Consumers support brands that align with their personal values.

CMOs reinvent themselves and their teams.

CX leaders renovate, not just decorate.

CIOs lead the bold disruptors.

Workplace automation and AI are here to stay.

Platform wars heat up.

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COVID-19 reduces workplace engagement.

5G raises the bar for digital transformation.

B2B sellers deepen buyer relationships with help from AI.

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Accelerating out of the crisis

Faced with the pandemic, firms in Asia Pacific did things that once seemed impossible — sometimes overnight. Under the relentless pressure of new customer realities, the future came into focus: The value of your company depends on how customer-obsessed, resilient, creative, and adaptive you are in jumping to the next growth curve in your industry.

COVID-19 affected Asia Pacific first, and we expect the region will also emerge from the crisis first in 2021, before the US and Europe. Much of your success will depend on how quickly and how well you harness technology to both enable your workforce in the new normal and build platforms that differentiate your firm. Indeed, technology acceleration is the common thread in our predictions for the coming year. Yes, that means investing in new technology. But with the pandemic still a reality and budgets rightfully under scrutiny for 2021, it also means taking advantage of and realising the value of the technology that you already have — and finally retiring the technical debt holding you back.

2021 will be the year that every company doubles down on technology-fuelled experiences, operations, products, and ecosystems. Asia Pacific is finally entering a decade of a digitally levelled playing field in which firms in the region will be on par with or even exceed the rest of the world in terms of technology-driven business model innovation.

Read on to see what exactly 2021 has in store for Asia Pacific business and technology leaders.
Consumers support brands that align with their personal values

Values-driven firms will rebound sooner and grow faster than profit-driven firms.

Consumers’ experiences with COVID-19 have redefined how they behave, consume, and engage with brands amid economic and social issues stemming from the pandemic. While many consumers in Asia Pacific are already making purchase decisions based on values — such as environmental protection and a commitment to consumers’ data privacy — more will vote with their wallets and engage with brands that commit to ethical practices that support the local community and businesses in 2021.

Studies have found a positive correlation between ethical marketing practices and a brand’s relationship with its consumers in terms of perceived product quality and brand loyalty. Brands that tackle complex economic, environmental, and social challenges with integrity, competence, and transparency will earn the trust and loyalty of these values-based consumers. As a result, we expect the number of Certified B Corporations in Asia Pacific to increase by more than 25% to reach 500 in 2021, up from 394 in September 2020.

To win and retain the hearts and wallets of these values-based consumers, firms must adopt corporate strategies and frameworks that better balance purpose and profit.
The circumstances of 2020 brought to a head the quagmire that has been brewing for marketing leaders over the last five years: Chief marketing officers need to drive customer obsession at their firms, rather than just guiding ad buying and promotions. That means putting the customer at the centre of everything you do: leadership, strategy, and operations.

Reinvention of themselves, their teams, and the marketing function will be the theme for successful CMOs in 2021. We expect these CMOs to create new commercial and delivery models to keep their companies solvent. They will suit up with their teams to do the hard work, not just overseeing it from a distance.

If they haven’t already, leading CMOs will integrate marketing and customer experience in the coming months. Segregating acquisition from everything that happens after a prospect completes a purchase — product utilisation, customer service, retention, advocacy — was always a bad idea. Now, pandemic conditions make this disconnect perilous. Disjointed experiences cost millions and lose customers — they are the antithesis of customer obsession. Growth comes from continued use of a company’s offering, so it’s imperative to focus on acquiring customers who will stick around for the long haul.

Marketers will reemphasise the value of their loyalty programmes and will mature from frequency-based rewards programmes to full-fledged loyalty programmes. Already, media money is shifting into retention methods, such as email and customer service, to create products that drive growth: We predict that spend on loyalty and retention marketing will increase by 30% in 2021.

