nearby strangers at random) changed its name from 'Weixin', to have broader global appeal. In September 2012 the service added Hindi support in India to add to its support for Thai, Vietnamese and Indonesia. In December 2012 it was even made available on Blackberry's platform, catering to its Southeast Asian users.

HTC: Smartphones with Burmese language keyboards



In January 2013, Taiwan-based electronics firm **HTC** debuted six models of its smartphones in its first store in Yangon, Myanmar (Burma). All the phones were equipped with specially designed, localized font keyboards in the Burmese language. Myanmar has the lowest rate of mobile penetration in Asia.

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Wangz: Adaptable boutique apartments for large groups and families



Singapore-based Wangz opened [The Forest by Wangz](#) serviced apartments in 2012. The apartments are designed to cater to the large family travel groups often found in the region. Each apartment has a kitchenette and communal dining area, allowing groups to cook or eat together. The building has also been designed with extra doors fitted in the corridors, so that several rooms can be privately sectioned off for large groups. One night at The Forest by Wangz costs from around SGD 250 (USD 204).

Eslite: Taiwanese bookstore brings 24-hour services to Hong Kong



In August 2012, Taiwanese bookstore [Eslite](#) opened its first overseas branch in Hong Kong, featuring experimental 24-hour opening times from Thursday through Saturday that are suited to the 'night owl' shopping habits and lifestyles of Hongkongers. In Taiwan, Eslite is famed for its 24/7 opening hours and the wide range of lifestyle goods that accompany its bookshelves, including stationery, children's toys and music. It will open its first Mainland Chinese branch in Suzhou in 2014.

NEXT

Want to get going on LOCALIZASIAN of your product or service? If you're an Asian brand, remember:

- Take advantage of your position (both the psychological and physical closeness) **to tailor your products and services for (sub-)populations**. Learn from the Wangz example above, and think about sizes, lifestyles, practices etc.
- Local consumers will appreciate Asian brands that **celebrate regional culture by re-shaping or integrating their products into established traditions or practices**, and so honoring them; as Tsingtao did when they reimagined their beer bottle around a traditional Chinese drinking custom.
- LOCALIZASIAN can be also as simple as **tweaking an existing product or service** (especially one that strongly appeals to Asian consumer desires) to cater to a new group of Asian consumers. Witness how WeChat have successfully expanded across the region by adding local language options to their already strongly 'regionalized' offering.

But if you're a **non-Asian brand doing business in Asia – or planning to** – you also need to respond to the LOCALIZASIAN trend. That might mean creating a point of difference by explicitly stressing your 'otherness' (though think further than the traditional 'higher quality' narrative, as the quality gap is disappearing fast). Or seize the opportunity to partner with (if not buy) a local brand and engage in some true LOCALIZASIAN of your own.

Finally, even if you're a **non-Asian brand, operating outside Asia**, with no plans to enter: don't ignore LOCALIZASIAN. Remember: many of the Asian brands



Korean popstar Psy shares his Gangnam Style moves with Taiwanese model-actress Lin Chi-Ling during the Shanghai Spring Festival TV Gala.

doing an expert job of LOCALIZASIAN will succeed, grow and beat out the competition in their local markets. So keep an eye on them: how long will it be before they start competing in your neighborhood, too?

LOCALIZASIAN is sweeping across the world's most dynamic consumer arena in 2013. So whether you're in Asia or outside: partake or perish!

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