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EXECUTIVE SUMMARY

As the region with the greatest number of digitally savvy consumers, Asia is primed to lead the digital world. Smartphone and tablet penetration in mature markets such as Korea and Singapore borders nearly 90%. Meanwhile in developing nations such as India and Indonesia as many as three people a second experience the Internet for the first time. According to the Economist, by 2030 more than a billion Indians will be online.

It is Asia’s moment for digital. Although Asian organisations may not always be first, they have the opportunity to be better, learning from the pitfalls and best practices of preceding digital-first business models and completely (re)inventing themselves for a digital economy.

As more people in the Asia Pacific Japan region come online with increasingly sophisticated and engaging smart devices, the digital experience is taking over an increasingly large part of the overall experience a customer has with a brand. From discovery through purchase, delivery and support of a product or service, the digital experience has become ubiquitous across industries.

But how are brands performing in delivering on consumers’ digital demands as part of the omni-channel experience? SAP has increasingly received this question from our customers. They want to better measure and manage how they interact digitally with their customers and better understand the impact of the digital customer experience on business outcomes.

This was the motivation behind SAP’s Asia Pacific Japan (APJ) Digital Experience Report. Much research in this space starts by surveying the brands to investigate their digital performance. This study takes a more candid approach and goes directly to those brands’ customers, who have assessed tens of thousands of digital experiences across ten business-to-consumer industries.

This sample size allows an unprecedented level of analysis at the national level, the industry level and even at the level of the individual organisation. The research enables statistically significant findings and analysis for 215 of Asia Pacific Japan’s largest brands. What we found is that a brand’s own perception of its digital performance is far more forgiving than that of its customers.

In most markets across Asia Pacific Japan, there is a sizable gap between what consumers expect from a digital experience and what brands are actually delivering. Nearly two-thirds of consumers across the region are not delighted with the digital experience brands provide them. And this gap matters: A delightful digital experience drives customer loyalty and advocacy and is ultimately tied to better organisational performance across industries. These are the fundamental findings of SAP’s APJ Digital Experience Report.

Digital Experience: The digital experience is defined in this research as a digital interaction between a brand and its customer as part of the discovery, transaction, delivery or support of a product or service.

LOYALTY AND NPS®

Of those identified as **unsatisfied** with their digital experience:

- Just 13% would remain loyal to the brand
- -66%

Of those identified as **delighted** with their digital experience:

- 73% would remain loyal
- 67%

At the same time, the NPS® from this segment is a staggering

-66%

Similarly, based on the NPS® methodology, delighted digital customers identified the brands they interact digitally with a complete about turn
It’s clear that digital transformation is top of mind for organisations in the region as they grapple with implementing better technology and processes to boost their front-end customer experiences.

Nevertheless, only 35 per cent of consumers are delighted by the digital experience they receive from brands in the region. Across an index of 215 large brands, just under 42 per cent or 90 brands, had more delighted than unsatisfied customers.

Customers delighted with a digital experience are over five and half times more likely to remain loyal to a brand than those who are unsatisfied. On average, customers delighted with the digital experience delivered a Net Promoter Score® of 67 per cent compared to a score of -66 per cent from those who were unsatisfied.

While the national digital-experience scores across the ten markets varied significantly, the gap in score between the best and worst performing brands in each market is consistently large. Regardless of a country’s overall digital experience performance, numerous brands within each country risk irrelevance by delivering digital experiences inferior to those of their domestic and international competitors.
Digital transformation takes on many forms, but regardless of how an organisation defines it, its motivation should be clear: the customer. According to research commissioned by SAP with IDG in early 2016, improved outcome-based, omni-channel customer experiences was by far the top driver of digital transformation strategies among organisations.

The customer is driving digital transformation; but is digital transformation delivering for the customer? By closely examining national, industry and brand-level performance – as reported directly by consumers in the region – that is what SAP’s APJ Digital Experience Report uncovers.

In today’s one-click economy, consumers demand more every day – better convenience, greater control and instant satisfaction. If a brand can’t deliver it, the consumer will find another that can. Every time consumers gain more power, organisations need more power to keep up with these demands.

The digital experience is a lot more than a website or an app. Underlying the elusive delightful digital experience is a much more sophisticated system. As the findings indicate, organisations that perform best are those who unite their people and processes on a single system to deliver on their customers’ relentlessly increasing demands.
UNDERSTANDING ASIA PACIFIC JAPAN’S DIGITAL-EXPERIENCE PERFORMANCE

The Asia Pacific Japan Digital Experience Report serves to fill a gap in the market for consumer-based insights into the region’s digital performance. In response to local organisations’ strong demand for detailed understanding of the value digital transformation can deliver, SAP commissioned research firm AMR to examine digital performance at the national and industry levels, as well as at the level of the individual organisation where sample size permitted.