Spend on loyalty and retention marketing will increase by 30% as CMOs assert control over the full customer lifecycle.
In years past, we saw the most-improved companies in Forrester’s Customer Experience Index (CX Index™) advance by playing a game of whack-a-mole as they found and fixed fundamental problems, often in their back-end systems and processes. In 2020, we saw many more companies advance and improve by playing a very different game, one that’s just starting to bear fruit after years of improving core CX competencies, especially research, prioritisation, and enablement. Forrester is seeing increasingly widespread adoption of CX competencies, which we predict will enable 25% of brands to achieve statistically significant advances in CX quality in 2021.

This year’s advancers did the work to determine what really matters to their customers, identified projects to improve important experiences, prioritised their efforts with the biggest potential upside for customers and the business, and then trained their employees (and gave them new tools) so that they could deliver the right experiences consistently. These are the kinds of strategic efforts that will build on themselves and begin to change the landscape for CX within industries. They’re strategic and self-reinforcing because they produce business results.

One surprising outcome of this work is that firms will cut CX technology spend in 2021 but will actually improve CX. As organisations evaluate tech spend, what Forrester suggested about having one voice-of-the-customer program and not many — aiming for fewer cooks in the kitchen — will come to fruition, leading to consolidation of CX tools and technologies. This move will save organisations hundreds of thousands (or millions) of dollars — but it will also help them realise the value of the technologies that remain. In 2021, we’ll see more of these strategic efforts, especially because they will enable companies (particularly those that take a holistic, systematic approach) to better deal with the forced evolution of CX caused by the pandemic.

25% of brands will achieve statistically significant advances in CX quality in 2021.
In 2021, 30% of firms will continue to accelerate their spend on cloud, security and risk, networks, and mobility — including struggling firms looking to leapfrog less wily competitors and gain advantage coming out of the pandemic. Leading CIOs will embrace cloud-first and platform strategies for speed and adaptiveness, eschewing stovepipes for end-to-end solutions. Interviews with leading CIOs found that they are collaborating more across organisations, objectives, and budgets, extending IT-business partnerships into enterprise-level shared accountability. They are also investing aggressively in employees, breaking down old ideals and resolving resistance within the organisation.

In fact, CIOs focused on employee experience (EX) will help their firms attract, develop, and retain talent that can provide competitive advantage in a critical year. They will make the needed investments to foster social collaboration, make information easier to find and use, and provide security that’s less distracting. Organisations with CIOs who are slow or unable to adapt will have at least two problems on their hands: 1) massive attrition and 2) getting mired in short-term fixes like tech modernisation, simplification, and consolidation that achieve only digital sameness through peer-comparison strategies by the end of 2021.

30% of firms will increase spend on cloud, security and risk, networks, and mobility.
The physical, mental, and economic challenges that employees had to contend with in the face of the pandemic will extend into 2021, with many willing to overlook higher-order needs for self-actualisation to avoid risk and maintain the status quo.

This will result in muted workplace engagement that lowers productivity and discretionary efforts, especially in verticals such as retail or media and entertainment that already lag in EX efforts in Asia Pacific.

Thus, business innovation will suffer and drop in 25% of firms in the region. Two factors compound the problem: 1) Global lockdowns have shifted unpaid work largely to women, with fewer returning to the workforce, and 2) employees have begun to prioritise their well-being over standard benefits. To encourage productivity and innovation, firms must enable employees via technology but also consciously inspire and empower them.

HR leaders also have had to readjust to working in this new normal. The pandemic thrust HR into the middle of transformations that required coordinating remote-work tech with IT, rejiggering budgets midyear with the CFO, and completely altering talent acquisition and training models. Newly emboldened, the best will use their improved connection to IT to ask for better tools for analysing and acting on workforce data. The best of the best will seek out AI-enriched tools that will inform workforce policy and guide specific employees to better outcomes.

Employee concerns will cause innovation to drop in 25% of firms.
Most companies must become platform businesses to survive in the digital era, with the battle for supremacy heating up in Asia Pacific. Amazon’s expanded offerings and the rapid emergence of Jio Platforms will ignite a platform war in India, one that also includes Flipkart and Paytm.

