

DIGITAL UPHEAVAL

How Asia-Pacific is leading the way in emerging media consumption trends



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Preface

Digital upheaval: how Asia-Pacific is leading the way in emerging media consumption trends is an Economist Intelligence Unit (EIU) report, commissioned by The Trade Desk. It is based on in-depth research, including interviews with 16 experts and executives in this space. We would like to thank the following people for providing their time and insight:

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- Kaoru Kato, executive manager, Institute of Media Environment, Media Business Research Department, Hakuhodo DY Media Partners
- Simon Kemp, founder, Kepios
- Nicole McMillan, vice-president, marketing, Mars Wrigley Confectionery
- Joe Nguyen, senior vice-president, Asia-Pacific, comScore
- Hiroto Nomura, senior managing director, *Nikkei*
- Vijay Solanki, chief executive officer, IAB (Interactive Advertising Bureau) Australia
- Alan Soon, founder, Splice Newsroom
- Carol Soon, senior research fellow, Institute of Policy Studies, National University of Singapore
- Jeanne Tsai, professor, department of psychology, Stanford University
- Tricia Wang, co-founder, Magpie Kingdom
- Xiaofeng Wang, senior analyst, Forrester Research
- Charlotte Wilkinson, founder, Hello Sister
- Jonathan Wright, global managing director, Dow Jones and *The Wall Street Journal*

Nicholas Walton conducted the research and wrote the paper, with additional research by Naka Kondo. Michael Gold was the editor.

Introduction: at the fulcrum of the global digital economy

Although smartphones are now ubiquitous across much of the planet, Asia is at the cutting edge of innovation when it comes to their use. Already, across much of the region there has been fundamental change in media consumption and communication. Thanks to smartphones, which have brought millions online for the first time, many countries have leapfrogged the traditional intermediate stages of media consumption, and individuals have taken control. They can now access what they want, where and when they want it. The region's entrepreneurs have been quick to seize the opportunity, creating new networks of information and entertainment, and finding innovative uses for technologies such as multi-functioning messaging apps and quick-response (QR) codes.

All of this has opened up new channels of communication between businesses and consumers. It has also been a boon to the region's creative industries, notably small-time content producers such as individual live streamers. Further media-related innovations popularised in Asia, like the ability to link micropayments to these live-streaming platforms, are proving this region's inventive prowess to the rest of the world.

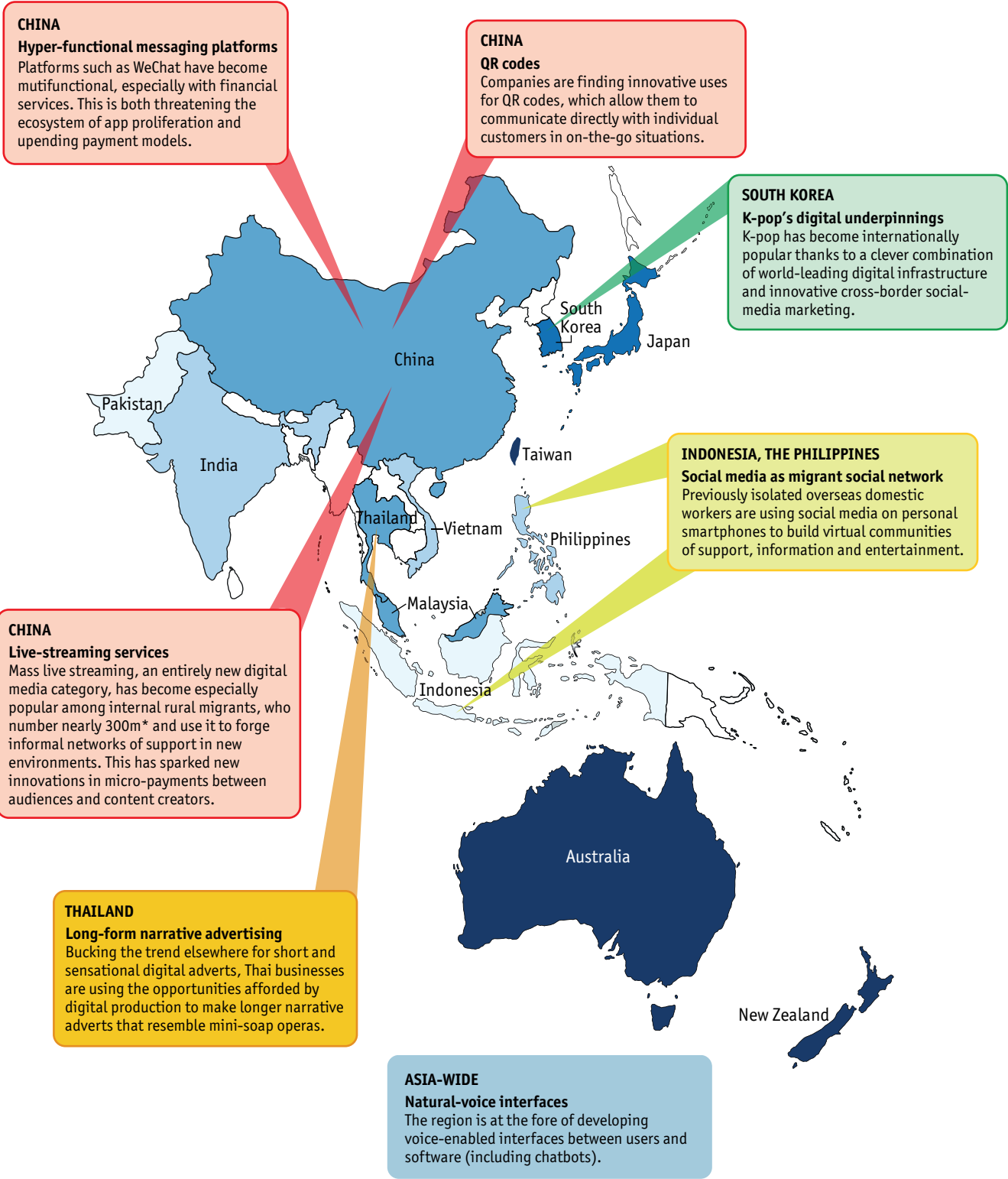
China's unique digital ecosystem is a vital part of the story, giving rise to platforms like WeChat that have pushed the boundaries of technologies