To assess Asia Pacific Japan’s digital performance, the study included a sample size of 18,861 consumers, each of whom rated up to three brands. As a result, the report gathered assessments of nearly 46,500 digital interactions. The countries analysed in this report included: Australia, New Zealand, India, South Korea, Japan, Thailand, Singapore, Indonesia, Malaysia and the Philippines.
THE DIGITAL-EXPERIENCE ATTRIBUTES

At the core of SAP’s APJ Digital Experience Report lie the attributes of a delightful digital experience. Defined in consultation with analysts, existing research and consumer focus groups, these attributes, as rated by consumers across the region, represent the basis for the report’s findings. Consumers rated brands’ performance in 14 attributes ranging from the functional (such as available anytime on my terms) to the emotional (such as excites and engages me).
WHAT MATTERS TO CONSUMERS?

Consumers rated how important the 14 digital experience attributes were to them as part of the ultimate digital experience. An attribute was deemed important if consumers rated it either a nine or ten on a scale from zero to ten. The below percentages represent the number of respondents across the region who ranked that attribute as such.

- Available anytime on my terms: 63%
- Cohesive, integrated and simple: 41%
- Fits in with my life and is effortless: 38%
- Respectful and dedicated to my needs: 38%
- Makes me feel unique: 37%
- Predicts my preferences: 36%
- Associates with my identity: 32%
- Makes me feel important: 31%
- Is safe and secure: 29%
- Makes me love the brand: 29%
- Excites and engages me: 27%
- Relevant offers without infringing on privacy: 26%
- Customised and tailored to my preferences: 24%
- Responsive and interactive: 23%
To determine Asia Pacific Japan’s digital-experience score, consumers from across the region rated their satisfaction with the digital experiences delivered from individual brands based on the 14 attributes, on a scale from 0 (unsatisfied) to 10 (delighted).

An average of the ratings was then calculated, with each consumer assigned an overall digital-experience score between 0 and 10.
To understand whether consumers were satisfied or not, the methodology used a format similar to the established NPS® methodology. This calculation was performed first at a national level and then all scores across the ten markets were compiled to produce an overall digital-experience score for the wider region.

Each consumer rating of the digital experience with the brand was placed into the following categories:

- Consumers with an overall score between 0 and 6 were regarded as unsatisfied with the digital experience – a total of 32 per cent of the survey respondents.

- Consumers with an overall score of 7 were regarded as ambivalent and are neither satisfied nor unsatisfied with the digital experience – a total of 33 per cent of the survey respondents.

- Those with an overall score between 8 and 10 were regarded as delighted with the digital experience – a total of 35 per cent of respondents. Only one third of consumers in Asia Pacific Japan are delighted with their digital experience.

A brand that provides a delightful digital experience will have a positive digital-experience score; that is, there are more delighted than unsatisfied customers.

By subtracting the percentage of unsatisfied consumers from those who are delighted, we arrive at a digital experience score for the region of 3%.
THE DIGITAL-EXPERIENCE SCORE ACROSS THE REGION

As a region, Asia Pacific Japan just attained a positive digital-experience score, meaning there are slightly more delighted than unsatisfied consumers. A third of consumers were ambivalent.

While the overall digital-experience score provides some context as to the overall performance of the digital experiences brands in the region provide, it’s not until individual country scores are analysed and broken down that we can uncover the different attitudes, trends and nuances that exist in the markets.

Across the region, there are large variances in the individual countries’ digital-experience scores. In many emerging markets such as India and others in Southeast Asia, the digital-experience score is positive, while in more digitally mature markets, the score is negative.

Comparisons across countries can be misleading, as cultural nuances can translate into differing sentiments toward digital experiences in general. Just because a brand, industry or even country has a higher digital experience score than a counterpart in another country does not mean that its digital offerings are superior. It means that brand, industry or country is better at delighting its customers. The most insightful analysis comes from comparing performance within each market across industry and brand.

That being said, there are a number of constants across each market. First, regardless of the national digital-experience score, there is an extreme gap between the best and worst performing brands in each country, as well as between the best and worst performing industries. The telling takeaway is that brands and indeed entire industries need to understand and improve their digital experience performance if they are to remain competitive or even survive.

Similarly and most importantly – universal across every market was the correlation between digital-experience performance and key business metrics.
BUSINESS IMPACT OF THE DIGITAL EXPERIENCE

Standing alone, Asia Pacific Japan’s digital-experience score of 3 per cent provides modest insights. However, when brought into context with hard, measurable business outcomes, the significance becomes very apparent.

Across the discovery, transaction, delivery and support of a product or a service, more and more of the customer experience happens in a digital environment. So it follows that the digital experience has an increasing bearing on business outcomes.

There is a gap between the digital experiences consumers want and the digital experiences they get. And this gap matters.

The correlation between digital experience performance and customer loyalty is strong. Of those consumers delighted with their digital experience, 73 per cent said they would remain loyal to that brand.

