

# From Transactions to Outcomes:

## The Rise of Contextual Commerce in Asia

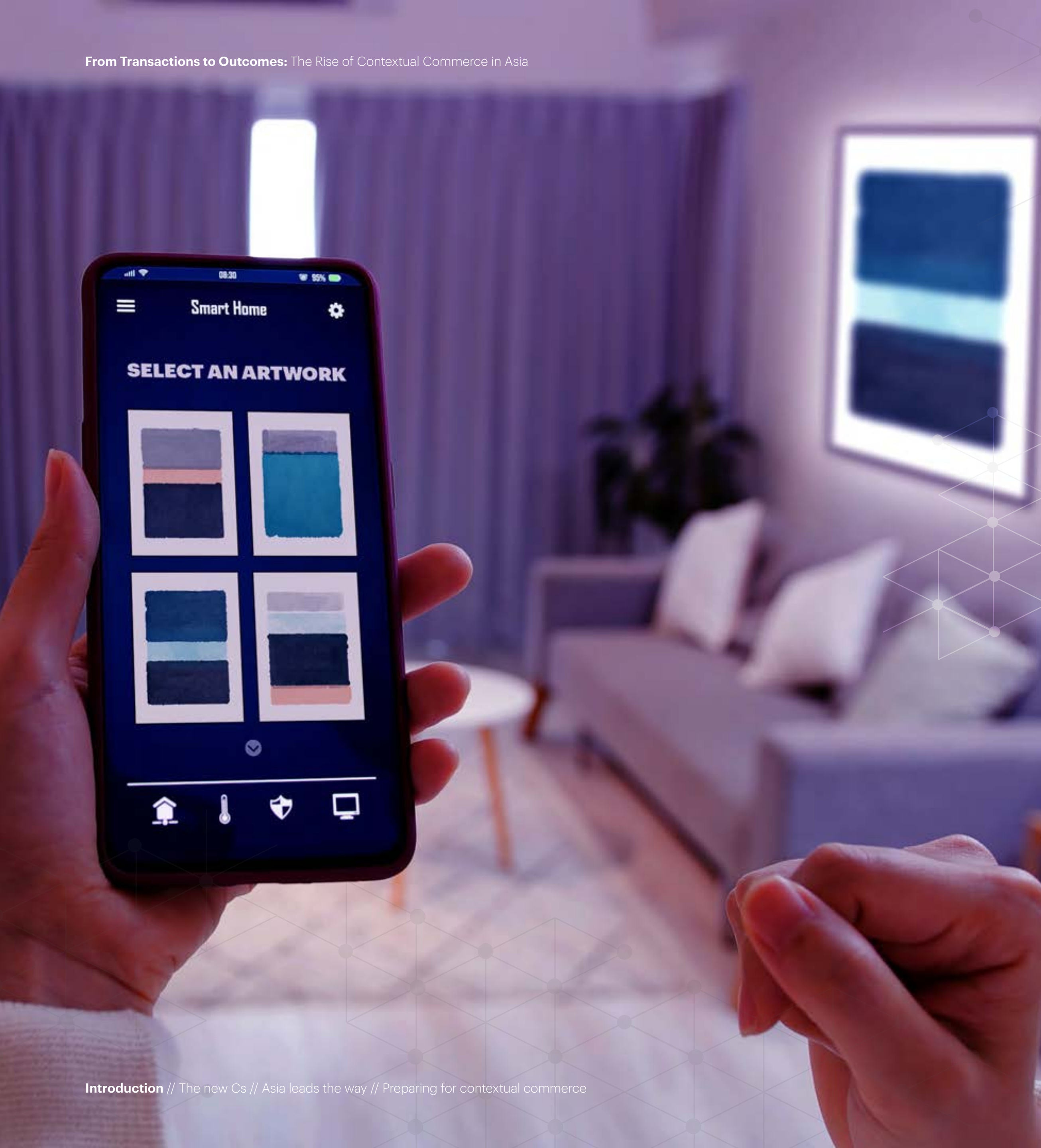


## Commerce today

Consider for a moment how commerce works today. Say you want to decorate your living room wall with new art. You might visit galleries to look for paintings you like. Once you settle on some pieces, you'd take them to get framed, a totally separate process. Then you'd hunt for finishing touches like the right hardware and lighting. Decorating one wall with art would involve a series of discrete transactions: at the gallery, framing shop and hardware store.







