

The rise of the affluent Asian shopper

PwC's Experience
Radar 2013: Lessons
from the Global Retail
Apparel industry

Introduction

With the continued growth of Asia's developing economies, an unprecedented proportion of the region's population is moving up the socio-economic ladder. Newly affluent¹ consumers are not only spending more, they are also spending in different ways than their counterparts in more developed economies.²

PwC's Experience Radar 2013 study on the global retail apparel industry shows how local culture and practices in developing Asia drive different types of purchase decisions for regional consumers, and reveals features in the retail shopping experience that would inspire those consumers to pay a premium. Beyond retail, the Experience Radar provides cultural insights and learnings that can inform other industries seeking to push their brands into new markets.

¹To qualify as affluent, respondents to PwC's Experience Radar 2013: Lessons from the Global Retail Apparel industry study had to earn an income above the median yearly income for their country.

²Countries included within developing are China, India, Indonesia, and Malaysia. Countries included within developed are the US, Netherlands, and Singapore.

The outsized importance of brand

Among the most loyal brand shoppers in the world.

Two-thirds of shoppers in developing Asia agree that access to leading branded goods is the heart and soul of their ideal apparel shopping experience. These newly affluent consumers place so much value on it that they are four times more willing to pay for access to branded apparel than shoppers in developed nations.

Status, style, and quality are the leading determinants of purchase decisions.

Shoppers in developing Asia are more willing than shoppers in more developed nations to splurge on mainstream and luxury apparel brands. Brands telegraph the shopper's status, which influences how he or she is perceived on the social ladder. And, among the upwardly mobile, branded apparel is seen as a way of tapping into the latest global styles.

In developing Asia, quality trumps price as a reason to buy.

Apparel quality is not a given in Asia. In 2012 alone, developing Asia produced \$24 billion worth of knock-off apparel.³ In developed countries with generally higher merchandise quality and stiffer competition, shoppers are far more concerned with price.

One-third of shoppers in developing Asia cite quality as a reason to buy versus less than 1 in 5 who shop based on price. Among developed country shoppers, more than one-third emphasize price while just one-quarter base their purchase decisions on quality.

What this means for your business

- **Align price with brand equity:** For luxury brands, premium pricing reflects exclusivity and quality, which attracts affluent developing Asia shoppers looking to showcase their status.
- **Guarantee authenticity:** Help assure consumers of the authenticity of your products by providing product information and demonstrations both in-store and online, and by posting online authentication guides to help consumers identify counterfeits.

China



Malaysia



India



Indonesia



Percent of shoppers who emphasize the importance of access to branded merchandise. China in particular has an insatiable appetite for well known brands.

³United Nations Office on Drugs and Crime (UNODC) report, *Counterfeit Goods: A Bargain or a Costly Mistake?* (August 2013).

Other people's opinions matter—a lot

Family and friends are the foundation of society in developing Asia. Relationships influence all aspects of culture, including shopping. To inform their decision-making, people create their own trust structures that combine their network of friends and family with influencers such as celebrities and blogs. People value the opinion of those they trust to drive their position on the social ladder.

In developing Asia, peer feedback and celebrity associations with brands are exceptionally influential in driving purchasing decisions. Consumers are much more likely to tap into the opinions of those they trust to figure out what brands to wear, which fashion bloggers to follow, and where to shop.

Shoppers in developing Asia are twice as likely as shoppers in developed nations to weigh peer feedback before making a purchase (47% versus 24% respectively).

Shopping with (and for) partners and family is a much more common, everyday occurrence.

Nearly two-thirds shop with their partner or family, versus 41% in developed countries. And twice as many (60%) shop for immediate family, versus 33% in developed countries.

Social media plays a significant role in influencing purchasing decisions with shoppers in developing Asia who are also very likely to share their own experiences.

Nine in ten shoppers report they are influenced to make purchase decisions by information found on social media (versus approximately 6 in 10 shoppers in developed countries).

Eighty-seven percent report sharing their retail experiences via social media channels (double the percentage in developed countries).

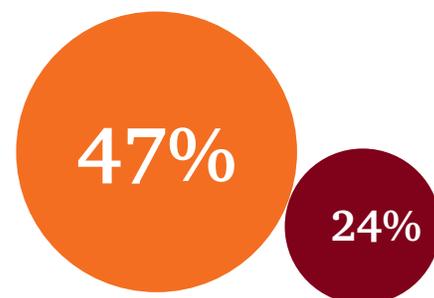
Shoppers in developing Asia are willing to pay for more access to peer and/or celebrity opinions about apparel brands.

They are willing to pay up to a 47% premium to access platforms that provide peer or celebrity opinions about apparel. By comparison, shoppers in developed countries would pay a 17% premium.

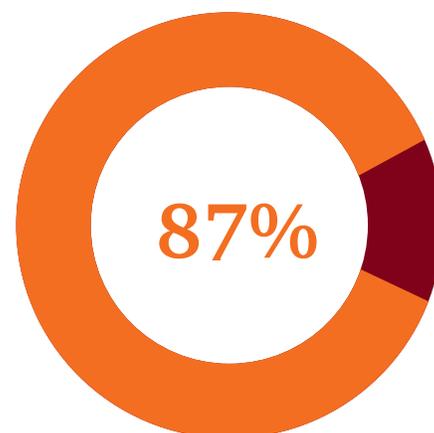
In India, where Bollywood produces nearly double the number of films than Hollywood,⁴ 42% say they are influenced by the styles and brands of celebrity cultures. Overall, developing Asian shoppers are twice as likely as developed country shoppers to say they are influenced by celebrity cultures.

