



cutting through complexity

# The Changing Face of Commerce:

Achieving innovation through affordable insights

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# Contents

<b>01</b> Introduction		<b>02</b> The Digital Debate — the Digital Multi-Tasker	
	<b>04</b> Smart data driving better business decisions		<b>06</b> On a 'need to know' basis
<b>08</b> Being socially aware		<b>12</b> Panel Discussion 1 — The Cloud	
	<b>14</b> Panel Discussion 2 — Business Intelligence		<b>21</b> Contact us



# Introduction

This report provides a summary of the key messages given by our industry experts and KPMG consultants during our recent Changing Face of Commerce road show that delivered a number of presentations and panel discussions across Hong Kong, Shanghai and Beijing in April and May 2013.

## About the Changing Face of Commerce

Our Changing Face of Commerce initiative provides our clients with industry and subject matter expert insights into what changes are taking place in China, Asia and globally in terms of how we perform business. Comprising thought leadership and events, the initiative focuses on the strategies employed, the tools used and how organisations are essentially monetising the innovation we see around us. Whether it is improving the top line or looking at ways to reduce the bottom line, how we interact with our customers is evolving.

## Achieving innovation through affordable insights

Cloud Computing (Cloud) has been seen by some as a business enabler and by others as an intimidating environment that brings nothing but risk and harm. Regardless, however, the Cloud is now part of how we do business, and understanding how it can help to deliver the strategic objectives around achieving innovation in your organisation is key to remaining competitive.

One successful aspect of the Cloud is its ability to increase the amount of information available to organisations regarding how their business works and also on their customers. From developing cost efficient data warehouse environments through to enabling the integration of social analytics, Business Intelligence (BI) is a growing boardroom topic and promises significant value by providing affordable insights.



# The Digital Debate — the Digital Multi-Tasker

## Egidio Zarrella

Clients and Innovation Partner  
KPMG China

**E**gidio (Edge) Zarrella, our Clients and Innovation Partner for KPMG China based in Hong Kong, opened the event by providing insights into increasing characteristics of the online consumer, which was the subject of a recent KPMG report - The Rise of the Digital Multi-Tasker.

During recent discussions with colleagues in the US, Edge explained how the view is that “People don’t have or use mobile devices [in the US] so how will the mobile platform take off?” The key point in Asia and China specifically is that these devices already exist in the market and are currently being used extensively by Asian consumers. Adoption has occurred, mobile has taken off and it is now time to understand the best way to monetise.

Users in Asia have the greatest penetration on the number of user devices across the world. One question Edge always poses during events is “How many mobile devices – Smart-Phones and Tablets - do you have?” This straw poll invariably indicates that on average, mobile users in China have four to five mobile devices. This is in contrast to the US and Europe where the average is one to two devices; Germany has one of the lowest results where the average mobile user has access to only 0.8 devices.

Although Asia is a major adopter of the mobile platform, it is not the only region; there has also been significant uptake in Africa and Latin America. One common link that these locations have is a lack of desktop and laptop penetration, which makes the mobile platform an affordable and practical choice. The adoption of the mobile platform in these developing locations will assist in bringing entire nations online. A prime example of this is the potential to provide financial institutions with the opportunity to deliver banking/financial services to a huge, previously untapped market.

The growing mobile device adoption is also seeing a shift in how organisations market to consumers. The amount of digital advertising being purchased is on the rise and is higher in developing jurisdictions, like much of Asia including Philippines and Indonesia, rather than in developed countries. Consumers are targeted through the mobile device because it is always on hand; they are also being enabled to perform commerce through it as well. Edge highlighted that the young are often early adopters of these new ways to perform commerce and that they will continue to drive online spending habits. He also highlighted how everything that can be bought in Asia is likely to be available via







online transactions. From sports cars and property, the mobile platform is enabling consumers to spend when and where they want to.

Telecommunications companies have an important role to play in delivering the changes we see and enabling users to interact with data how and when they want to. For telecommunications companies, it is increasingly the case that their survival relies on the value-adding services they can provide to their customers rather than the connectivity and bandwidth provision they have relied on in the past.