## Paradigm shift to contextual commerce

Fast forward to 2030. Your personal AI shopping assistant scans the wall space and finds you a selection of paintings that suit your taste from a subscription-based art gallery. The assistant posts different possibilities for the wall on your social media accounts so your friends can vote for their favorites. Equipped with this knowledge, you make an informed decision about which paintings to go with, and the assistant handles ordering and logistics. The subscription-based service will also frame the paintings, install a picture hanging and lighting system, and then maintain it over time, refreshing the art periodically. Your need is fulfilled with less work for you and a lower upfront cost, and the outcome you desire—sprucing up your living room wall—is achieved. You never see the inside of a store or engage in a traditional transaction.



This brave new world isn't the stuff of science fiction: the technologies that make it possible already exist and are evolving quickly. These include the rapid adoption of AI, data modelling, multi-party systems in a digital supply chain (like blockchain) and 5G-enabled metaverses.

Many of these emerging trends are accelerating particularly quickly in the Asian market. The region is home to a unique, young and rapidly growing population of digital natives that has leapfrogged directly to the most advanced technology frontiers. This gives companies an edge in reimagining business with consumers who will adapt more easily to change. Organizations are achieving much faster growth in online sales in Asia-Pacific than in most other markets – particularly North America and Europe.<sup>1</sup>

1. For instance, e-commerce sales in Asia are expected to nearly double between 2021 and 2025.<sup>2</sup>
2. Economic and societal demographic shifts are boosting incomes, which will lead to increased spending by households.


**By 2030, “commerce” in the Asian market truly will be a different experience, one based on achieving desired consumer outcomes, rather than finalizing a series of separate transactions.**

There will be increased interaction between businesses and their customers, often through AI intermediaries. While accelerating quickly in the Asian region, this development will appear in other tech-forward parts of the world as well.

This shift will reshape everything from designing and manufacturing products to marketing and selling them. In the next few years, products will still exist but they won't be the sole focus. Instead, companies will concentrate on creating contextual selling strategies to support the outcomes their consumers want to achieve. While new AI “curators” will assist buyers, consumers themselves will focus on personalizing their purchases to reach their goals. This will enable what we call “contextual commerce”, where products often become channels for identifying needs and context and providing additional services.







## Consumers will also become increasingly involved with a product's lifecycle.

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They'll customize designs at the outset and then help disassemble products at the end of their lifecycles so they can be disposed of safely. Digital threads will track how goods are used throughout their lifecycle, revealing even deeper insights and contributing to new iterations of products.





# The new Cs





The rise of contextual commerce won't simply create new ways of doing business. As people interact more with new ways of buying and selling, the traditional definition of "customer" will evolve as well. Specifically, it will result in the creation of new types of customers—we call them the

**"New Cs."**





Until now, sellers have focused innovation on boosting customer acquisition and promoting loyalty through convenience. Contextual commerce will create three new types of customers, each of which will require a different strategy and approach:



*mirrored*  
Consumers



Curators



Collectives



# mirrored Consumers

Within the next few years, we will each have our own “*mirrored* consumer,” a unique profile that aggregates our likes and dislikes. Technology will allow companies to find, recommend and create products and services tailored to our individual needs and preferences. These comprehensive digital versions of customers will give sellers unparalleled insights into people’s wants and needs.



# mirrored consumers



It doesn't stop there: sensors, wearables and haptic technologies will give rise to intelligent networks of digital twins and threads. These will help organizations better understand the context in which consumers make purchases.