in areas such as payment and financial services, and paved the way for artificial intelligence (AI)-enabled chatbots to do things such as aiding customer interaction. Chatbots are just one new avenue companies are using to talk directly to individual consumers—QR codes are another, while digitally informed segmentation of markets for advertising campaigns can help brands forge new connections between data, clicks and purchases in the region.

However, alongside the exciting advances, there are concerns: Asia's frantic surge in smartphone-enabled media consumption has led to worries about media literacy. For example, Carol Soon of the National University of Singapore warns that Asian consumers have less awareness of data-privacy concerns than in Europe or North America, where it is a major issue. In the advertising space, tracking online metrics can be difficult for marketers used to channels such as TV.

The story of Asia's digital media consumption, however, is predominantly about burgeoning opportunities and clever leaps, echoing the region's recent dramatic economic growth. Although most of these innovations can be found outside the region, in Asia their development, use, scale and impact are distinctive in several ways. The following map highlights some of the key areas we explore in this report.

Innovation nations: key advances in media consumption in Asia



* "Migrant workers and their children", China Labour Bulletin, <http://www.clb.org.hk/content/migrant-workers-and-their-children>
 Source: The Economist Intelligence Unit

1

Getting personal

The shape of media consumption in Asia in some ways reflects the region's wider economic development. Most notably, in the fastest-developing countries, including China, Indonesia and the Philippines, people increasingly use smartphones to access the internet for the first time, skipping other devices such as PCs, which was often the first way people came online in the developing world. They have gone from shared TV or radio experiences straight to personal media access, with implications for what media they access and how they consume it.

These new users experience the internet largely through social media or messaging apps rather than directly through specific websites. In China, this tends to be via dominant apps such as WeChat. In other places, it is often through social media such as Facebook, assisted by deals from phone network companies that give users free data if they access the internet through a specific site. In the Philippines, for example, these free data deals mean that Facebook may serve as the sole online portal for some users, who browse Facebook pages that organisations and publications have made rather than their regular internet pages.¹ Facebook is also allowing free access to a limited form of the internet through its internet.org app, which has already launched in the Philippines.²

Infrastructure, both hard and soft, is obviously an important aspect of this story. Since using smartphones for social media or video streaming requires heavy data use, it must be made affordable in order for new media to flourish.

Here, there has been rapid progress in much of the region. Kaoru Kato of Japan's Hakuho DY Media Partners, a strategy firm, notes that although high prices for data use once drove low-income users such as students to malls and other public places with free Wi-Fi, today better internet connections and cheaper data mean that users consume media with fewer such constraints.

The rapid proliferation of this hard infrastructure has enabled new forms of media and content to spread quickly as well. Stuart Cunningham of Australia's Queensland University of Technology says governments can help catalyse development in the creative industries, leveraging smartphone media consumption. The success of K-pop, for example, has been in part enabled by government policies that deliberately encouraged media and entertainment as an important national industry, as well as its support for world-leading mobile internet infrastructure.^{3,4} This began in the early 1990s, when the South Korean government ended its policy of controlling the cultural industries, and instead gave them direct support and a central role in its export-focused development strategy. It also invested in related industries such as communications technology.⁵

Wagging the long tail

Much of the new media being consumed, however, is rooted in connectivity between individuals. As Simon Kemp of digital media consultancy Kepios notes, the cost of producing digital content has dropped, which has led to a

¹ Bianca Consunji, "Facebook Rolls Out Zero Data Charge Access in the Philippines", Mashable, November 1st 2013, <http://mashable.com/2013/11/01/facebook-philippines/>

² Charmie Joy Pagulong and Louella Desiderio, "Facebook offers free internet access in Phl", *Philstar*, March 20th 2015, <http://www.philstar.com/headlines/2015/03/20/1435536/facebook-offers-free-internet-access-phl>

³ Won-Yong Oh and Moowon Rhee, "K-pop's global success didn't happen by accident", *Harvard Business Review*, November 10th 2016, <https://hbr.org/2016/11/k-pops-global-success-didnt-happen-by-accident>