These major technological developments are affecting how the consumer interacts with online and offline media. The report also shows that the average usage of online media is much higher in Asia than the US and Europe. We are seeing significant usage increases of blogging, mapping and news-based services across the region with China being one of the highest. However, the use of mobile online services has not affected traditional channels such as television, radio and newspapers, which are all still the main media delivery channels.

A key point to note, however, is that these channels are no longer used independently; consumers are using new online services in conjunction with offline capabilities. We are seeing a large number of consumers using mobile devices while simultaneously watching television or listening to the radio. It is now common to comment and blog about the television programmes we watch and the new stories we read. This conversion of the Digital Multi-Tasker means that advertisers and their customers need to stop viewing these as separate channels. Rather, they should view them as holistic campaigns and services that can be provided across the offline to online divide.

The mobile device is now an integral part of our lives and using it, whether at dinner or on a train, is now socially acceptable. How devices are used in China and the rest of Asia is evolving; consumers are increasingly spending money on quality services and features as they realise the true power of the device and begin trusting in performing commerce on a mobile platform. We have entered an exciting time where the mobile device will rule, but the true innovators and winners will be those that embrace the integration of the mobile platform and bridge between the online and offline worlds.



# Smart data driving better business decisions

Marc de Lange

Head of Brand and Communications (Hong Kong)

Alexandre Momma

Director of Brand and Communications (Shanghai and Beijing) from TNS



**D**uring the road show, KPMG was joined by Marc de Lange, Head of Brand and Communications (Hong Kong) and Alexandre Momma, Director of Brand and Communications (Shanghai and Beijing) from TNS. Both provided valuable insights into how effective use of information can provide real value by improving how companies make their business decisions.

Marc opened by talking about the hype around 'Big Data' and how the knowledge gained from data we hold does not necessarily need to be big, as it is more about what you do with the data you have rather than how much you have. As Marc noted, the trick is to be able to extract the insights you need in order to make smarter business decisions.

The drivers for addressing the 'Big Data' equation have come from four key trends that TNS is seeing in the market. Consumers are increasingly creating more data themselves via social media. In addition, consumers have many more online transactions, which also provide a wealth of information, which can be used. All of this activity leads to an auditable trail and digital footprint that can be analysed to provide increased insights in consumer activity. Lastly, the fact that this extra consumer activity is occurring means that users are increasing the level of interaction they have with the digital world from activity on cell towers to bandwidth used on downloads, all of which can be used to develop a better picture of consumer behaviour.

Essentially, Big Data has two main definitions, and each is dependent on the individual you talk to. The academic definition is Big Data means that when there is so much information available, it becomes infeasible to analyse on standard computing facilities such as laptops and desktops and requires enormous computing power.

The business/commercial definition, however, is that Big Data refers to a more pragmatic and real-world situations with the ability to incorporate multiple internal and external data resources, such as social media, financial information, consumer databases and point of sale information, in order to build a more complete consumer profile. There are also a number of new data sources, which are being introduced into the market that are able to provide consumer insights. Consumers are becoming more accepting

of biometric information used in everyday life and there is an increasing amount of information available – from face recognition through to eye movement tracking – which can provide unique insights into shopper behaviour. Telematics, or the information related to location, has been increasingly popular since the integration of GPS services within Smart-Phone technology. Add to this the growing digitisation of health records and the general Internet of Things and the richness of the information available becomes very apparent.

An important factor to remember for any Big Data proposition is that the end result must either be to drive sales and increase revenue or to provide more focused business delivery in order to save costs. Making 'Better Business Decisions' mean that information available and analysed must be relevant to the business, but it does not necessarily mean that it needs to be directly associated with your business.