Conversely, of those unsatisfied with their digital experience, only 13 per cent said they would remain loyal. In short, consumers delighted with the digital experience are over five and a half times more likely to remain loyal than those who are unsatisfied.
Customer loyalty is a hot yet fickle commodity, with the smallest of irritations pushing a customer to switch brands in an instant. Research from Accenture\(^2\) has shown that 52 per cent of customers globally have switched providers in the past year due to poor customer service, and the value of that is staggering.

Accenture describes this as the ‘switching economy.’ Customers are constantly evaluating brands, with more and more information about those brands at their fingertips. The estimated opportunity of the ‘switching economy’ sits at USD $6.2 trillion in revenue across 17 major global markets today—up 26 per cent, from USD $4.9 trillion, in 2010.

A strong digital experience is also linked to stronger customer advocacy, measured in this research through NPS\(^®\). As part of the study, consumers were asked how likely they were to recommend the brand they assessed. Those who were delighted with the digital experience – 35 per cent of total respondents – delivered an NPS\(^®\) of 67 per cent. Those unsatisfied with the digital experience – 32 per cent of total respondents – delivered an NPS\(^®\) of -66 per cent.

A poor digital experience can do a lot more harm to a brand than a lost sale. Many love to share a bad experience, which can lead to multiple losses across multiple customers within a short timeframe, leading to rapid growth of the ‘switching economy.’

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PERSONALISATION VS. PRIVACY: THE VIRTUOUS CIRCLE

An additional correlation the *Asia Pacific Japan Digital Experience Report* explores is that between the digital experience an organisation offers and the likelihood its customers would provide private data.

Data leaks can be highly damaging for a brand. But handled with care and respect, personal consumer data can be used to create delightful digital experiences that are more tailored to what consumers desire.

More private information is making its way online. As consumers become more comfortable authorising access to that data, they expect better service and personalisation in return.

The report found that the more delighted consumers are with the digital experience, the more willing they are to hand over various types of private information.
On average, those delighted with the digital experience were six times more likely to disclose private data.

Both those delighted and those unsatisfied by their digital experience were more likely to disclose demographic data such as occupation and education level than personal information such as health records, personal finance or mobile phone records.

In today’s digital economy, where data is currency, responsible and respectful access to customer information can trigger a virtuous circle: the better the digital experience, the more information the consumer provides, the better the brand can tailor the experience, and repeat.
INDUSTRIES AT A GLANCE

Consistencies across industries in each country can help motivate digital-strategy decisions for organisations doing business in the region. For example, those sectors with a higher digital-experience score tend to be those farther along a journey of digital disruption, with customers’ digital preferences best understood and clearly at the centre of their strategy. These industries usually have the digital basics well established, with high scores in functional digital-experience attributes and stronger performance in the more emotional attributes.

On the other hand, those industries with lower scores in each market tend to be those most recently recognising the digital imperative, with positive but lower digital-experience scores in the functional attributes and substantially more negative scores in the emotional attributes.

Regardless of industry or country, brands must push the digital experience to its full potential if they are to maximise loyalty and advocacy. If they fail to do this, new, non-traditional players can easily enter the market and take market share – and take customers simply waiting for something just a bit better to come along.

WHO’S DELIVERING ASIA PACIFIC JAPAN’S BEST DIGITAL EXPERIENCES?

Across most countries in the region, the banking industry was a strong performer with a number of banks the top rated brand in many of the ten markets, namely New Zealand, Malaysia and Indonesia. Banks also performed well in Thailand and the Philippines.

The automotive and high tech industries both performed well in Japan and South Korea, with automotive performing exceptionally well in India too. While both industries had relatively low digital engagement compared to many other sectors, it’s clear that consumers who do engage digitally in this sector are particularly digitally savvy and understand what’s possible with the digital experience, therefore making full use of its potential.

Interestingly, in many cases, brands in the media and entertainment sector represent opposite sides of the spectrum. In both Australia and New Zealand, media and entertainment brands delivered some of the highest and lowest digital-experience scores. When delving deeper into the brands, a clear pattern emerges. The brands with the higher digital-experience scores are often international competitors making their mark in the local economy. Whether domestic or international, top performing brands were either born digital or have reinvented their business models for a digital context. Those brands with lower scores tended to be domestic brands that have struggled with the transition from a traditional business model to a digital one.
Who’s Not Delivering Asia Pacific Japan’s Best Digital Experiences?

Across the region, industries with lower digital-experience scores exhibit clear patterns as well. Both telecommunications and government fall into line with this trend, with a number of brands in these sectors in the vast majority of countries not performing well digitally. Telecommunications performs particularly poorly in most Southeast Asian countries, as well as in India.

Analysed further, government has particular challenges as it seeks to modernise systems to meet citizens’ digital expectations for online services. With huge volumes of workloads to deal with, this is naturally a marathon, not a sprint for many government organisations.

Similarly, the telecommunications sector in most countries had been government run. Despite being at the forefront of the digital medium in the form of the mobile phone and network, many brands in this sector still struggle to meet the digital expectations of consumers as they update legacy systems.