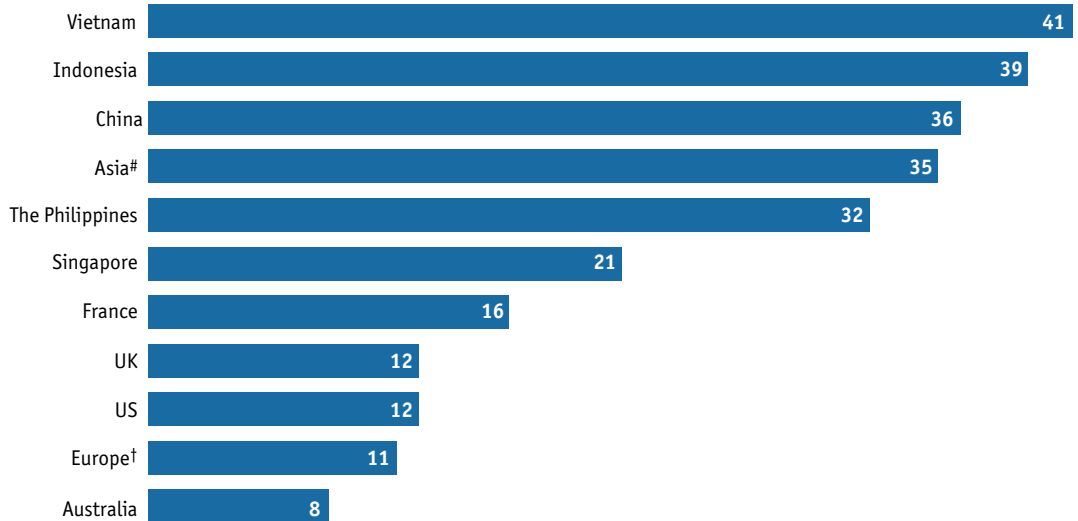
⁴ Chunhyo Kim, *Samsung, Media Empire and Family: a power web*, Routledge, 2015, <https://books.google.nl/books?id=GdWjCwAAQBAJ&printsec=frontcover&dq=#v=onepage&q&f=false>

⁵ Seung-Ho Kwon and Joseph Kim, "The cultural industrial policies of the Korean government and the Korean Wave", *International Journal of Cultural Policy*, August 29th 2013, <http://www.tandfonline.com/doi/abs/10.1080/10286632.2013.829052>

Growth spurt

Mobile-social media consumption in Asia v the West

(% growth in active mobile-social users, 2016-17)



Defined as the nations of South Asia, East Asia and South-east Asia, as well as Australasia and the Pacific Islands, but excluding Russia, Iran, the Middle East and the south Caucasus

† Defined as the countries of the greater European peninsula, extending to and including Iceland, Turkey, Russia, Armenia, Azerbaijan, Georgia, Cyprus and Malta

Source: % change manually calculated by EIU from 2017 figures from Simon Kemp, *2017 Digital Yearbook: Internet, social media and mobile data for 239 countries around the world*, We Are Social and Hootsuite, 2017, <http://www.mikekujawski.ca/wp-content/uploads/2017/02/We-Are-Social-Digital-Yearbook-2017.pdf>; 2016 figures from Simon Kemp, *Digital in 2016: We Are Social's compendium of global digital, social, and mobile data, trends and statistics*, We Are Social, 2016, <https://www.slideshare.net/wearesocialsg/digital-in-2016/514>; growth figures January 2016-17 for APAC and Europe from Simon Kemp, *Digital in 2017 Global Overview: A collection of internet, social media, and mobile data from around the world*, We Are Social and Hootsuite, 2017, <https://www.slideshare.net/wearesocialsg/digital-in-2017-global-overview>

discernible shift from a one-to-many structure, where established producers broadcast to the public, to a many-to-many structure, where anyone is able to create content. The fragmentation of audiences, combined with the diversity of cultures and languages within Asia, has helped spur a “long tail” effect of small and local content producers finding an audience, unconstrained by barriers such as the need to work with traditional broadcasters to air a specific programme.

This has also affected advertisers, who have been able to break free of traditional advertising formats and find more creative ways to reach local audiences. In Thailand, for example, some advertisers have bucked the trend for shorter and more sensational pieces by expanding into popular two or three minute mini-soap

operas, says Charlotte Wilkinson, founder of Hello Sister, a branding consultancy focused on women.⁶ For example, Thai Life Insurance’s series of emotional portraits of everyday lives has been viewed over 30m times.⁷ Multinational media companies also understand the need for localised content in Asia: US streaming giant Netflix is producing original TV series in key markets such as South Korea, for example.

In response, advertisers are able to engage audiences in different locations by re-versioning their ads, using local celebrities and geographically relevant messages. Regardless of the exact nature of the content being consumed, the explosive growth of these so-called social-mobile individuals in countries across Asia means that advertisers need to follow them on to social platforms in order to get noticed.