During the presentation, both Marc and Alexandre provided a variety of examples where Big Data is used in order to drive better business decisions:

- The **Google Flu Tracker** showed the correlation of the US Government's official study into the volume of flu cases in the US compared with Google's own analytics on the searches during the same period. The value here is that the US Government's report requires significant investment in order to deliver the results whereas the Google tracker is part of their normal monitoring activity.
- The **Coca Cola Freestyle Dispenser**, which offers consumers the ability to select from over a 100 different combinations of their beverages, was developed in order to solve issues around logistics and the supply chain. However, due to the level of monitoring and logging which occurs, the devices now provide a unique insight into consumer beverage preferences in terms of which drinks are preferred at what time and using which combinations – information that the company did not previously have since existing reporting only provided end-of-day results.
- A **major insurance company** looked at developing analytics around driving habits within corporate fleets. The purpose was to identify individuals who may be at a higher risk of accidents due to their driving styles. So the analytics was to assist in managing the cost of premiums to clients and improve the relationship going forward.
- An **automotive company** used information it had from its Internet website combined with an analysis of the consumer buying behaviour in order to identify an error in its advertising approach. Consumer analytics identified that while television was a critical component in the awareness of a new car, hence driven by flashy advertising, the Internet channel was more prevalent in the selection phase where consumers are more interested in the specifics. Since their website mainly hosted their television advertising material, a choice was made to redesign and align to consumer buying style.

In closing, Marc and Alexandre raised some points on Mobile Life, a recent TNS global study of 37,000 respondents across five countries on the usage of mobile technology. It supported Edge's previous comments that China is the dominant force in Smart-Phone adoption and that the young are the dominant force in the usage of the platform.

Three major implications were identified on how mobiles affect the way that commerce is performed. Firstly, the mobile device and the increasing use of social media are upsetting the traditional impact that corporate sales staff has on the likelihood of consumers to buy. As such, companies must adopt an integrated approach to manage the buying experience. Secondly, mobiles are also affecting payment methods with a multitude of new offerings being introduced to the market, which will revolutionise the payment experience and increase the amount of information that merchants have about their customers. Finally, mobiles are having a big impact on how banks interact with their customers - banking services are increasingly consumed via online and mobile channels with a significant reduction in interactions at branches. This changing relationship means that the adoption of Banking 2.0 will be needed for those financial institutions that want to stay in business as new ways of engaging with customers are developed to ensure relationships are maintained and that the digital channel is a blessing and not a curse.





# On a 'need to know' basis

## James McKeogh

Director and Head of Cloud Computing  
KPMG China

**“W**ho are the true innovators of the mobile evolution, which we see in the market today?”

This question was posed by James McKeogh, Director and Head of Cloud Computing at KPMG China. When we consider how we use mobile devices today, it is significantly different from how we used them only a few years ago. Would Mr Alexander Graham Bell or Mr Guglielmo Marconi ever have envisaged that their innovative communication solutions would have such a significant impact on how we interact socially and commercially?

The mobile device and platform itself would not be as disruptive to the way we live if we were still dealing with voice as our primary method of communication. It is the increasing migration to data-based services over these devices that are really accelerating the changes we see. In the 1970's, the Advanced Projects Research Agency developed the first code for what was then known as 'ArpaNet', and gave birth to one of the most disruptive technologies known in modern times: the Internet. The birth of the Internet and the ability to share information electronically across the globe combined with the development of personalised, mobile methods of accessing that information has revolutionised how we live and interact with others.

However, this infrastructure is only successful because the digital consumer wants it. Convenience is one of the most important aspects of the mobile platform. Whether it is catching up on social media or checking the best deals while shopping, the latest mobile services offer consumers convenience coupled with immediate access on a flexible platform at an acceptable cost – and by acceptable, we mean for free.

In this evolution, China is one of the global hot spots for mobile adoption and is driven by two key factors. Firstly, China's consumer market is ready and willing to adopt the platform. Many other locations have a high penetration of existing non-mobile Internet services, whereas China is moving straight to the mobile platform with no legacy aspects to address. Secondly, China has the entrepreneurs that are innovating the mobile platform by developing the services and features that consumers are using. These two aspects are driving forward the continued investment in technologies and capabilities, which will ensure the continued development of the China mobile platform.