Utilities is experiencing a similar form of change, whereby incumbents are now dealing with a multitude of factors. Disrupters have entered what was traditionally an oligopolistic field. At the same time, consumers have gained significant power and choice and demand greater control and transparency of how they consume and spend money on their energy needs.

Gone are the days of a simple seller/buyer transaction. Consumers want to understand more about their relationship with a brand, including how much they are spending or consuming. This means brands in the utilities and telecommunications sectors in particular need to provide consumers with greater transparency to meet those demands and ensure delightful experiences in the process.
THE DIGITAL EXPERIENCE BY COUNTRY
AUSTRALIA

AUSTRALIA NATIONAL SCORE

SAP’s digital-experience research started in Australia. Eighteen months ago, the data from the region’s first consumer-driven digital experience research arrived. For the first time, brands were confronted with simple metrics that informed them of what their customers thought about the digital experience they delivered, and how that digital experience stacked up against industry peers.

Australia is the only market where comparative data can be viewed. Year on year, the digital experience gap decreased from -25 per cent in 2015 to -14 per cent in 2016. The correlation between the digital experience and business outcomes strengthened, a sign of how increasingly important the digital experience is as part of a brand’s overall customer experience strategy.

Australia, like many other markets around Asia Pacific Japan is in the midst of major digital transformation among some of its industries. New to the Australian report this year was the segmentation of a “disrupter” category, comprising brands that are “born digital;” that is, those whose business model was either conceived or reinvented for a digital context. Unlike the other industries, this category of brands delivered a positive digital-experience score (6 per cent), compared to the national average, which was in the negative (-14 per cent).

THERE IS AN IMPROVEMENT IN THE AUSTRALIAN DIGITAL-EXPERIENCE SCORE

![Improvement in the Australian Digital-Experience Score](image-url)
INDUSTRY

Each industry covered in the analysis of the 2015 *Australian Digital Experience Report* improved markedly. But the highest digital-experience score went to the newcomer: media and entertainment, which scored -3 per cent.

With the inclusion of well-known digital-entertainment providers with strongly emotive products and services, it’s not surprising that the effect on Australia’s overall digital performance was positive. Interestingly, though, both the best and worst performing brands across all sectors represented the media and entertainment industry. Those at the top were designed from the ground up digitally. Those at the bottom were established players venturing to varying degrees of success into a digital-first model.

The industry making up the most ground in 2016 was utilities, which increased its digital-experience score 11 percentage points. Last year’s leading industry, grocery retail, narrowed its gap from a digital-experience score of -10 per cent to -6 per cent. Telecommunications, banking, insurance and consumer retail all improved eight or nine percentage points.

Across industries, the highest performance was consistently in the functional attributes of the digital experience. However, brands that can consistently deliver a positive emotional experience will increase their digital-experience score and in turn customer loyalty and advocacy.
BRAND INDEX

To provide an overview of how Australia’s largest brands are performing digitally, the report includes the digital-experience scores of 40 brands. A statistically significant sample size was collected for these brands, enabling a detailed analysis of their individual performance.

Brands that lead each industry are those who performed highest across the 14 digital-experience attributes.
INDIA NATIONAL SCORE

All seven of the industries covered in the Indian study – banking, utilities, telecommunications, consumer retail, insurance, government and automotive – received positive digital-experience scores. This means that as far as the digital experience is concerned, all of the brands in the study have more delighted consumers than unsatisfied. This was a trend evident across India, which achieved the highest digital-experience score in the region of 44 per cent.

Consumers in India delighted with the digital experience are nine and a half times more likely to remain loyal than those unsatisfied, while those unsatisfied are far less likely to recommend a brand.
INDUSTRY

While in many developed nations internet banking has grown significantly in the last few years due to a high penetration of desktop internet, in India, much of the opportunity exists in mobile banking. Growth in smartphone usage has been rapid in India, but with 54% of all mobile users living in rural areas, the challenge for Indian banks is to effectively design their respective mobile banking applications and what that digital experience looks like.

The telecommunications sector finished bottom of the scale with the lowest digital-experience score of all industries in India. While consumers gave positive scores to telecommunications brands in the study, the findings suggest that brands in this sector have some work to do to close the gap with better performing industries, increasing consumer satisfaction with the digital experience, and building loyalty and advocacy.

The top performing industry across all ten market units in Asia Pacific Japan was the Indian automotive sector. Despite relatively low digital engagement compared to other industries such as banking and retail consumer, those who do engage digitally with this sector are likely to be highly digitally savvy and aware of what is possible with the digital experience.

The Indian automotive sector excels in its ability to appeal to more of the emotional aspects of the digital experience. It scored consistently highly in all 14 attributes, such as makes me feel important (63 per cent), makes me love the brand (65 per cent) and makes me feel unique (60 per cent). When you consider that — for many other industries and indeed markets across the region — these scores are typically in the negative, there appears to be a quiet digital-experience revolution taking place in the Indian automotive sector.