⁶ Rob Hall, “Thailand: life in the shadows”, Little Black Book, 2015, <https://lbbonline.com/news/thailand-advertising-in-the-shadows-2/>

⁷ “Unsung Hero”, thailifechannel, April 3rd 2014, <https://www.youtube.com/watch?v=uaWA2GbcnJU>

2

The Chinese exception

China's vast and unique media environment makes it an exception among exceptions in Asia. It is increasingly being dominated by a single platform—WeChat—which, at its core, is a messaging service that allows direct one-to-one or group communication (rather than a more public social network like Facebook). This has implications for user behaviour: Chinese WeChat users are nearly twice as likely to use it for e-commerce than, for instance, US Facebook users, who tend more towards entertainment such as videos.^{8,9} It is also extremely popular: more Chinese professionals use WeChat to do business than use email, and through its over 700m users it accounts for around a third of all Chinese mobile internet time.¹⁰

WeChat's dominance means that media companies trying to reach its audiences must follow them on to the platform. This springs in large part from its high level of functionality, one that Mr Kemp calls "the internet in one app". As well as consuming media such as videos and articles, users can do multiple everyday tasks such as shopping, booking medical appointments or interacting with government officials, without ever needing a separate service.

WeChat's heft in the financial industry is also formidable. Joe Nguyen of digital measurement company comScore notes that its parent company, Tencent, is "effectively a bank now". Data back this up: 600m payments are now made on WeChat daily.¹¹ Its robust digital payments system allows hyper-localised advertising and micro-payments, which have allowed,

for example, cheap bicycle-sharing schemes to flourish across China. Mobile payment functionality is so advanced that even beggars on Chinese streets can solicit donations via platforms like WeChat, says Xiaofeng Wang of Forrester, a research firm.

It is also granting Chinese media companies and advertisers a head start in finding innovative uses for digital payments. Content accessed via WeChat can integrate with payment processing, for example, meaning that ads lead seamlessly to purchase options, and videos may allow direct access to paid-for content. Other data, such as a user's location or previous activities, can also be leveraged to suggest or anticipate purchasing options. The WeChat system has been able to build up significant levels of trust, says Ms Wilkinson. She says such trust is important in China and other countries with relatively under-developed traditional financial services.

Stream of content

Few forms of content are more direct than live streaming, where individuals broadcast themselves on a service such as QQ, a chat platform also owned by Tencent. Live streaming is especially popular among migrant workers, who use it to connect with others that originate from the same Chinese region. This works via streamers soliciting electronic payments from their fans in the form of fungible tokens, with some popular personalities now earning more money by streaming after work than they do during their formal working lives.¹²

⁸ Elizabeth Wilner, "Comparing the social superpowers", Kantar, February 12th 2016, <http://us.kantar.com/tech/social/2016/us-versus-china-in-social-media-usage/>

⁹ "Majority of Digital Users in U.S. and China Regularly Shop and Purchase via E-Commerce", Business Wire, November 10th 2016, <http://www.businesswire.com/news/home/20161110005888/en/Majority-Digital-Users-U.S.-China-Regularly-Shop>

¹⁰ "WeChat's world", *The Economist*, August 6th 2016, <http://www.economist.com/news/business/21703428-chinas-wechat-shows-way-social-medias-future-wechats-world>

¹¹ Michael Moritz, "China is leaving Donald Trump's America behind", *Financial Times*, September 10th 2017, <https://www.ft.com/content/1ac0337c-9470-11e7-83ab-f4624cccbabe>

¹² "China's new craze for live-streaming", *The Economist*, February 9th 2017, <http://www.economist.com/news/special-report/21716461-new-way-bringing-colour-dreary-lives-chinas-new-craze-live-streaming>

Live streaming is now mainstream in China: almost half of the more than 700m people with access to the internet have used live streaming apps, doubling the industry's revenue in 2016 to US\$3bn, compared with the Chinese film industry's revenue of US\$7bn.¹³ Advertisers and marketers have been keen to tap into this popularity. Sportswear brand Adidas, for instance, live streamed a pair of shoes being designed by a graffiti artist, incorporating instant feedback from the audience.¹⁴

Cracking the codes

If live streaming beams media directly to consumers' smartphones, QR codes play a different role, serving as a kind of digital key to access content. When these two-dimensional barcodes are scanned by a smartphone camera,

they activate a particular function, such as taking consumers to a company website if they see an interesting ad at a bus stop. In China, their use is widespread and sophisticated: some ads or public information signs consist solely of a giant QR code covering a billboard the size of a building, scannable from a large distance away. Some organisations and events have used QR codes instead of identity badges, while sales agents marketing products directly to the public may have personal QR codes that allow companies to track exactly how many of their leads turn into sales. Their uses get more exotic still: one pop singer, Wei Chen, carried a message to his fans in a QR code printed on his neck, and even tombstones are bearing QR codes that memorialise the life stories of the deceased.¹⁵

¹³ Ibid

¹⁴ Ophelia Liang, "Quick guide to live streaming in China", Digital Crew, May 16th 2017, <http://www.digitalcrew.com.au/quick-guide-live-streaming-china/>

¹⁵ Connie Chan, "16 ways QR codes are being used in China", Andreessen Horowitz, August 11th 2017, <https://a16z.com/2017/08/11/qr-codes-in-china/>