Whether it's delivering household essentials to ageing populations, or providing small farmers with customized machinery, companies will be able to sell directly to consumers through their mirrored selves.

Web3—the emerging initiatives that are leveraging technologies like blockchain and tokenization to build a more distributed data layer into the internet and generate veracity and trust—will help improve privacy measures. Used well, Web3 capabilities will ease consumer concerns about their personal information being shared.<sup>3</sup> As a result, customers will trust bots to purchase everyday, low-value goods on their behalf.

*Mirrored* consumers will also help organizations more accurately forecast demand, and design next-generation products and services based on customer feedback and real-world use data. And in return, companies will deliver greater convenience to consumers while improving their supply chains.





# Curators

Curators will soon emerge as another new type of consumer. These will be technology agents working alone or with humans to find and buy goods for end-users to achieve desired outcomes. A curator recommends products and services catered to an individual's personal preferences, habits, goals, or that are simply more convenient. Curators will also educate consumers to broaden their taste and perspective.



# CURATORS



Curators will focus on fostering a trusted customer relationship and humanizing the product and services from each company. They will rely on advancements in AI not just for understanding customers' desired outcomes in context, but also sourcing relevant products and services. Already in the US real estate market, companies are using AI to help agents to find the best property to suit a buyer's need.

As technology evolves, bot curators will become more commonplace. Companies will sell to bots that select and purchase goods for consumers to meet their needs and desires. We call this trend B2Bot. People may have personal bots to support their purchasing decisions.<sup>4</sup>

The rise of curated commerce—with AI intermediaries acting on behalf of end customers—has enormous implications:

- The days of trying to sell everything to everyone are numbered.
- Curators will recommend unique, carefully selected products and services for customers based on a deep understanding of their needs and desires.
- The more trust that companies build with curators, the more optimized the relationship will be with their end customers.
- Companies will need to evolve their marketing strategies for B2Bot commerce.

Some brands will emerge as ecosystem orchestrators that combine products and services from many companies to meet consumers' diverse needs. If they can partner this capability with privacy preservation and customer trust, they can gain first-mover advantage.



## AI curators realizing dream weddings



### Virtual planning

Hana, her fiancé and her parents—all from different cities in Japan—are preparing for her upcoming wedding. Hana's personal AI curator helps select a wedding venue. Hana, her fiancé and their families select the banquet hall virtually, determine seating arrangements for both families and customize the floral decorations in a 3D multi-sensory wedding metaverse.



### Virtual experiences

Hana's AI curator collates the guests' preferences and dietary requirements to recommend a menu. Her fiancé and family virtually smell and taste the dishes, further refining the right mix between traditional and modern dishes. The dishes will be cooked in precise quantities based on the guests attending the wedding.



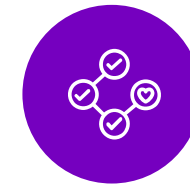
### Bespoke products

Hana and her fiancé attend a livestream buying session to select rings to pair with the watches they had purchased for each other. During the session they tweak the design in real time to add their initials to the rings.



### Virtual access behind the scenes

The fashion designer chosen by Hana's curator customizes her wedding dress using her virtual 3D avatar. Before the dress is stitched, Hana "wears" it to feel the texture and drape of the fabric to then show her fiancé in the virtual environment. Their pre-wedding shoot is broadcast live on the wedding metaverse so their friends can participate.



### Hyper personalized with minimal effort

Hana and her fiancé achieve their desired outcome—a lavish, highly personalized wedding—with much less planning time, minimal waste and at a lower cost, despite their physical distance and diverse tastes. The level of hyper-personalization is unprecedented with such minimal effort and easy iterating on the part of the wedding providers.



# Collectives

Another emerging type of consumer is customer collectives, as group buying becomes a major category. This trend is already gathering speed in China. For example, Chinese platform Pinduoduo connected traditional strawberry growers with data scientists that are now helping them adopt precision agriculture techniques.<sup>5</sup> The platform also encourages direct-to-consumer sales, which could evolve into collectives buying together to get steeper discounts.<sup>6</sup>





Additionally, more and more consumers will join collectives to use products and services in new ways. For instance, we'll see a rise in subscription and as-a-service models, whereby consumers join clubs to access a product or service. We call this trend "**B2Renter**."