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3. The Asian Banker - 2013
BRAND INDEX

To provide an overview of how India’s large brands are performing digitally, the report includes the digital-experience scores of 48 brands. While Indian brands all managed a positive digital-experience score, the gap between the highest and lowest scoring brands was a considerable 60 percentage points.

This means that many brands in India still have significant work to do to meet the expectations of consumers and stay competitive. These brands should look toward those high-performing brands and industries to better understand how they can deliver improved digital experiences.
INDONESIA NATIONAL SCORE

Over 500 consumers from across Indonesia rated nearly 1,500 digital interactions with some of the country’s well-known brands. The resulting digital-experience score is highly positive, with 48 per cent of consumers delighted with the experience they received from brands in Indonesia. Just 14 per cent were unsatisfied.

While nearly 50 per cent of consumers in Indonesia are delighted with the digital experience they receive, there are still significant differences between those brands that are truly delighting consumers and those who are not.
INDUSTRY

Consumers in Indonesia who have had an online interaction with the banking sector rated it the most delightful of the industries with an overall score of 42 per cent. Banking scored particularly well in safe and secure (59 per cent), the most important attribute as rated by consumers in the study, as well as the attributes of cohesive, integrated and simple and available anytime on my terms. Overall, the banking industry received the highest scores of any sector for all 14 attributes.

The utilities industry came a close second to banking in the overall score, with 39 per cent. However, the scores across the 14 attributes of the digital experience were more varied. For example, utilities firms received the second highest score for safe and secure but also the lowest and second lowest scores of all sectors for excites and engages me (24 per cent) and makes me feel unique (18 per cent) respectively. While the scores are still positive, the study does show the areas of improvement for utilities firms.
JAPAN NATIONAL SCORE

Japan has one of the highest internet penetration rates with nearly 90 per cent of the population active internet users. The average time spent online via PC or smartphone is over three and a half hours per day.

Yet Japanese consumers’ readiness to engage with brands online does not mean they are happy with the experience provided: only 18 per cent of consumers were delighted with the digital experience they had received while almost half (49%) of consumers surveyed were unsatisfied, leading to an overall digital-experience score for Japan of -31 per cent.

Organisations that are not delivering a delightful digital experience also find themselves at a disadvantage when it comes to access to customers’ personal data. On average, delighted consumers are over seven times more likely to share their personal information with brands than those who are unsatisfied.

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INDUSTRY

Among the seven industries surveyed in Japan for the report, banking, government, utilities and telecommunications received significantly negative digital-experience scores. The utilities industry is bottom of the list with -42 per cent. Government comes next with a score of -40 per cent, and telecommunications and banking each scored -36 per cent. These four sectors perform poorly on all of the digital experience attributes with the exception of safe and secure.

Consumer retail fared better, but still delivered a negative score of -16 per cent. The sector’s strengths are available any time on my terms – for which it received the highest score of any sector – and fits in with my life and is effortless.

However, consumer retail brands receive their lowest scores for emotional attributes and those linked to personalisation.

In common with South Korea, Japan shows strength among its high tech and automotive brands - the two top performing sectors, each with a rating of zero per cent. As well as performing consistently well on nearly all 14 attributes, the automotive industry also delivers by far the highest score for excites and engages me, suggesting that the digital experience it offers engages consumers on an emotional as well as functional basis.
BRAND INDEX

For Japan, the report includes the digital experience scores of 39 of the country’s largest brands. It is no surprise that the top five - and nine of the top 14 brands - are all either automotive or high tech firms.

However, in other industries the variation in individual brands’ performance is much greater. For example, the gap between the highest and lowest scoring utilities firms is 41 per cent. For banks, the gap between best and worst performing is 26 per cent. The variation shows that, despite low overall scores, some organisations are further towards delivering delightful digital experiences for customers, and therefore closer to benefiting from higher consumer loyalty and advocacy than others.
MALAYSIA NATIONAL SCORE

The Malaysian Multimedia Development Corporation\(^5\) stated in 2015 that over 60 per cent of local firms were ‘digital explorers,’ a status only one step up from ‘digital resisters,’ meaning that the full force of digital transformation (and disruption) is still to be felt in Malaysia.

All of the four industries surveyed – banking, telecommunications, utilities and consumer retail – received positive or neutral digital-experience scores. This means that as far as the digital experience is concerned, the majority of brands in Malaysia in the study have more delighted consumers than unsatisfied ones.

However, there is a wide variety of digital-experience scores among industries surveyed.

With just four per cent of unsatisfied consumers likely to stay loyal, those who are delighted with the digital experience are on average, nearly 17 times more likely to remain loyal – the highest of any market in the study.

Consumers in Malaysia are on average, over five times more willing to share personal data with organisations in any industry when they are delighted with the digital experience they have received.