But how do organisations capitalise on the mobile platform if consumer services need to be free? From a retail perspective, we can see how adoption of a digital channel can increase revenue, especially if the services provided are electronic data-based products, such as software, gaming or similar areas. Mobile focused companies understand the value of information and this is progressively becoming the new currency in mobile commerce by having a better understanding of consumer behaviour. In addition to understanding the revenue stream, it is also critical how services are delivered – from the technology to the people involved – services need to be performed in a smart and efficient way. Research & Development (R&D) and infrastructure costs will usually require significant upfront investment, but how do we manage this exposure and also ensure a reasonable ROI?





It is in this regard that the Cloud offers us a solution. The Cloud is an enabler for achieving the business initiatives of the mobile platform. It offers companies the opportunity to be nimble and first to market, both of which are key requirements of any company delivering on the mobile platform. In addition, it offers a cost model, which minimises the initial investment costs and focuses on an OpEx charging structure. Cloud provides the ability to deal with the masses of information that is collected over the mobile channel and deliver the tools which companies need in order to make sense of it. Cloud makes the mobile platform possible – but there are some challenges.

*The China cloud takes shape*, a recent study completed by KPMG, has shown that while business drivers are all about consumer experience improvement and delivering value add to our customers, the majority of executives still see the Cloud as reducing costs rather than enabling the realisation of business strategies. While cost savings may be a long-term benefit, which comes with implementation of the Cloud, the fundamental benefits are to enable a business to work quicker and smarter. It is about getting to market first and delivering the services that customers actually want – it is about having a competitive advantage.

The cost reduction view is the greatest limiter for increased adoption of the Cloud. When considering perceived risks such as data sovereignty, security and privacy, many businesses feel the risks outweigh the potential benefits. However, when the discussion shifts to revenue generation and business enablement, these risks become manageable and something to be addressed rather than feared.

The future use of the Cloud is no longer an option - it is becoming a necessity. Businesses are under increasing pressure to innovate and deliver timely services to their customers. While this may be possible without the Cloud, it is unlikely that it can be done economically or sustainably.



# Being socially aware

## Alessio Marinelli

Senior Manager and Head of Analytics  
KPMG China



**"S**ocial analytics is about understanding behavioural trends", said Alessio Marinelli, Senior Manager and Head of Analytics for KPMG China. This phrase was used long before the invention of Facebook and Renren and provided a link between sociology and psychology. Now the analysis of social behaviour has become a cornerstone in the capabilities of marketing departments globally in order to better understand the behaviours of consumers through observing what they do.

In recent years, the success of social analytics and the depth to which analysis can be performed has changed. As richer sources of information are created, we see the concept of Big Data enabling companies to access huge repositories of seemingly uninteresting information and gain real insights into consumer purchasing habits.

Is social analytics really a game changer though? Will it actually make much difference to how companies deliver their business? We are already seeing organisations aggregate and correlate across their own existing information repositories in order to gain insights into the trends their customer's exhibit. This has evolved to also include external information sources, whether they are subscription-based services or as we are seeing in many situations, an increasing desire to utilise publicly available repositories of information in social media tools.

Consumers in Asia are one of the biggest social media users globally with an aggressive desire to adopt the latest and greatest social solutions in order to share their views, photos and opinions with their friends and the world. A recent opinion provided by Forrester in March 2013 on *Understanding the changing needs of on-line consumers in China, India and Japan* indicate that the impact of social media on consumer awareness is significant since consumers will share their views online, which in turn, helps brands to increase their market penetration. However, the same research has also shown that while 42 people on average will share positive news on social media, 53 people will share negative news, meaning that a company's failures are likely to have more airtime than their successes. Having access to this information, which is being shared, can help organisations improve their relationship with consumers and theoretically, improve revenues through better customer engagement.

However, having access to information is only a small part of the problem when determining an approach to social analytics. One of the biggest challenges organisations have is actually determining what they want to know and what they need to understand.