The rise of B2Renter reflects consumers' focus on outcomes, amid dwindling interest in traditional product ownership. For example, some homeowners in India are renting rather than purchasing furniture.<sup>7</sup> In addition, decentralized autonomous organizations (DAOs) will allow member-controlled groups to make democratic purchasing decisions.

A DAO is a new kind of organizational structure, built with blockchain technology, formed for a common purpose, like investing in start-ups or buying NFTs.<sup>8</sup> As DAOs are decentralized, the rules and governance of each DAO is coded in smart contracts on the blockchain and cannot be changed unless voted upon by the DAO's members.<sup>9</sup>

An example is PleasrDAO, a group of crypto artists, entrepreneurs and investors whose mission is "to collect art that represents and funds important ideas, movements and causes...as NFTs."<sup>10</sup>

# COLLECTIVES



## Collectives disrupting traditional industries



### Reforestation goals

Rimbawan, an Indonesian environmental DAO, wants to procure high-quality seeds and plan and monitor the growth of seedlings in designated land parcels. To fulfill its reforestation target Rimbawan signs smart contracts with a B2B agri-tech platform.



### Simulating yield

The B2B platform's consultant runs 3D terrain simulations of the land parcels based on their quality and climate conditions. This helps Rimbawan map out precise quantities and configurations of trees suitable for forest plantations.



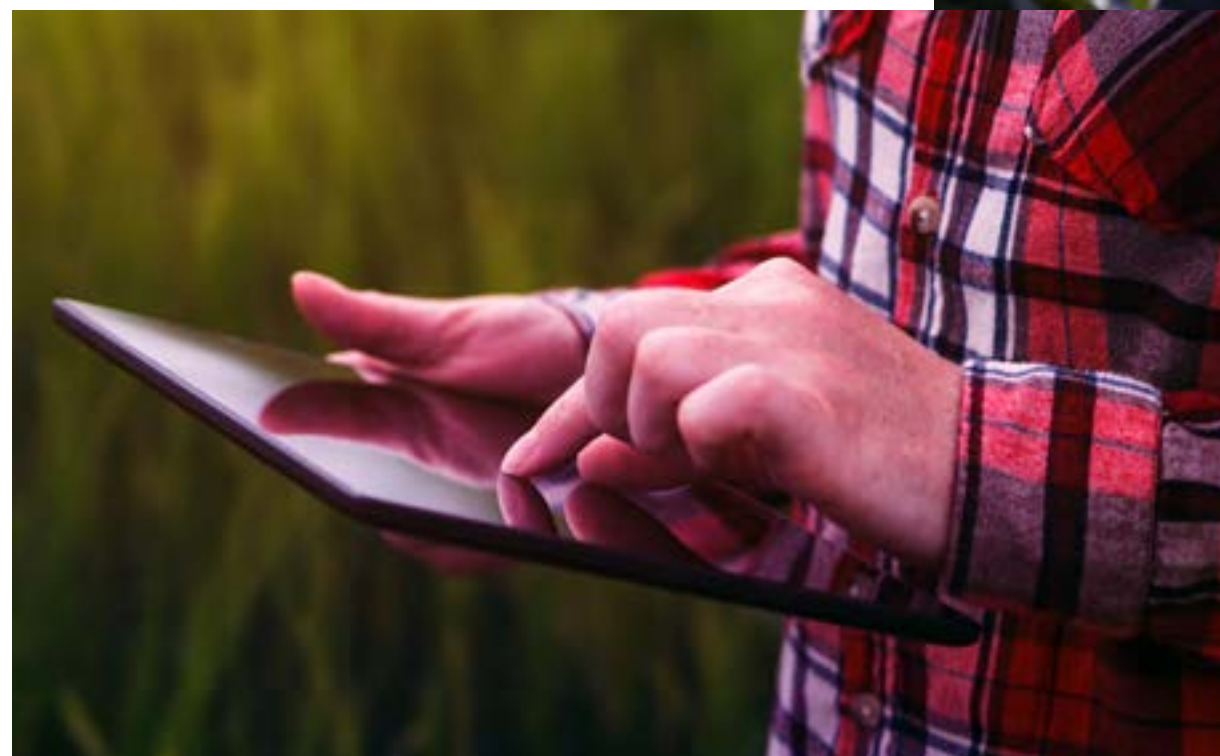
### Sourcing and renting materials and equipment

