

# Asia brands must ride the wave of digital innovation

| BY JAYAJYOTI SENGUPTA |

The rapid consumerisation of technology is driving business reinvention across industries. With the physical and the digital worlds drawing closer, almost every physical process is being instrumented and digitised. The growing infiltration of digital technologies across Asia is beginning to play an increasingly important role in regional economies. Such is the momentum of technology adoption that the likes of Vietnam, Indonesia and the Philippines are witnessing a generation jump straight into the digital age. Global brands emerging out of Asia are making it big by creating significant value for shareholders.

One key innovation that has come out of Asia in the recent past is low-cost, high-quality smart products. Xiaomi's Mi Note phablet, for example, costs only about a third of the leading smartphone brands, but packs in much more. More importantly, it is not about cost alone,

as underscored by Xiaomi's "smart module" that can even be applied on home products such as refrigerators, to turn them into connected devices. A growing range of such innovations scores high both in terms of technological sophistication as well as affordability. This value proposition — coupled with a burgeoning, increasingly tech-savvy middle class, and governments ever more proactive in encouraging and supporting home-grown innovations — is amplifying digital adoption across Asia.

Rapid adoption of digital technologies has dramatically increased the reach of businesses across diverse customer groups in Asia. For example, a company can now easily reach out to consumers in Tier-2 or Tier-3 cities without having to worry about physical presence or an optimal ecosystem to support distribution. The sudden surge in segmented market opportunities has increased the complexity of providing efficient yet customised

experiences to buyers with different habits and preferences.

As it is, customer segmentation is highly complicated even within China or India, let alone Asia, what with its mosaic of several smaller — and unique — economies only adding to the challenge. This is where digital innovations are beginning to make a difference, enabling businesses across industry segments to leverage automation and digital services, next-generation target operating models, and market-centric data analytics to help launch new products, e-commerce portals, mobility services and digital marketing endeavours.

Brands may find out who their friends are through social media, but it is predictive analytics that lets them build lasting, and more profitable, relationships. With analytics, brands get to know and communicate with their customers as individuals. They discover their likes, dislikes, preferences and habits. Analytics imbues the

engagement with immediacy: Brands can communicate with consumers within hours and days, and sometimes even as they shop. In addition, as Asian companies innovate, they are also changing the competitive landscape as superior product quality and stronger brand recognition make them more attractive to local consumers.

The interconnectedness between businesses and consumers in Asia will continue to increase exponentially. Affluent middle class with higher spending power will deviate from the "good is good enough" model towards the "great value at right price point" model. Asia is becoming the centre-piece of digital initiatives such as smart banking, social retail and concept stores. The amount of data generated by two of the world's most populated countries — China and India — along with many other countries high on digital adoption, has come to endow the swirl of digital information surrounding people, organisations,

products, devices and processes — what we call "Code Halos" — with a richness of business value that far outstrips the value of physical assets that have historically underpinned market leadership. Leveraging this information is becoming critical to building new business and commercial models for differentiation and success.

Embracing Code Halo thinking will get brand owners on the road to digital business for 2020. By generating a unique virtual identity for each consumer's halo of clicks, swipes, comments and posts, brands can add context and value. They can launch conversations and begin to foster relationships. The powerful combination of Code Halo data and predictive analytics is enabling marketers to create the one-to-one relationships with consumers that will ensure continued prosperity. **E**

*Jayajyoti Sengupta is vice-president and head of Greater China and Asean, Cognizant*