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5. Malaysian Multimedia Development Corporation, DX MaturityScapes, 2015
INDUSTRY

Banking and consumer retail achieved the highest digital-experience scores, well ahead of the other two sectors in the study.

Consumer use of computers, tablets, and smartphones to access bank services increased dramatically between 2011 and 2014 and on average, more consumers are delighted with these digital interactions than unsatisfied. Banks also featured as the two highest rated individual brands in the study.

The consumer retail sector secured the highest overall rating in the study. On most attributes, consumer retail and banking were very close – brands from the two industries shared the top four positions – but consumers felt much more excited and engaged by the digital experience offered by consumer retailers.

As competition in the e-commerce market continues to grow, retailers in Malaysia will need to keep meeting consumers’ demands for interesting and exciting experiences if they want to foster loyalty and reap the benefits of repeat purchase.

Despite a neutral overall digital-experience score, the telecommunications sector is the only industry to register a negative rating on some digital experience attributes. On every indicator of the digital experience that consumers rated, the telecommunications sector was at least 13 per cent behind the leading industry, rising to 28 per cent for safe and secure (the most important attribute as ranked by consumers) and 31 per cent for responsive and interactive.

6. Asia Consumer Insights Center, March 2015
NEW ZEALAND NATIONAL SCORE

It’s clear that digital transformation is top of mind for New Zealand businesses as they grapple with implementing better technology and processes to boost their front-end customer experiences.

Nevertheless, there is still a gap: Only 31% of consumers are delighted by the digital experience they receive from brands in New Zealand. From an index of 38 large brands, just 13 had more delighted than unsatisfied customers.

Similar to Australia, brands that are born digital, whose consumer offering is built around a digital experience, generated a positive digital-experience score (14 per cent), compared to the national average, which remains in the negative (-6 per cent).
INDUSTRY

Of the eight industries ranked by consumers in the report, only two returned a positive digital-experience score, with a third achieving a score of zero – meaning that industry had an equal number of delighted and unsatisfied consumers.

Banking leads the way with a score of 9 per cent, closely followed by the insurance industry, which scored 6 per cent. The retail groceries sector placed third with a score of 0 per cent.

The positive scores achieved by New Zealand’s banking and insurance sectors are representative of the country’s advanced financial systems and can-do-culture. New Zealand consumers are quick to adopt new payments technology, with research from The World Bank finding the country’s consumers to be the fourth most intensive users of electronic payment methods from 164 countries.

New Zealand consumers are some of the most enthusiastic adopters of FinTech services in the Asia-Pacific region, forcing traditional players to innovate or risk falling behind.

Financial services and insurance brands have been quick to identify these habits, adapting consumer offerings and engagement channels to place the customer at the centre of their business.

New Zealand’s government sector delivered the lowest digital-experience score among all industries in the report, with -21 per cent. Regardless of the fact that government operates in a market of ‘one’, there is still a need to provide New Zealand consumers with digital experiences that delight. Creating these digital experiences is not only going to provide the consumer with better service, but leads to significant gains in overall satisfaction with government, a key metric of performance for the sector.

The telecommunications industry achieved a digital-experience score of -15 per cent. Despite significant investments in the country’s telco infrastructure, the battle for market share and customer loyalty is currently centred on price points and products. When combined with the wholesale change underway in the industry, this is representative of the sector’s low digital-experience score.
COMPARISON OF DIGITAL EXPERIENCE BY INDUSTRY IN NEW ZEALAND

- BANKING: 9%
- GOVERNMENT: -21%
- UTILITIES: -7%
- TELCO: -15%
- MEDIA & ENTERTAINMENT: -10%
- RETAIL (CONSUMER): -13%
- RETAIL (GROCERY): 0%
- INSURANCE: 6%
BRAND INDEX

Across the entire index, just 13 brands managed a positive digital-experience score.

The banking industry provides four of these brands, with Bank of New Zealand leading the way. There are two brands from insurance, with AA Insurance topping that sector, then two each also from the retail grocery, and media and entertainment sectors.

The final three positive scores come from government and the consumer retail and telecommunications industries. Utilities was the only industry where an individual brand did not post a positive score.

Although the media and entertainment industry scored -10 per cent, the top performing large brand nationally is in this sector, Netflix, with an overall digital-experience score of 27 per cent. Another brand from the sector scored 14 per cent to place fourth in the index.

However, brands from the sector also made up the bottom two places. This suggests a vast difference in the type of digital experiences delivered by New Zealand’s media and entertainment industry, and the huge opportunity for the sector to improve overall by following those brands and industries already leading the charge.
PHILIPPINES

PHILIPPINES NATIONAL SCORE

All of the five industries surveyed – banking, telecommunications, utilities, consumer retail, and media and entertainment – received positive digital-experience scores.

Consumers delighted with the digital experience are, on average, almost nine times more likely to remain loyal than those unsatisfied, while those unsatisfied are far less likely to recommend the brand.