Rimbawan also uses the platform to source seeds and rent refurbished equipment, such as sensors and satellites as well as an add-on service for monitoring the forest's biomass growth and biodiversity.



### Distributed payments

Personal AI wallet agents help Rimbawan members organize and distribute payments across carbon credits, fiat currencies, cryptocurrencies and central bank digital currencies.





# COLLECTIVES



The challenge for the collective buyer group was the complex planning of afforestation of diverse tree species on varying terrain with a limited budget. Technologies such as AI simulation tools and digital twins helped the business to bundle together upcycled equipment and services on rental terms, helping the collective achieve affordability for its desired products and services. The DAO built on blockchain helped the group operate transparently, on an equal footing.

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**The business benefits by unlocking a new consumer growth segment, extending the lifetime and profitability of assets and increasing its income through service subscriptions by selling to collectives.**





# Asia leads the way





## Several trends will accelerate the rise of contextual commerce in the Asian region specifically:

1. Social commerce is booming.
2. Socio-economic changes are set to further accelerate growth.
3. The changing multi-generational landscape is affecting the distribution of purchasing power.
4. The Asian market has very strong B2B e-commerce platforms.
5. More vendors will introduce subscriptions that combine products and services.
6. Metaverse technologies are witnessing greater adoption in Asia



# 1

## Social commerce is booming.

It's already surpassed physical stores to become the second-most popular shopping format in South East Asia.<sup>11</sup> In Indonesia, millions of rural residents are already using social commerce and as they come online, their spend is expected to grow.<sup>12</sup> And in China, consumers are flocking to live shopping, where presenters (celebrities and influencers) promote products via real-time, online video feeds. The presenters engage in two-way conversations with shoppers and build urgency using limited-time offers. An estimated 560 million people in China made purchases via live shopping in 2020.<sup>13</sup>







## 2

Socio-economic changes are set to further accelerate growth.

Over the next five years, we'll see the rise of the middle class and increased disposable incomes across Asian markets. For example, India's consumption market is set to triple by 2030.<sup>14</sup> A study shows that if women's purchases reach parity with men's in 2025 as expected, the South-east Asian e-commerce market could grow by \$280 billion.<sup>15</sup>



# 3

## The changing multi-generational landscape is affecting the distribution of purchasing power.

By 2030, seniors in Asia are expected to spend over \$5 trillion each year.<sup>16</sup> And this generation of seniors will be more comfortable with technology. This increasing familiarity with technology coupled with the maturity of edge computing and IoT creates a large opportunity in this population. For example, these seniors are likely to completely delegate the purchase of daily consumables to their AI shopping assistants.

Meanwhile, the young generation of savvy digital natives will be spending more in their preferred arenas, fueling growth in segments like gaming.







## 4

The Asian market has very strong B2B e-commerce platforms.