Having vast amounts of information about customers is of no use if an organisation cannot derive value from it. This is where many Customer Relationship Management (CRM) tools and implementations have failed since the focus has been on achieving data collection and implementing workflow rather than delivering a real understanding of the customers, which they were designed to manage.

Often the questions which need to be answered are unknown and no level of engagement or clarification with the business will assist in determining what the right questions should be in order to improve business understanding. However, as the case with nearly all data, patterns will emerge – consumer behaviour can often be predictable and while models may be complex, there are normally ways to identify the questions by first looking at where the answers may be coming from – this is the power of social analytics.

When examining customer behaviour, we must be cognisant of the potential ethical issues associated with it. While consumers are more than happy to relinquish their right to privacy by posting photos and information on social media sites, they do this by their own volition and for their own specific reasons – consumers do not appreciate the misuse of this environment by businesses in order to get a better understanding of their buying strategies. This said, many 'millennials' (the generation who have only known the new millennium and were born in the late 90's) have no issues with companies promoting tailored advertisements, and are happy to share. Finding the balance and providing the right level of targeting to customers is critical.

Social analytics is by no means an external data replacement for traditional insights gained from more regular consumer behaviour analysis. The idea of social analytics is to provide additional insights and augment existing knowledge of your target consumers. The latest analytics technologies are becoming far more affordable, which means that an increasing amount of data can be analysed by more people. This is creating a 'data rush' as small, medium and large organisations all charge to be the first to have a workable consumer analysis model.

Social analytics is a real transformation trigger though, mainly because in order for organisations to take advantage of the analysis, they need to adapt their business models to allow their sales and marketing functions to predict and react quickly to changes in consumer behaviour. There is no point in having the latest information if you are unable to react to it and take full advantage of the unique insights you have into your own business. It is time to rethink how we operate.

Alessio's final comments embrace and utilise analytics and the Big Data agenda given the evolving market. Successful consumer-focused organisations will be those striving to constantly enrich the information they have, since without this core data, resource organisations will struggle to be competitive – so the key is to continually analyse to gain a competitive edge.







Understanding how the Cloud impacts businesses was the first question posed to the panel and comments were provided by all participants. The session in Hong Kong highlighted how the Cloud was about business transformation, enabling companies to deliver their core service offerings in a more efficient and effective way. It was highlighted that the nature of the Cloud is a natural progression from previous development in business IT from the mainframe to the server/client and ASP solutions, which many companies are comfortable with. The key message was that the Cloud was an enabler, assisting companies to concentrate on their core business delivery and helping to reduce the relevance of maintaining an internal technical capability by passing some of these functions onto specialist suppliers. In contrast, the Shanghai panel provided a more data focused view, which considered how businesses become more nimble and mobile, and their ability to provide information and services to their users and consumers anytime, anywhere. While more technology focused, the underlying message is that the Cloud is a critical tool for sustainable growth and development.

## Embracing the Cloud

But who are the biggest supporters in the boardroom that are actually embracing the Cloud? The CIO is often not a strong advocate for the Cloud with many feeling that their career is threatened by the new delivery model and perceives that their responsibilities will be reduced. This attitude is often in contrast to CEOs and COOs who view the Cloud as a significant force in the continued development of their capabilities. While all organisations will have a mix of opinions, there is no clear trend about who will be the biggest promoter of the Cloud since it often depends on where the business benefit is being realised and who has the budget to invest.

One thing is clear, however - 'Software as a Service' type solutions where business applications are delivered built on Cloud platforms is more understood within companies rather than the more technically focused infrastructure and platform-based capabilities.



# Panel Discussion 1

## — The Cloud

### Levelling the playing field

Cloud is not just accelerating their penetration into new markets. This is mainly driven the purveyor of large organisations; Small to Medium Enterprises (SMEs) and many start-ups are also starting to adopt the Cloud as a mechanism for accelerating their penetration into markets that are mainly driven by the significant cost base efficiencies which can be realised rather than implementing their own systems. This trend is forcing larger organisations to re-visit their Cloud adoption strategies as they become increasingly threatened by more nimble and proactive SMEs that are starting to seize market share.