Beyond big tech, competition across the region will also intensify — among Alibaba, JD.com, and Pinduoduo in China; among Gojek, Grab, and Shopee in Southeast Asia; and among banks, tech companies, payment firms, and accounting software providers racing to build small business ecosystems.

In 2021, firms will shift from experimenting to pragmatically connecting the ecosystems essential to their customers, such as healthcare, consumer goods, and manufacturing, while pulling investment from nonessential areas like travel.

Incumbent firms, especially financial services institutions, should swiftly build or connect to platforms that provide essential goods and services to avoid losing relevance with customers and falling permanently behind platform businesses that have both agility and economies of scale.
At least one government in Asia Pacific will embrace a Zero Trust cybersecurity framework.

Zero Trust in Asia Pacific has lagged its global peers; however, adoption is slowly but surely gaining traction. Most governments in Asia Pacific are still taking a wait-and-see approach, while agencies such as the US federal government and the UK National Cyber Security Centre have already adopted the Zero Trust framework.

But a perfect storm is driving change: The pandemic is accelerating cloud adoption and an explosion in remote work; evolving regulatory frameworks are driving improved data protection; consumers are factoring data privacy into their purchase decisions; and lagging security practices make the region ripe for a crippling cyberattack.

Many governments in the region already use the National Institute of Standards and Technology (NIST) Cybersecurity Framework. We predict that at least one government in the region will go further and require firms to transform their security services by adopting NIST’s new Zero Trust architecture standard.
Unsurprisingly, 2021 will see a changed workplace, and new technology will be needed to support it. Over 48% of Asia Pacific managers surveyed during the pandemic anticipate a permanently higher rate of full-time, remote employees.

Many firms will invest in conversational artificial intelligence, machine learning, and hardware advances to help smooth some of these workplace changes: Work-from-home staff will see EX automation perform tasks that were previously done in the office or that held higher labour costs, such as employee self-service, customer service support, and document extraction.

We forecast that by the end of 2021, one out of every four remote workers will be supported by new forms of automation, either directly or indirectly. Direct support will be the rarer form — giving a bot to individual workers to support their daily journey. But indirect support will blossom, as robotic process automation (RPA) bots combined with conversational intelligence and other intelligent automation will handle business tasks often invisible to the home worker.

To best integrate automation and AI with a diverse, wide, and anxious workforce, enterprises should create EX working groups and embrace “human in the loop” design methods.
The coronavirus pandemic has accelerated the digital destinies of B2B buyers and marketers. B2B marketers — with a keen eye on customer satisfaction and revenue acceleration — must quickly adopt new technologies as buyer engagement preferences shift toward digital channels. Today, more than one-third of B2B technology buyers say digital engagement channels (such as vendor websites) have become more important in their buying journeys, while around four in 10 indicate that human/analog engagement with sellers has become less important.

As B2B marketers look to adopt and optimise new tactics, AI-powered marketing technology tops the list. This technology has proven effective at the early and late stages of the buying cycle — for example, in optimising programmatic advertising bids or recommending next best content in a sales enablement solution. However, fewer than 20% of B2B companies are using AI to create conversational experiences or to optimise personalised engagement at scale.

As buyers gravitate toward digital channels, B2B marketers, having widely adopted the use of chatbot and virtual assistant technologies, are ready to scale more automated conversations with these buyers. Yet many of today’s implementations are clumsy, yielding nothing more than a click pathway to a human seller. With practice, and as the technologies mature, chatbots and virtual assistants will leverage first- and third-party data along with AI and machine learning to offer more personalised, guided experiences. Given these improvements, we predict more than a third of B2B technology buyers will rate chatbots as a top-10 engagement channel in their buying journeys.
More than 60% of B2B sellers will be enabled by AI and automation.