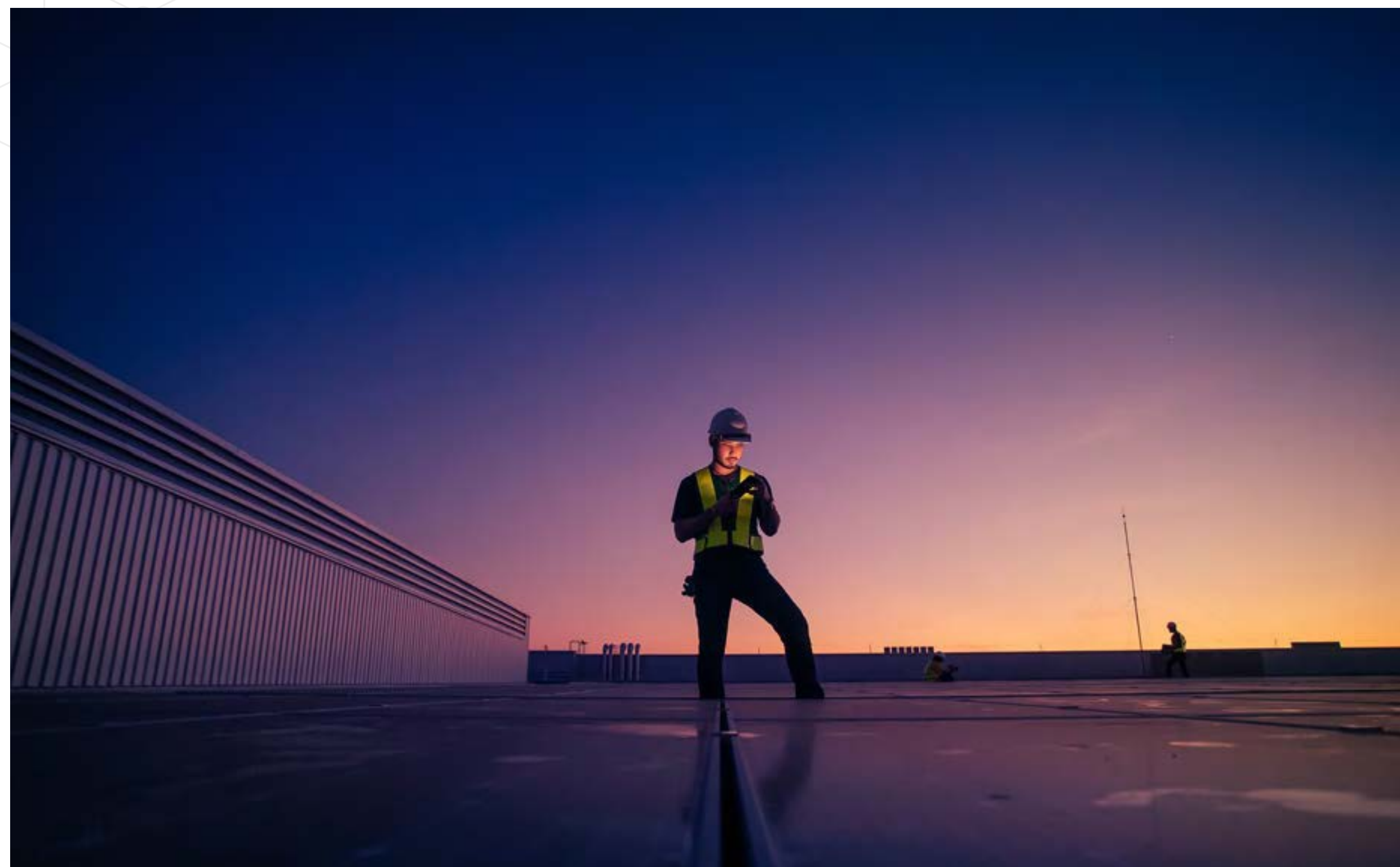
For example, there's Udaan—a B2B trade platform designed specifically for small and medium-sized businesses in India. Large conglomerates such as JioMart are also introducing their own B2B platforms. In May 2021, ride-hailing giant Gojek and marketplace Tokopedia, Indonesia's two biggest start-ups, combined their businesses to form GoTo Group, that provides financial, e-commerce and on-demand services.<sup>17</sup> These platforms will become a key channel for growing sales of products and services.



# 5

More vendors will introduce subscriptions that combine products and services.