Shifting roles: women and the rise of mobile digital platforms

The explosion of smartphone-based digital media consumption over the past five years has profoundly affected women in much of Asia, reflecting and enhancing their changing roles and creating economic opportunity in rapidly developing economies such as China, Indonesia and the Philippines. It has broadened horizons and opened up opportunities for many Asian women, giving them access to educational resources, information about health issues and government services. The Secured Health Information Network and Exchange project in the Philippines, for example, helps women manage their medical records and provides services such as automatic scheduling of pre-natal check-ups.¹⁶ In places such as Indonesia, social media has also allowed women to gain opportunities for employment and entrepreneurship, for example by setting up online businesses from home.¹⁷ Research conducted across sub-Saharan Africa and South-east Asia has shown that digital platforms can help women earn money by allowing them to take paid gig work alongside their other commitments in the home.¹⁸

Personal smartphone access to social media also plays an important social role for female migrant workers. Although low-skilled migrant men usually work in teams, for instance on building sites, domestic work within households for women from Indonesia, China, the Philippines and Myanmar can be socially isolating. Social media allows women to stay connected to friends working in the same location, as well as family back home. Filipina

domestic workers, for example, were able to play an important role in their country's 2016 presidential election by organising politically and discussing issues via Facebook, says Alan Soon of Splice Newsroom, a Singapore-based media consultancy.

All this has helped women to break out of the narrow constraints of their domestic and family positions, with major implications for advertisers. Women now access social media platforms that complement the varied roles they assume throughout the day, from mother to employee to the main decision-maker for both daily and major purchases. While doing so they consume advertisers' messages targeted at those roles, though exactly which role marketers should focus on remains unclear—there is no one size fits all. For example, in one study, 56% of Asian women said they found ads that address them as independent consumers appealing. Yet nearly the same percentage said they found messages addressing them as wives, mothers or girlfriends to be attractive.¹⁹

This ambiguity means that advertisers need to strike the right balance. For example, Procter & Gamble's advertising in Asia emphasises the competing demands women face in combining roles within traditional families with those of their working lives.²⁰ Ms Wilkinson says this kind of targeted advertising fulfils an important informing role about new products and services on offer, particularly for consumers who've never been exposed to such choice, or had such money in their pocket.

¹⁶ "Secured Health Information Network and Exchange (SHINE)", Center for Health Market Innovations, <http://healthmarketinnovations.org/program/secured-health-information-network-and-exchange-shine>

¹⁷ Ezmieralda Melissa, Anis Hamidati, Muningsari Saraswati and Alexander Flor, "The Internet and Indonesian Women Entrepreneurs: Examining the Impact of Social Media on Women Empowerment", *Impact of Information Society Research in the Global South*, 2015, https://link.springer.com/content/pdf/10.1007/978-981-287-381-1_11.pdf

¹⁸ Mark Graham, Isis Hjorth and Vili Lehdonvirta, "Digital labour and development: impacts of global digital labour platforms and the gig economy on worker livelihoods", *Transfer: European Review of Labour and Research*, March 16th 2017, <http://journals.sagepub.com/doi/pdf/10.1177/1024258916687250>

¹⁹ *On the rise and online: Female consumers in Asia*, The Economist Intelligence Unit, 2014, <http://www.eiuperspectives.com/marketing/rise-and-online>

²⁰ "#ShareTheLoad with English Subtitles", P&G India, February 24th 2016, <https://www.youtube.com/watch?v=vvW0X9f0mME&feature=youtu.be>

3

The fickle click

“Companies have to work out what they stand for in a very strong way, take a point of view and understand how to communicate that across various channels.”

*Thomas Crampton,
global managing director,
Social@Ogilvy*

The massive increase in digital media consumption through multiple devices has provided those trying to reach an audience with both an opportunity and a challenge. The opportunity lies in the data provided by this online activity; the challenge lies in making sense of those data. Digital ad spending in Asia is massive, and is overtaking spending on TV advertising,²¹ but is this money being used effectively?

Thanks to Asia’s heavy smartphone use, there is an enormous amount of data available to advertisers and marketers who want to understand their audience. Some, however, suggest that the sheer wealth of data now available may actually make this task more difficult. Thomas Crampton of Ogilvy, an advertising agency, says the idea that everything can be solved by looking at data is false. It may be out of date, badly gathered or inaccurate. Nicole McMillan of Mars Wrigley, a global chewing gum and candy brand, says that mobile metrics in particular have struggled to keep pace with the speed of change, often in markets that are themselves evolving rapidly. Although the proliferation of platforms has opened up new advertising opportunities, it may be at the expense of the simplicity and predictability that came with older channels such as TV. “There’s a tension in that we need to spend the bulk of our money on reaching as many people as we can, but also make sure we’re not missing out [on] experimentation in some of the new platforms like gaming,” she says. Ms Wilkinson

says she has also seen clients overspend on digital platforms based on promises of metrics that do not end up as robust as initially promised.

With digital consumption, there are factors to consider such as the level of engagement a “click” might represent. How does a “like” on a platform differ from a “share” or a “follow”, and what is the relationship between those clicks and a decision such as a purchase? In rapidly developing Asian countries such as China or the Philippines, where the users of platforms might themselves be new to the online world, discerning insights about levels of engagement is even harder than in the West, where users may have longer track records. The lack of space on smartphones means that viewers have fewer buttons to respond to material, giving fewer clues about their decisions, because there are simply fewer to make on a smartphone screen versus a PC.