With this in mind, the pressure is now on the Cloud providers to continue delivering services, which meet the demands of the larger organisations and the price point of the small organisations. To do this, Cloud providers need to have the right infrastructure and business environment that supports their investments in providing services. From a China and Hong Kong perspective, we see this with the Chinese Government's inclusion of the Cloud in their 12<sup>th</sup> Five-Year Plan and InvestHK's desire for Hong Kong to be seen as a technology hub for the start-up community.

### Reality versus perception – are the benefits real?

Although the Cloud is discussed in a very positive light, many organisations still have a number of sceptics inside and outside technology who do not believe the hype. The panellists explained that short-term cost reduction is not the only driver for Cloud adoption - significant long-term savings can also be made. A common theme raised by the panellists was that the business case for Cloud is much stronger when considering it for increasing the top line rather than reducing costs. The power of the Cloud to encourage collaboration and foster innovation within companies can have a positive effect as current and historic business models can be challenged and new solutions delivered, which really add to the value proposition.







## Control in the Cloud

One existing area of concern for many potential Cloud adopters is the perception of losing control. Since perception is reality, this was of keen interest to the panellists. All agreed this was a common challenge they had to deal with, but they provided insights into how to address the concerns. Much focus was placed on Cloud service providers and how they help to address control concerns. From a service provider perspective, there is a lot of work being done in order to address gaps in contracts and to ensure they are easier to understand and fairer to both the provider and the customer. The definition around service levels and the ability to meet resilience targets that are promised during the sales cycle is a common concern. Issues around data still need to be considered, but the concerns raised are slowly being addressed through greater transparency and providing clients with the ability to have a degree of customisation over where their data is stored. However, this must be limited since too much flexibility may exacerbate concerns over other risk aspects.



## Adopting the Cloud

While there may still be concerns about the Cloud, adoption is growing and many organisations are set on establishing a technology capability that can provide them with distinct advantages in their industries. One of the panellists stated: "Cloud is going to be the enabler for innovation – different things can be tried, they can be delivered quicker and they can be adapted as needed. This is real power." These sentiments were shared by all of the panellists and clearly indicate how far technology can go and how it is helping. Cloud is definitely the next step in technology improvement for most organisations as it is closely tied to budgeting models and generally speaking, can provide the most efficient service with the most flexibility.

However, for most organisations, full Cloud adoption is not something which is likely or should be tried. A combination of traditional and Cloud-based services is the best and safest adoption path. Not all technology requirements are suited to a multi-tenant environment and without this, it is just largely virtualised IT. But this is no different to companies that have never fully outsourced their technology. There are always aspects they want to maintain control over and Cloud adoption should be considered in a similar way. However, one key consideration is that Cloud is not a bolt-on solution. Correct delivery and management and operation of the technology are imperative to its success, and technology functions must adapt to gain the most advantage from its implementation.





## Regulating the Cloud

The panel was questioned about the regulatory aspects that impact the Cloud. Although this is seen as an important issue, when put into context with other outsourcing arrangements, it is not so different. In the past, Cloud has positioned that once data is in the Cloud, you no longer know where it is. Which in reality, while you may not know literally which disk it is sitting on, or which server has your information, you do know who the owner is, who the custodian is, what controls are being applied to your information and how it is being protected. It is these factors which the regulators are interested in by correctly positioning the solution as an 'outsourced data processing service with a highly controlled and fault tolerant data storage environment'.

The Hong Kong Monetary Authority (HKMA) and the Monetary Authority of Singapore (MAS) are both looking in to the Cloud with Singapore slightly edging ahead in its understanding and acceptance of Cloud-based technologies. That said, the Office of the Government Chief Information Officer (OGCIO) in Hong Kong firmly supports the Cloud and has its adoption as a core component of Hong Kong's continued technology development. The important thing is that change has started, adoption is happening, and the initiative is accelerating.