While brands rated highest for practical features such as safe and secure, consumers in The Philippines also gave positive scores for emotional attributes such as makes me feel important.

Consumers in The Philippines are almost three times more willing to share personal data with organisations in any industry when they are delighted with the digital experience they have received.
INDUSTRY

Consumers in the Philippines who have had an online interaction with the banking sector rated it the most delightful of the industries with an overall score of 48 per cent. Banking scored particularly well in *safe and secure* (77 per cent), the most important attribute as rated by consumers in the study. The use of online banking in the Philippines grew over 2.5 times between 2011 and 2014, and a study by Visa estimates that payments and money transfers were the top online transaction types in the country in 2015.

The Philippines consumer retail industry achieved the second highest overall digital-experience score, with 41 per cent. The sector scored highly on the *safe and secure* and *available anytime on my terms* attributes, and surpassed banking in *makes me feel unique and excites and engages me*.

A consumer retail brand also achieved the highest individual digital-experience score of all firms.

The telecommunications industry received the lowest overall digital-experience score. On the most important attribute as ranked by consumers – *safe and secure* – telecommunications brands received the lowest score (38 per cent). The gap between telecommunications and the banking sectors on some of the important attributes for telecommunications customers is over 32 percentage points, suggesting that brands in this sector have a lot to do to raise the standard of the digital experience they provide.

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8. Visa, March 2015
SINGAPORE NATIONAL SCORE

Of the four industries surveyed – banking, telecommunications and utilities, all received negative scores with consumer retail receiving a neutral digital-experience score (zero per cent). As far as the digital experience is concerned, the majority of brands in Singapore in the study have more unsatisfied consumers than delighted ones.

This is important for brands in Singapore as consumers delighted with the digital experience are on average, nearly eight times more likely to remain loyal than those unsatisfied, while those unsatisfied are far less likely to recommend the brand.

Consumers in Singapore are nearly eight times more willing to share personal data with organisations in any industry when they are delighted with the digital experience they have received.
INDUSTRY

The Singapore consumer retail sector achieved a neutral digital-experience score of 0 per cent, meaning that the number of delighted and unsatisfied consumers balanced each other out. On a number of attributes, the sector received the highest ratings by far including for cohesive and integrated and available any time on my terms. Consumer retail was the only industry in the study to achieve a positive rating for make me love the company.

The telecommunications industry received the lowest overall digital-experience score from the highest number of digital interactions. On the most important attribute as ranked by consumers – safe and secure – telecommunications received the lowest score (20 per cent). Telecommunications only received one other positive score, for available any time on my terms (6 per cent).
SOUTH KOREA

SOUTH KOREA NATIONAL SCORE

South Korea is one of the most digitally advanced countries on the planet. Ninety per cent of the population is connected to the internet and the country has the highest rates of smartphone penetration in the world. While South Koreans are delighted to interact digitally almost daily with brands, they wish to do so on their terms and in a manner that appeals only to them – it must be simple, tailored and unique.

Only two industries out of seven managed a positive digital-experience score. This means that as far as the digital experience is concerned, the majority of South Korean brands in the study have more unsatisfied customers that delighted ones. In every sector except high tech and automotive, there is a clear gap.

INDUSTRY

Only two of the seven industries ranked by consumers in the report achieved positive digital-experience scores. The high tech and automotive sectors scored 16 per cent and 12 per cent respectively, while banking, utilities, telecommunications and ISPs, consumer goods retailers, and government all reported negative scores.

Across all industries, firms performed better in the functional attributes of the digital experience, though the two sectors that achieved positive overall digital-experience scores – high tech and automotive – received significantly higher ratings for emotional attributes than other industries.

The South Korean high tech sector is a global leader in technology with brands such as Samsung now household names across the world.

The sector leads the other categories with an overall digital-experience score of 16 per cent, as well as an average NPS® score of 60 per cent for delighted consumers.

Despite benefiting from a world-class internet infrastructure, consumers appear to feel that the telecommunications and ISP industry has not created a digital experience to match.

The sector is the most under-performing of all those surveyed with a digital-experience score of -18 per cent. Consumers gave negative ratings for all of the top five most important attributes with the exception of security, though for the latter the sector had the second lowest score among the seven industries surveyed.

The sector also received the lowest average NPS® score and a low rating for loyalty from unsatisfied consumers.
BRAND INDEX

The 2016 report includes the digital-experience scores of 37 brands.

Those who lead each industry are those who performed highest across the 14 digital-experience attributes.

With nine of the top 10 brands, the high tech and automotive industries are clearly leading South Korea’s businesses in offering a delightful digital experience.

In other sectors, the research suggests that South Korean consumers have high expectations that are not being met, even in industries in which South Korea is seen as leading the world.
THAILAND NATIONAL SCORE

In Thailand and across the globe, great digital experiences drive loyalty and advocacy among customers, and ultimately increased revenue for businesses.

