Predictions 2016: Local Firms Take The Lead In Asia Pacific

Multinationals' Myopia Creates CX Opportunity For Regional Firms Based On Three Factors

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November 4, 2015

Why Read This Brief

In 2016, companies in Asia Pacific (AP) will have opportunities to grab market share from multinational corporations (MNCs) that have failed to localize their customer experience (CX) and relied too much on their global brand equity. AP firms will increase their uptake of human-centered design, galvanize around CX leadership, and make voice of the customer support more available. This brief examines how these three factors will play out and shows CX professionals in AP how to make the most of this opportunity.

Key Takeaways

CX Capability Improvement, Discipline, And Maturity Are Accelerating
Local companies across the region are elevating their CX game faster and more aggressively than they have in the past -- a critical factor for business success, as most of them are starting from a very low base. MNCs that fail to localize their experiences risk losing market share to regional or local AP-based companies that more effectively wed global CX best practices to deep understanding of local customers.

Human-Centered Design Will Take Center Stage
A growing number of AP-based companies will place the customer at the center of their business by adopting a design thinking approach. Under the umbrella of transformation, this will create a boon for skills training and employee development across the region.

The Rush Of Companies Organizing A CX Function Will Create A Scramble For Talent
Half of large AP enterprises will fill key senior leadership roles despite a shrinking pool of experienced CX professional talent in the region.
Asia Pacific Firms Embrace Sophisticated, Localized CX Approaches

Business leaders around the world cite improving the customer experience (CX) as a critical or top priority for their businesses in 2015.\(^1\) Starting from a lower base, companies across Asia Pacific (AP) are accelerating even faster, making significant strides to increase CX maturity and close the gap with US- or Europe-based multinational corporations (MNCs) in this area. In 2016, four trends will fuel improved CX maturity among AP organizations:

- **Local firms will exploit MNCs' localization failures to gain market share.** Firms in most AP markets have lagged MNCs in grasping the urgency of the CX imperative, putting them at a disadvantage. While AP-based hotels and airlines often provide world-class customer service, many local and regional firms have lacked basic components of the omnichannel experience or CX value chain. But in 2016, connected and empowered customers in markets like China, India, Malaysia, and the Philippines will put pressure on firms to meet market-specific needs. Tencent's WeChat is a prime example; Chinese consumers' demand for noncollateralized personal loans and other services within the wildly popular messaging app has put the squeeze on traditional banks' CX and business model.\(^2\) While foreign-owned MNCs operating in Australia, China, and India enjoy a small lead, delivering quality experiences in sectors such as mobile manufacturing, insurance, and traditional retail, AP-based companies that employ the latest CX tools and methodologies can quickly gain ground or emerge as CX leaders in these markets.\(^3\) MNCs that don’t seek to localize their own CX initiatives will face increased competitive pressure and risk losing market share.

**Action:** Augment your CX toolkit with the right tools for successful localization. AP-based companies should leverage their deep understanding of local customer segments and buying preferences as they employ the latest CX tools and methodologies to design products and services. MNCs should invest more resources and discipline into understanding the behaviors and cultural considerations of target segments in the heterogeneous AP markets they operate in. Forrester recommends that all CX pros expand their existing CX toolkit to include a more precise way to appeal to nuances of customer sentiment via persona enrichment, expectation mapping, and localized signature moments.\(^4\) All three tools will help refine a standardized CX strategy into an exceptionally successful local CX strategy.
› **Human-centered design (HCD) will become the CX practice of choice.** More AP-based companies are placing the customer at the center of their businesses and organizing service design around them. Telstra’s design team, IBM Design, and MetLife’s LumenLab are a few examples of design studios that an increasing number of firms are organizing to drive the “outside-in” notion of HCD. Companies like Accenture, Commonwealth Bank of Australia, DBS Bank, and Infosys have made HCD a cornerstone of their business strategy going into 2016. A year from now, we expect one in three AP firms to operationalize some form of a HCD approach into CX improvement programs. This will drive a boom in design thinking training and related consulting opportunities throughout the region. Companies based in Australia, India, and Singapore will lead the way by training their staff in client-centric design on a larger scale, as Infosys has done — inculcating the fundamentals of the approach in more than 28,000 of its staff over the past 12 months.

**Action: Train up and begin flying the design thinking flag.** If you have yet to consider what value service design thinking will have for your organization, now’s the time to start, as more and more resources dedicated to the subject are cropping up in media and schools around the region. Start with a train-the-trainer approach targeting select individuals within the company’s CX or marketing team to acquire the knowledge needed to begin disseminating the benefits and applications throughout the organization.

› **Half of all large AP enterprises will appoint senior CX leaders.** As the internal organizational imperative needed to drive CX initiatives within a company, governance is a core discipline and a requirement for elevating CX maturity. In 2016, a growing number of AP-based companies will build dedicated CX teams within their organizations. Initially, most of these teams will emerge within marketing, only to grow into their own P&Ls as they demonstrate the ROI of ongoing CX initiatives. Senior business decision-makers in firms as diverse as Bupa, General Motors, Globe Telecom, and Manulife have begun recognizing the importance of a standalone CX department that gives teams the autonomy they need to influence change across diverse verticals. We predict that the evolution of this governance will see pioneers create a position on their company’s board and put an influential customer advocate in that chair by the end of 2016.