## Looking forward

The future of Cloud as a technology platform is very positive and new technology is going to keep pushing forward, so these are exciting times for technological developments. We are already seeing users move away from Cloud requirements as nice-to-haves to placing greater demands on technology since it can be delivered faster and cheaper. Combine this with an increased ability to monetise and you have a powerful incentive.

The secret to the success of the Cloud is more likely to the smaller companies and new start ups that have the appetite to adopt and are able to move more nimbly into this exciting space. They will continue to push technology into our daily life, making us further integrated and dependent on the Cloud for our usual services. They are not the first to do this and will not be the last. Online retailer Amazon is a prime example of how business models can change and services develop.

Not all Clouds are the same and over the short-term, it is important to help businesses and consumer users understand this so that adoption mistakes are not made. From a consumer perspective, their increased use of the Cloud will also help them better understand what they want. In return for the services provided by Cloud providers, consumers will offer up their information and habits for scrutiny, which provides valuable information to their providers. Combining the needs of the CIO and the Chief Marketing Officer (CMO) into a consistent and collaborative operating model will be where the Cloud can really offer a platform for the future.



### Moderator:

**Anson Bailey**  
KPMG

### Panellists: Hong Kong

**James McKeogh**  
KPMG

**Lee Field**  
Verizon

**Charles Ng**  
InvestHK

**Tyson Pardue**  
Workday

### Panellists:

**James McKeogh**  
KPMG

**Joseph Ho**  
CP Lotus

**Ivy Liu**  
IBM

**Layton Lok**  
China EnterComm

### Shanghai

**Steven Mushero**  
ChinaNetCloud

### Panellists:

### Beijing

**James McKeogh**  
KPMG

**Layton Lok**  
China EnterComm

**Philip Johnson**  
Angel Investor

**Eric Schmidt**  
CEBEX Group

# Panel Discussion 2

## — Business Intelligence



Following on from the Cloud discussion, the interests of the panel changed with more focus on how the Cloud can help in meeting the needs of the CMO and the needs of the organisation as a whole by providing a platform to improve engagement with customers and consumers. In this space, it is not about waiting for adoption because the young already understand what they need to do in order to engage with the Cloud. Their lives are fully documented in short messages and photographs via a myriad of social media platforms and related online sites designed to provide users with a truly flexible online experience. It is the old guard that worries about having enough mobile storage facilities where the young expect everything to always be accessible through broadband connectivity.

Although a global phenomena, it is certainly felt more in Asia than anywhere else. Europe and the US are still fixed on cost reduction whereas Asia is all about enabling the Smart-Phone and tablet users through a suit of online services in order to bring nations online. This is the direct monetisation of the platform - with access comes commerce and with commerce comes data, and it is at this point that the Cloud becomes extremely interesting.

### Top line or bottom line

Monetising technology is about understanding whether it impacts your top line or bottom line. As any good strategist knows, reducing your bottom line has a finite possibility since operating costs will always exist. However, increasing the top line has no limits, so from a Cloud strategy and business case, focusing on the top line has much more potential than an efficiency and cost reduction strategy.

Implementing analytical capabilities has historically been an expensive activity due to the storage capacity and processing power required to deliver a business-ready solution. However, with the ability to utilise utility-based computing services, organisations both small and large are now able to access complex analytical capabilities and start driving real business benefit.

### The value of data

Through analysis, organisations can realise the true value of the information that they have and own. The need for traditional methods of gaining insights via research and market assessments will become less important as real-time analytics becomes more affordable and utilising transaction information they already have in a near real-time







capacity becomes the norm. This change in focus from collecting information to analysing patterns in actual market behaviours will give more realistic insights and allow organisations to focus their spend on where they can get the most benefit. This capability is being enabled as machine-based analysis becomes increasingly more complex and able to mimic the analytical approaches of humans.

The data we are looking to analyse is no longer clearly structured or available in an easy-to-sort format. The ability to correlate and aggregate multiple sources of seemingly disparate information can deliver views on behaviour, which until now, have gone unseen.

A great source of this information is the social media boom that Asia is experiencing. The ability to correlate publicly available social data with existing transaction data can provide organisations with a rich view of consumer behaviour and turn seemingly invaluable transaction data into valuable insights.