Over 1,500 consumers from across Thailand rated nearly 4,000 digital interactions with some of the country’s well-known brands.

While there is a positive digital experience in Thailand, there are still significant differences between those brands that are truly delighting consumers and those who are not.

The resulting digital-experience score is highly positive with 53 per cent of consumers delighted with the experience they received, and only 16 per cent unsatisfied, leading to a digital-experience score of 37 per cent.
INDUSTRY

The Thailand utilities sector achieved the highest digital-experience score of all the industries surveyed, narrowly ahead of banking and consumer retail. Consumers gave high scores for the digital experience on the five most important attributes, including available any time on my terms and associates with my identity.

The study also identified a number of areas for utilities firms to improve upon; on key digital experience factors such as safe and secure, cohesive and integrated and fits in with my life and is effortless, the sector falls behind the banking industry, while emotional attribute scores are also lower than other leading industries.

Consumers awarded banks the highest scores for safe and secure and available any time on my terms, though the sector did receive the second lowest rating for excites and engages me.

The telecommunications sector was an outlier at the bottom of the scale with the lowest digital-experience score of all industries. Telecommunications had the lowest scores across all 14 attributes in the study. While consumers gave positive scores to telecommunications in the study, the findings suggest that brands have some work to do to close the gap with better performing industries.
BRAND INDEX

To provide an overview of how Thailand’s top brands are performing digitally, the report includes the digital-experience scores of 13 brands.

Those who lead each industry are those who performed highest across the 14 digital experience attributes.

There are considerable differences in performance between organisations within industries. For example, one telecommunications firm has a digital-experience score 20 percentage points higher than its competitors in the study.
THE DIGITAL BUSINESS FRAMEWORK

Across the entire region, technology continuously shapes the environment in which brands of all industries interact with their customers. As part of SAP’s collaboration with over 310,000 customers in 26 industries, the company has defined what it believes are the most significant technology trends facing organisations globally.

HYPERCONNECTIVITY
Every consumer and every machine is connected, disrupting all the established rules around business channels. Connectivity drives the movement of goods, services, people, knowledge and wealth.

SUPERCOMPUTING
The limits of 20th century computing power are gone. Networking and in-memory computing allow for the creation of infinite new business opportunities.

CLOUD COMPUTING
Technology adoption and business innovation now move at lightning speed. Technology infrastructure is now rented to eliminate barriers to entry.

SMARTER WORLD
Sensors, robotics, 3D printing and artificial intelligence are the new normal. The new Outcome-Based Economy replaces products and services with outcomes.

CYBER SECURITY
Bad actors have expansive new capabilities to attack and undermine businesses. Trust remains the ultimate currency, giving security-focused businesses a significant advantage.

How brands across industries harness these trends to the benefit of their customers will ultimately dictate their success or even survival. According to research commissioned by SAP with IDG in early 2016, improved outcome-based, omni-channel customer experiences is by far the top driver of digital transformation strategies among Australian organisations.
To excel digitally, brands must align their people and processes – not just in their marketing or digital teams, but across lines of business – onto a single platform architected with the customer in mind. To engage your customer digitally, you have to engage your workforce and your suppliers – and you have to marshal all of your assets to enable that elusive delightful digital experience.

SAP calls this platform the digital business framework.

**UNDERSTANDING THE DIGITAL BUSINESS FRAMEWORK**
DIGITAL CORE
At the centre of the digital business framework is the digital core, a single, real-time enterprise management system that integrates predictive, big data and mobile capability. Running on an in-memory platform, the digital core can act as the single enterprise data source across an organisation, enabling a simple, unified view from across lines of business.

BUSINESS NETWORKS AND SUPPLIER COLLABORATION
To deliver delightful digital experiences to their customers, businesses need to establish strong connections outside the four walls of their organisation. The process of delivering on customer expectations extends into a vast network, and a system that can optimise that network represents a distinct competitive advantage.

WORKFORCE MANAGEMENT
For many organisations, delivering for your customer means first delivering for your people. However, although people are working harder than ever, they are accomplishing less. The culprit is complexity. An organisation needs a system that removes complexity and empowers its people to focus on outcomes for its customers.

BIG DATA AND INTERNET OF THINGS
There is still enormous stored potential in the data and assets organisations hold. New use cases and business models arise increasingly frequently as businesses learn to deliver smart products and services, to the delight of their customers.

CUSTOMER EXPERIENCE
As assessments of digital experience attributes in this report show, customers demand simple, secure, seamless and personalised experiences – anytime, anywhere and on any device. To deliver on these demands, organisations need a system that can deliver this experience across marketing, sales, service and commerce, while applying analytics to sense and respond to customers’ needs in real time.

BRINGING IT ALL TOGETHER
While these five digital business pillars deliver significant value in their stand-alone capability, the ultimate goal is to design the next generation of business processes that span all pillars. Customer experience will not stop at the channel experience. Supply chain and services have to align with the customer experience strategy if products and services are to be delivered as promised.
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