What this means for your business

- **Activate your brand advocates:** Using customer analytics and store knowledge, identify your key brand advocates and cultivate relationships with them through incentives such as discounts and invitations to exclusive events.
- **Tap into celebrity culture:** In countries like India and China, celebrity culture is a huge driver of lifestyle. Leveraging film stars, sports icons, and other celebrities can be a powerful tool in building brand awareness.



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⁴UNESCO Institute for Statistics, 01 October 2009. *UIS 2009 Biennial Survey on the Global Cinema Industry.*

Shoppers in developing Asia are voicing their desires and projecting their influence

With nearly half of the twenty countries with the least amount of press freedom in the world located in the Asia-Pacific, social media is a powerful outlet for consumers in developing Asia to express themselves.⁵

Seven out of ten developing Asia shoppers confirm they have reported issues to retailers, versus 45% of developed country shoppers.

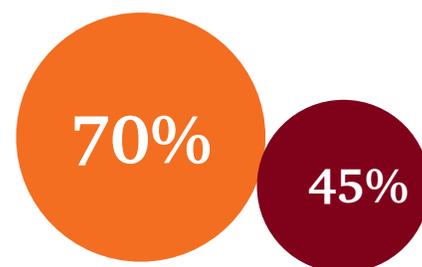
Forty-seven percent developing Asia shoppers will share bad in-store experiences with friends and family, versus 36% in developed countries.

Quick to complain but also quick to forgive: Loyalty still prevails (for now) even after a bad experience.

Nearly half of developing Asia shoppers say they will give a retailer another chance even after a bad experience if it's a place they or their network have trusted in the past. By comparison, only one-third of developed country shoppers would do so.

What this means for your business

- **Educate employees:** Shoppers in developing Asia are more likely to share a bad experience with friends and family. Educate and empower employees on how to turn issues into opportunities to deepen the customer relationship.
- **Create engaging social media platforms:** Give customers a platform on which to share and amplify good experiences and raise issues that may need to be resolved.



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⁵ Reporters without Borders, 2013. *Press Freedom Index 2013*.

Digital channels are helping consumers leapfrog a 1.0 retail experience

Seeking better access to branded merchandise and better shopping experiences, most developing Asia shoppers are shopping online—surpassing even their developed-country counterparts.

Nine out of ten shoppers in developing Asia browse or buy online (versus fewer than 8 in 10 for developed countries).

Online experiences can provide the richer, more robust, and more personalized shopping experiences that customers in developing Asia crave.

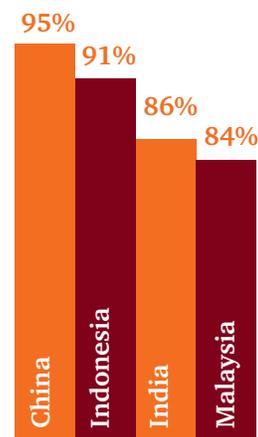
Shoppers are using their smartphones to check prices and reviews in-store, spending an average of 15 minutes online per store visit.⁶

One in three customers want to access enhanced product information via in-store tablets.

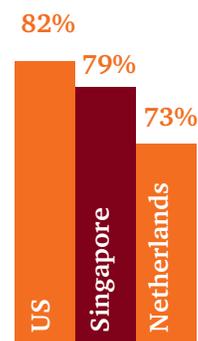
What this means for your business

- **Harness mobile:** Today's shoppers are digitally savvy and crave additive features that use technology. Apps that provide regular style and merchandise tips or augment the in-store experience can attract savvy high-spenders and convince shoppers to stay longer.
- **Invest in omni-channel:** Many shoppers in developing Asia browse online but buy in-store. Providing customers a seamless experience that allows them to access product information, pricing, and their own account information across channels is critical to building a strong retail brand.

⁶ Mobile In-Store Research: *How In-Store Shoppers are Using Mobile Devices* (April 2013).



Percent in developing countries who browse and/or buy online.



Percent in developed countries who browse and/or buy online.

Snapshots of shopper segments in developing Asia

Traditional Teo



33%

Who they are

Middle-aged parent who is price-sensitive with basic shopping needs

How to attract

Make it easy for him to buy in-store and offer him appealing discounts

Mindful Mai



29%

Who they are

Millennial segment who balances quality with price

How to attract

Give her a seamless experience across channels and quick access to product information

Aspirational Aran



23%

Who they are

Older, frequent shopper who is image conscious and the least price sensitive

How to attract

Provide special access to branded apparel and provide him with a digital platform to share shopping experiences with his network

Affluent An



16%

Who they are

Digitally active baby boomer who is the most affluent but seeks luxury for a deal

How to attract

Focus on her digital experience and be proactive around special deals and issue resolution

About PwC's Experience Radar

A different class of insights

PwC's Experience Radar helps businesses find the often hidden sources of value that drive exceptional, differentiated customer experiences. By helping companies rank their product and service features, Experience Radar locates opportunities to create value and bolster top-line growth and bottom-line results.

Our methodology employs a combination of conjoint techniques, segmentation analysis, and business knowledge to reveal insights that can be increasingly isolated to improve precision. Other, more traditional customer experience studies typically do not tie to hard economics like value measures, price elasticity, and churn metrics.

About this study

PwC conducted the Experience Radar 2013 survey online among nearly 3,700 affluent shoppers from large cities across developed (US, Netherlands, Singapore) and developing (China, India, Indonesia, Malaysia) countries.

To learn more about our detailed analysis of retail shopper segments in developed versus developing countries and how PwC can apply this knowledge or our Experience Radar methodology to your business, contact one of our Customer Experience Practice Leads:

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For more information on the Experience Radar and survey methodology, visit:
pwc.com/us/en/advisory/customer-impact/pwc-experience-radar.html

About PwC's Experience Radar

A different class of insights

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