However, Ms McMillan says that the widespread use of innovative tools such as QR codes in Asia, especially China (see chapter two), can help companies detect a greater level of engagement with their product. Mobile ads, meanwhile, are becoming more user-friendly and intuitive, according to Vijay Solanki of the IAB, with experimental technologies like augmented reality at the cutting edge of this trend. Broader issues of data fidelity may also be moderating as companies in the region recognise the need for better technologies that can help them boost the transparency of the data they gather.²²

²¹ *Magna advertising forecasts spring update (June 2017)*, Magna, <https://www.magnaglobal.com/wp-content/uploads/2017/06/MAGNA-Global-Ad-Forecast-Spring-Update-June-2017-PR-Executive-Summary.pdf>, p13

²² Charlotte McEleny, “Local tech, data and media is key for digital growth in Asia Pacific, says IPONWEB’s Ryan Pestano”, *The Drum*, September 29th 2017, <http://www.thedrum.com/news/2017/09/29/local-tech-data-and-media-key-digital-growth-asia-pacific-says-iponweb-s-ryan>

Beyond clicks, companies are parsing the data for clues about sentiments expressed when a particular product is discussed, although this can also be fraught. For instance, when WeChat first introduced advertising, each user was shown one of three ads—for BMW cars, Vivo smartphones or Coca Cola—depending on an algorithmic assessment of their profile. Those shown adverts for soft drinks reacted negatively because of the implication that they were not wealthy enough to be shown ads for cars, according to Ms Wang of Forrester. Such rapid changes in media consumption and digital platforms are being accompanied by similarly rapid changes in many Asian societies and economies, meaning that sentiments relating to values like status are also complex and hard to gauge.

Layers of value

Unpacking the behaviour behind media consumption and device use adds what Mr Kemp calls “layers of value”. For example, smartphones are used by women in a way that

matches their daily timetable, such as working, dropping children at school, buying groceries or spending time with friends (see box on page nine). Ms Wilkinson argues that, for media to be effective, it needs to speak with one voice across different platforms that are used in different ways. Mr Crampton agrees: “Companies have to work out what they stand for in a very strong way, take a point of view and understand how to communicate that across various channels.”

This extends beyond individual brands: K-pop producers, for example, have built the genre’s success in part on sophisticated use of social media for marketing and audience segmentation.²³ They reach out to fans through social media, gathering information about their evolving tastes, and change aspects of their K-pop groups in response, from the subjects of songs to dance moves to the group line-ups themselves. Some even have different line-ups of the same group to suit different markets, for instance with EXO-K singing in Korean and EXO-M in Mandarin.²⁴

²³ Dae Ryun Chang and Kyongon Choi, “What marketers can learn from Korean pop music”, *Harvard Business Review*, July 21st 2011, <https://hbr.org/2011/07/what-marketers-can-learn-from>

²⁴ Won-Yong Oh and Mooweon Rhee, “K-pop’s global success didn’t happen by accident”, *Harvard Business Review*, November 10th 2016, <https://hbr.org/2016/11/k-pops-global-success-didnt-happen-by-accident>

Conversation starter: the pivot from apps to chatbots

“The vast majority of apps serves no purpose.”

Simon Kemp, founder, Kepios

²⁵ “Number of apps available in leading app stores as of March 2017”, Statista, 2017, <https://www.statista.com/statistics/276623/number-of-apps-available-in-leading-app-stores/>

²⁶ Jessi Hempel, “How Baidu will win China’s AI race – and, maybe, the world’s”, *Wired*, August 9th 2017, <https://www.wired.com/story/how-baidu-will-win-chinas-ai-race-and-maybe-the-worlds/>

²⁷ “AI and chatbots are the talk of the town across Asia”, CMO.com, February 12th 2017, <http://www.cmo.com/features/articles/2017/2/10/making-chatbots-work-for-your-brand.html>

²⁸ Charlotte McEleny, “Singapore banks push live ATM and chat bot banking”, *The Drum*, August 18th 2016, <http://www.thedrum.com/news/2016/08/18/singapore-banks-push-live-video-atm-and-chat-bot-banking>

²⁹ Harriet Taylor, “How China’s biggest search engine aims to fix a huge crisis in health care: A bot”, *CNBC*, October 11th 2016, <https://www.cnbc.com/2016/10/11/chinese-baidu-unveils-ai-health-chatbot-for-patients-and-doctors.html>

The rise of smartphones has seen a surge in the use of apps, to the point that the global market for them has become oversaturated: in early 2017 there were a combined 5m available apps on Google Play and the Apple Store.²⁵ Although this has fuelled the advance of app-based mobile platforms such as WhatsApp and WeChat, there are signs that the era of app proliferation may be coming to an end.

This is partly because platforms such as WeChat are able to perform functions such as payments that may previously have needed their own apps. It is also partly because these platforms are now also being used for content delivery. The importance of messaging apps across the region means that they are at the fore of the emergence of a new form of content that builds on these factors: the chatbot.