**Action: Secure CX talent early and ring-fence the proper CX governance.** CX pros must articulate an ROI story to senior management that illustrates how CX improvements drive customer loyalty — which then equates to revenue growth. Companies that are slow to empower senior-level CX pros will see them poached by competitors as the scarcity of experienced CX leaders in the region limits the number of firms able to successfully organize around a CX leadership function.
 › **Voice of the customer (VoC) programs will become entrenched.** AP-based CX pros have long been challenged by the need to leverage localized support and services that rely on resources and infrastructure from North America or Europe. Facing increasing demands from clients, VoC vendors will respond in 2016 with more local offices and region-specific products and services. Understanding the need to provide real-time support, firms like Qualtrics expect significant growth in the region over the coming year and are substantially ramping up their client support resources. Confirmit recently opened an office in Sydney to help its clients by providing immediate call support and text analytics capabilities for non-Roman character sets through an office in Chengdu, China. Medallia is also expanding its support network in the region, building alliances to support a spectrum of in-market needs from program strategy to operational requests. We expect competitors to follow suit as more sophisticated AP-based companies and subsidiaries begin demanding richer analytical insights from surveys and voice data in the region’s languages.

**Action: Push forward with VoC programs — help is on the way.** AP organizations can confidently push ahead with more complex VoC programs, secure in the knowledge that real-time support will finally be at their doorsteps. Companies in the region can also begin to more efficiently execute culturally appropriate survey strategies and capture language-specific insights with the right mix of technical and operational support. Those capabilities, combined with local implementation advisory provided by a growing number of domain experts consulting in the region, will allow companies to go after richer, more complex VoC frameworks.
Supplemental Material

Companies Interviewed For This Brief

Accenture
Confirmit
DBS
Infosys
Medallia
Metlife
Qualtrics

Endnotes

1 Seventy percent of business and technology influencers in Asia Pacific as a whole said that improving CX was likely to be a high or critical priority for their firm in 2015. This included 71% of respondents from India, 71% of respondents from China, and 98% of respondents from Australia. See the “The Australia Customer Experience Index, 2015” Forrester report and see the “The China Customer Experience Index, 2015” Forrester report.


3 For the first time, Forrester has applied the Customer Experience Index (CX Index™) methodology to appraise how well companies in India, China, and Australia are delivering customer experiences that create and sustain customer loyalty. These reports evaluate brands in several industries to assess the quality of CX in these major Asia Paciﬁc economies. See the “The India Customer Experience Index, 2015” Forrester report, see the “The Australia Customer Experience Index, 2015” Forrester report, and see the “The China Customer Experience Index, 2015” Forrester report.

4 Forrester has published a three-part series of reports on localization. See the “Brief: Use An Ethnographic Approach To Enrich Personas For Local Markets” Forrester report, see the “Augment Customer Journey Work With Expectation Mapping” Forrester report, and see the “Differentiate Your Customer Experience With Signature Moments” Forrester report.

5 CX pros want to grow and transform their businesses by fostering empathy for their customers, quickly adapting to challenges, and creating effective and compelling experiences. To do that, they turn to design methods that are already familiar to digital and product teams, including design thinking, Lean, and Agile methodologies. But it’s very difﬁcult to walk the walk until you can talk the talk. This report breaks down the main principles behind current design practices as the ﬁrst step to building a cohesive and effective CX program that’s optimized for customers, markets, capabilities, and goals. See the “Design Methods In The Age Of The Customer” Forrester report.

6 The digital world your company now operates in requires a radically different corporate culture — one that’s obsessed with improving CX and encouraging a more open, collaborative approach to innovation. That’s the only way you’ll be able to keep pace with rapidly changing customer expectations and behaviors. This report presents lessons learned by companies that embraced design thinking principles to shift their innovation process from logical problem-solving to creative experimentation focused on delivering value to customers and the business. See the “Brief: Leverage Design Thinking To Spark A Customer-Obsessed Innovation Culture” Forrester report.

7 CX pros must help their colleagues understand how they affect — and ultimately own a piece of — customer experience outcomes. That requires CX teams to ensure that all employees are responsible for relevant elements of the experience. This report details three levels of CX ownership: 1) Leaders set the vision, targets, and road map; 2) managers own the targets and execute on the road map; and 3) all employees are responsible for aligning their work with the CX vision. See the “Want Great CX? Make Everyone Do Their Part” Forrester report.
It’s the age of the customer, when technology and economic forces have changed the world to such a great extent that an obsession with winning, serving, and retaining customers is the only possible response. Transforming the customer experience is one of four critical market imperatives required for shifting companies toward customer obsession. But how can CX pros prove that to their executives? Not by pointing to the stock market gains that accrue to CX leaders because there’s too much noise in the data. Instead, the proof lies in comparing the revenue growth of companies with superior customer experience to that of their direct competitors with comparatively inferior customer experience. See the “Does Customer Experience Really Drive Business Success?” Forrester report.

“Privacy is dead”: It’s a trope so often repeated you might actually think it’s true. But in the age of smartphones and sensors, privacy is not only possible, it’s essential for building trust, the foundational currency of social, mobile, and local services. Context is key: Businesses crave insight into the context in which consumers are using their products, and consumers want businesses to deliver contextually relevant services. Contextual privacy is a framework for negotiating the collection and use of personal data that ensures a fair value exchange for both customer and business. See the “Voice Of The Customer Vendor Landscape, 2014” Forrester report.
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