As companies extend their work-from-home policies, airlines reduce routes, and health concerns prevail, expect B2B sellers to continue adapting their methods and building new competencies to succeed in a largely remote and digital environment. To thrive in 2021 and beyond, B2B sellers will need the right enablement tools to enhance their productivity and engage with prospects and customers in more meaningful ways.

Fifty-seven percent of B2B sales leaders told us they plan to make deeper investments in tools with AI and automation in the upcoming fiscal year. Sales tools that capture and automatically upload buyer and seller activity data to CRM systems will finally take sellers out of the data entry game.

Relieved from endless administrative work, sellers will have the time and space to conduct deeper customer research, cull insights from data, and orchestrate more meaningful interactions with buyers. As the amount of buyer engagement data increases, AI can surface patterns, guide the seller to the next best action, and identify the buyer’s preferred channel.

In 2021, we predict that more than 60% of B2B sellers will be enabled by AI and automation. To up-level sellers and improve sales, arm your team with sales tools that have embedded AI and automation functionality.
The workplace impact of the pandemic reinforced the tremendous value and necessity of cloud computing to the world’s economy and workforce. Without cloud apps, tools, and services, businesses could not have sent millions of workers home, maintained global supply chains, or shifted entire industry business models in a matter of weeks.

The rush to cloud during the pandemic also exposed stark contrasts between companies that embrace cloud technologies and those that have resisted or underfunded them. The aggressive move to cloud, already proceeding at a healthy clip before the pandemic, will spike in 2021, yielding even greater enterprise adoption, cloud provider revenue, and business value in 2021.

The changes brought about by COVID-19 forced companies to prioritise speed and customer experience over cost savings and efficiency — and they flocked to public cloud services faster than ever. Etsy spun up new Google Cloud infrastructure to meet a spike in e-commerce; Lowe’s got a curbside pickup app running in three days; and Moderna is using Amazon Web Services (AWS) to accelerate COVID-19 vaccine research.

We previously predicted that the public cloud infrastructure market would grow 28% to reach $113.1 billion in 2021. Mid-pandemic, the four largest public clouds maintained very strong revenue growth (AWS: 29%; Microsoft Azure: 47%; Google Cloud: 43%; and Alibaba: 59%) as companies accelerated cloud migrations and rushed out new apps to meet fast-changing consumer demands. We now predict that the global public cloud infrastructure market will grow 35% to $120 billion in 2021 and that Alibaba Cloud will take the number three revenue spot globally, after AWS and Microsoft Azure.
5G will drive significant disruption across B2C and B2B use cases, but it has suffered from its lack of a proven return on investment so far.

China will test and scale successful innovative business models in 2021, leading in 5G rollouts for both carriers and users. Expect to see key 5G initiatives in major verticals such as healthcare and manufacturing as well as for smart cities. The rapid proliferation of highly connected technologies like computer vision, commercial drones, cloud-native, blockchain, edge computing, and virtual or augmented reality will also generate synergies that unleash 5G’s potential.

In 2021, we expect disruptors built around early-stage, 5G-enabled business models to emerge in China, with fast-follower markets in Southeast Asia benefiting from these pioneers in 2022.

Asia Pacific business and technology leaders must be prepared to learn from China’s innovation around 5G, including advanced use cases in the manufacturing, financial services, and retail sectors.

China will become the epicentre of 5G innovations in 2021.
Out Of The Crisis, A New Order Takes Hold

Following sudden and profound disruption in 2020, a new landscape is emerging. Hard-won lessons in adaptability, creativity, and resilience will continue to serve companies as they navigate ongoing change. No industry or firm will be untouched as ways of working, leading, and serving customers are transformed.

At Forrester, we are on your side to help you anticipate change and understand what it means for your firm — and to guide you on how best to move forward. Let us know how we can help. Forrester clients can access the data and research that underpin these predictions at for.com/2021-predictions or email us at apacmarketing@forrester.com.