“Because people are already using messaging apps, a conversational interface is becoming a familiar way to consume and interact with brands,” explains Ms Wang. This interface is the key attribute of chatbots, which are able to converse with a user who types or speaks questions using natural conversational language. Chatbots are backed by an AI engine that “learns” how to interact more effectively with humans and interpret contextual data such as social connections and location. As well as being at the fore of messaging app development, Asia is also pioneering software that is able to use spoken language. Chinese search engine Baidu, for example, claims that

its DuerOS natural language software is far ahead of its Western rivals, and is building a comprehensive ecosystem based on its capabilities.²⁶

These are early days for chatbots, but they are transitioning from consumer-assistance functions to enablers of media consumption. Ms Wang notes that content providers such as Tech Asia are using them to push relevant content to users so they no longer need to find and download it. Such chatbots can interact with users and collect rich data that help personalise what they offer, which also allows companies to better engage and communicate with potential customers. WeChat, for example, is developing chatbots to aid customer-interaction on some of its functions, such as ordering food,²⁷ while DBS, a Singaporean bank, has launched a chatbot to make interactions with customers more conversational.²⁸ Meanwhile, Baidu has launched an AI-powered medical chatbot interface that talks to customers and ascertains their symptoms, gathering useful data that it can use across its medical services.²⁹

Does this chatbot world signal an end to apps? “The vast majority of apps serves no purpose,” notes Mr Kemp. He says that many apps were simply vanity projects by companies, and with the increasing functionality of platform apps like WeChat and Facebook, most will simply be ignored. App-makers will need to adapt to these trends, as chatbots are likely to gain in popularity.

4

All the news that's fit to fake

Changes in media consumption in Asia are having a profound impact on the region's journalism, with implications for wider society. Smartphones often funnel news to an audience through platforms rather than via a content company's website or app. Globally, women and the young are especially likely to use social media to access news, and fewer rely on TV. Smartphone users also tend to access news more frequently than those using other devices.³⁰ This is partly a function of mobility, but also of the addictive nature of social media use, and is particularly applicable to highly mobile Asia.

Masato Kajimoto of the University of Hong Kong, says this shift is known as "news snacking: five minutes waiting for the bus, ten minutes waiting for your friends. The news cycle is now minute-by-minute because you don't know when your audience is there." This favours small, relatively simple and eye-catching articles and videos over more in-depth reporting and has contributed to the commodification of news, eroding the added value provided by professional journalism. "The days when people would flock to your door to be fed information, just because you were a trusted media house, are long gone," says Hiroto Nomura of Japanese news giant *Nikkei*. He also notes, however, that internationally significant events such as the election of Donald Trump as president in the US and the UK's decision to leave the EU following a referendum, or Brexit, drive a larger Asia audience towards recognised quality journalism, especially when there may be economic implications. Rising subscriber figures for newspapers like the *Wall Street Journal* back

this up, says Jonathan Wright, the *Journal's* global managing director.

As in the West, in Asia the dominance of online platforms such as WeChat or Facebook has led to concerns about fake news and "filter bubbles", in which algorithms mainly guide people to material that either fits their interests and profile or has been shared by friends who are likely to have similar viewpoints. In addition, because they must attract attention in a split second, news reports are often sensationalist and lacking in depth and context. "People need to be challenged, and closed ecosystems are not necessarily healthy," says Mr Wright.

These effects are exacerbated by the way online ads are personalised around the user's profile. There are also concerns that the proliferation of new forms of advertising and content can hinder people's understanding of when they are consuming content that has been produced by advertisers rather than an independent editorial team. The best examples of sponsored content are clear with the audience about the product that they are selling, and engage them in innovative ways. One example is an award-winning Filipino advertising campaign by Cornetto, an ice-cream brand, which used audience suggestions to develop the campaign's storyline.³¹

Integrity at risk

The varied and often chaotic nature of internet media has increased vulnerability to deliberate misinformation, whether to make money for a company or for political ends. Such distortions

³⁰ Digital News Report 2016, Reuters Institute for the Study of Journalism, Oxford University, <http://reutersinstitute.politics.ox.ac.uk/sites/default/files/Digital-News-Report-2016.pdf>, p16

³¹ "Cornetto's That One Summer", Cream, 2017, <http://www.creamglobal.com/case-studies/latest/17798/38614/cornetto%27s-that-one-summer/>

³² Maria A Ressa, "Propaganda war: weaponizing the internet", Rappler, October 3rd 2016, <http://www.rappler.com/nation/148007-propaganda-war-weaponizing-internet>

³³ Charlotte England, "Burmese government denies ongoing genocide of Rohingya Muslims", *The Independent*, January 4th 2017, <http://www.independent.co.uk/news/world/asia/burma-government-rohingya-muslims-aung-san-su-ki-genocide-massacre-rape-minority-myanmar-a7508761.html>

³⁴ "A half-victory for tolerance in Indonesia", *The Economist*, February 18th 2017, <http://www.economist.com/news/asia/21717095-ahok-embattled-chinese-christian-tops-vote-governor-jakarta-half-victory>

³⁵ Kate Lamb, "Jakarta governor Ahok sentenced to two years in prison for blasphemy", *The Guardian*, May 9th 2017, <https://www.theguardian.com/world/2017/may/09/jakarta-governor-ahok-found-guilty-of-blasphemy-jailed-for-two-years>