Already, Trakindo Indonesia rents mining and heavy industry equipment complete with contracts for maintenance, spare parts exchange, and component replacement services.<sup>18</sup> A Citi study showed that fueled by the growth of the digital economy and consumer demand, companies in Asia Pacific are increasingly tapping into the potential of a subscription-based business model.<sup>19</sup> As circularity becomes an important criterion for meeting environmental, social and governance (ESG) goals, companies will focus on extending the life of products.







## 6

Metaverse technologies are witnessing greater adoption in Asia.

Asia also leads in Metaverse, as millions of users—especially in China—embrace the technology in gaming and retail, among many other uses.<sup>20</sup> Gaming giant Tencent in China and governments such as South Korea are strategically investing in the infrastructure needed to build a secure, cross-platform Metaverse ecosystem.<sup>21</sup> Brands across industries—from luxury and fashion to tourism and tech—are marketing their products and services on the Metaverse. In February 2022, for example, Samsung launched a new phone on their virtual store in Decentraland (a Metaverse platform) in a live event where attendees could check out and buy the phone.<sup>22</sup>





Looking at these external factors,  
it's clear that there's a huge opportunity to  
drive record sales and growth across Asia.  
Companies can't afford to look away.



# Preparing for contextual commerce





We believe that contextual commerce will become a trillion-dollar market in Asia by 2030. This growth will be driven by rapid urbanization and technological advancements, and the projection that more than a billion people from across Asia will join the global middle class by 2030.

On the B2B front, manufacturing in Asia and China has undergone a renaissance. The evolution of 3D additive printing and redistributed manufacturing systems will enable organizations to produce small quantities of bespoke goods cost-effectively and provide direct-to-consumer services.

The maturing of the metaverse will create a social and immersive environment in which outcomes can be more easily visualized and experienced through multi-sensory olfactory and haptic experiences.

Trust and transparency will be fostered by new business models built on multi-party systems like blockchain that will be largely decentralized. At the same time, new payment models will evolve out of the proliferation of cryptocurrencies and central bank digital currencies (CBDCs). All these factors will accelerate the shift to a context-aware commerce in Asia.





## To seize these opportunities, organizations must:

1. Rethink marketing and sales strategy
2. Re-tool for mass customization
3. Reskill and upskill
4. Build trust with consumers
5. Prepare for the emerging metaverse and new computing paradigms
6. Create a roadmap for the future



# 01

## Rethink marketing and sales strategy

Organizations will need to formulate their strategies from scratch to address new customer segments and models such as B2Bot and B2Renter, and prepare for new avenues for sales, such as the Metaverse. As businesses interact directly with customers, the boundaries between sales and marketing will dissolve.