However, this method does have its issues. Using public information creates concerns over trustworthiness as many robots and other nefarious Internet-based elements create chaos in the data available - this can impact the decisions and actions that an organisation will take based on the information it gathers. Furthermore, organisations can end up with a 'data overload' where the sheer volume of information available can reduce its usefulness to nearly nothing. In these situations, it is important to have a very clear strategy on the insights you seek, the data you need in order to achieve them, and the sources you need to access in order to obtain it.



## Know Your Customer

For many companies, the focus for analytics is to understand customers better, and by doing so, improve the likelihood of converting a potential opportunity into a transaction. The number of factors that can impact this relationship is significant and it is the changing nature of technology and its affordability, which is getting the attention of companies and establishing their analytics capabilities.

Second screens are altering how consumers buy - how consumers engage with traditional media solutions such as television, radio and print are immediately thrust into the digital world by convergence with tablet technology. Many broadcasters are looking at how they can create viewer and listener interaction through better usage of digital capabilities. In addition, the nature of the consumer is changing, certainly in the online space. They are younger, more technically-savvy, and have a greater appetite to





have an online presence. But this does not mean that the rest of the market is lost since developments in offline to online to offline (O2O2O) technologies are rapidly ensuring that all markets can be part of the digital evolution.

It is common to find that there is little correlation between the happiest customers and those who buy the most and yet many research assessments focus on the happiness of the market. However, there is a strong correlation between customers who receive quick, efficient and effective service and those that are more likely to buy. So changes need to be made in terms of how consumer behaviour is examined and consideration needs to be given in terms of how organisations engage, acquire and convert potentials into customers. Early digitisation of the consumer relationship is a key component of this.

One certainty is that consumers today want to feel special; they want their interaction with the retailers to be personalised. From the delivery of customised advertisements to knowing their name when they walk through the door of their favorite store, improved customer engagement can only stem from analysing your customer base, understanding who your customers are, where your customers come from and what they come to buy.

## Risks of knowing more

Unfortunately, whenever there is opportunity, there is also risk. Many organisations are still concerned with how consumers will perceive the analysis of their information and whether it will become an invasion of their privacy. While careful control of the analytical activities performed on data can ensure that regulatory requirements are met (i.e. limitations on direct marketing), the consumer is not as easy to read, and often innocent intentions can result in negative publicity. Fundamentally, however, consumers are not overly concerned about their privacy, and the amount of data on social media websites are testament to this. However, consumers are concerned about the impact that misuse of their information can have on their lives and identity theft is certainly a key concern. However, the risks associated with using information for improving customer engagement far outweigh the value which can be achieved if done correctly and with full knowledge of where the challenges and hurdles can be.





## Realising revenue

In closing, the panellists returned to the most important question: "How to realise the value from information analysed and increase revenue?". The discussion commenced around how the cost of analysis had been significantly reduced, making it more affordable for organisations and allowing the analytical capability to grow as their business does, but more importantly again we need to know how to improve the top line.

One of the key messages was that utilising analytics is not a quick win; there needs to be a long-term strategy around how to help your organisation become more integrated with the results of the analysis you perform and act upon them. Implementation of the technology solution can often be performed over a matter of months, but the real value to the top line may take a little longer to arrive. There is no point having a greater understanding of consumer behaviour if you do not trust the answers you receive and do not act upon them. This is not to say that tactical improvements are not seen, but the expectations of senior stakeholders need to be managed.

The key goal of analysing consumer behaviour is to understand their profitability. This information will assist you in targeting your investment budget to improve the experience for the most profitable customers you have rather than trying to determine the most profitable areas of your business – something which can change with time. Using analytics is about making the most out of the customer wallets you have and also identifying the other wallets, which are more likely to spend with you and putting all of your efforts into achieving that. The scatter gun approach of marketing is dying as targeted customer acquisition and conversion becomes the norm rather than an unreachable target.

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# Thought leadership

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The Changing Face  
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