## 02

### Re-tool for mass customization

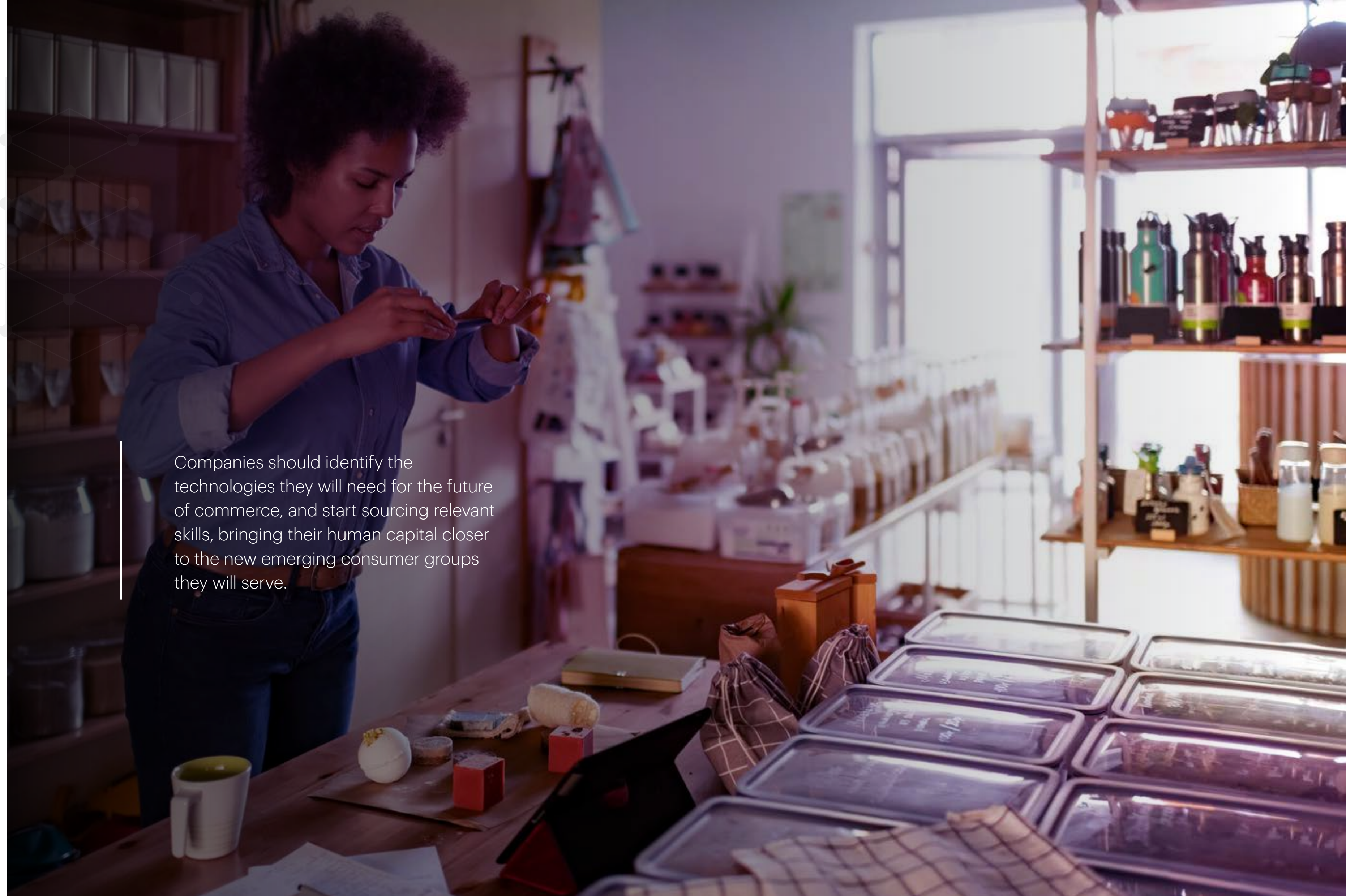
Companies must enable digital threads that will track how products and services are used throughout the lifecycle, and to be prepared for the consumer's demand for hyper-personalization at scale.



# 03

## Reskill and upskill

Companies should identify the technologies they will need for the future of commerce, and start sourcing relevant skills, bringing their human capital closer to the new emerging consumer groups they will serve.





# 04

## Build trust with consumers

The key to success for these new models is how businesses build trust with customers. As we enter a world of AI-generated content that is realistic, organizations will need to establish ways to authenticate the use of AI-based interactions. The use of trustworthy technology will make or break businesses.



# 05

## Prepare for the emerging metaverse and new computing paradigms

Companies need to develop their strategies around adapting their full stack for the convergence of 5G, Edge and cloud computing, AI with DLT (Distributed Ledger Technology), and XR (Extended Reality). As new business models and paradigms emerge, it is critical for leaders to develop successful technology innovation practices that will mark them as the leaders in the future.



# 06

## Create a roadmap for the future

The changes are happening, and every business must be ready. Are you prepared to shape the future of a world with a decentralized multiverse, Web3, and experience-driven contextual commerce? Help define this world now or your competitors will define it for you



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To learn more and to discuss how the changes outlined in this article will impact your business, please get in touch.

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