³⁶ Amy Mitchell, Jeffrey Gottfried, Elisa Shearer and Kristine Lu, "How Americans encounter, recall and act upon digital news", Pew Research Center, February 9th 2017, <http://www.journalism.org/2017/02/09/how-americans-encounter-recall-and-act-upon-digital-news/>

are alleged to have affected the 2016 Philippines presidential election, which Rodrigo Duterte won after a campaign based on fighting criminals and drug gangs. In the run-up to the vote, numerous reports on Facebook falsified pictures of victims of violent crime, arguing that Mr Duterte could solve such problems.³² Mr Soon notes that "the rise of Duterte was largely a social media phenomenon."

Other examples in Asia show the fragility of information integrity in the digital age. In Myanmar, falsified news reports have allegedly been used to incite Buddhist mobs to attack members of the Muslim Rohingya minority during the unrest this year.³³ In Indonesia, there is evidence that the conviction of Basuki Tjahaja Purnama (known as Ahok), the mayoral candidate for the capital, Jakarta, was based on doctored video clips that were then spread on social media. Ahok was jailed for blasphemy for insulting the Quran.^{34, 35} At a time of stretched journalistic business models, Mr Wright says there is an in-built incentive for some platforms simply to chase clicks at any cost. It is also easier for people to publish and spread falsified content, and studies across the world have concluded that a high

"People need to be challenged, and closed ecosystems are not necessarily healthy."

Jonathan Wright, global managing director, Dow Jones and The Wall Street Journal

share of people do not always take notice of the provenance of news when they consume it.³⁶

Despite fears about such content, Mr Kemp believes that greater access to information for new internet users in countries like Indonesia and the Philippines is positive. But he does see a danger that people do not yet have the experience to filter information and make sound judgements. Media literacy across Asia varies, and is often tied to each country's journalistic culture. Mr Kajimoto notes that the top English-language media outlets in the West are often more heavily scrutinised for veracity than their local-language counterparts in Asia, simply because they have larger global audiences. In Japan, for instance, despite social media favouring sensational news, Mr Kajimoto says there is a reluctance to deal with anti-establishment topics like corruption or criticism of the royal family. He says this leads to news that does not challenge the government. When the 2011 tsunami hit, for example, news bulletins reported only officially confirmed casualty figures, yet also showed vivid images suggesting that many more had died. Nevertheless, this dry,

Read all about it: top ten paid-for daily newspapers (global, by circulation, including both bought and handed-out*)

Rank	Title	Country	Circulation (in thousands)
1	<i>The Yomiuri Shimbun</i>	Japan	9,101
2	<i>The Asahi Shimbun</i>	Japan	6,622
3	<i>USA Today</i>	US	4,139
4	<i>Dainik Bhaskar</i>	India	3,818
5	<i>Dainik Jagran</i>	India	3,308
6	<i>The Mainichi newspapers</i>	Japan	3,166
7	<i>Cankao Xiaoxi</i>	China	3,073
8	<i>Amar Ujala</i>	India	2,935
9	<i>The Times of India</i>	India	2,836
10	<i>The Nikkei</i>	Japan	2,729

* Handed out for free in limited quantities, such as on an airplane
Source: World Press Trends 2016: Facts and Figures, <http://www.wptdatabase.org/world-press-trends-2016-facts-and-figures>

fact-based journalism is taken seriously in Japan, which is reflected in high subscription figures for established organisations such as *Nikkei*.

Silver linings for hard news

Although broad trends such as the growing dominance of social platforms, fake news and “news snacking” suggest hard times for Asian news organisations, there are reasons for optimism. Mr Nomura says a more intensive news cycle is forcing journalists to think about how they cover an evolving story in a more dynamic way. Publishers also say that digital data are allowing them to understand more about their audiences, and to reconfigure their content and brands in response. “For publishers, the data you can capture is crucial to improving your product,” notes Mr Wright, who says it has helped his company use subscriber insights to develop new

platforms and write more on issues and stories that are of interest to its audience.

New business models are also emerging. In Australia, The Conversation, a news website, produces reports on academic advances that are then picked up by media across the world, while in 2011 Rappler was founded in the Philippines as a Facebook page dedicated to investigative reporting. Both have innovative business models and robust sources of income: The Conversation is funded by universities keen to publicise their research,³⁷ while Rappler offers commercial products such as native advertising content and social media expertise to subsidise its reporting.³⁸ In China, the designers of a new AI-based news app called Toutiao say they are combatting the filter-bubble effect by directing different types of stories at its 68m active daily users.³⁹

³⁷ “Who we are”, The Conversation, <https://theconversation.com/au/who-we-are>

³⁸ Kevin Anderson, “How four international news outlets are creating truly digitally native content (and making money off it)”, Nieman Lab, March 6th 2017, <http://www.niemanlab.org/2017/03/how-four-international-news-outlets-are-creating-truly-digitally-native-content-and-making-money-off-it/>

³⁹ Will Knight, “The insanely popular Chinese news app that you’ve never heard of”, *Technology Review*, January 26th 2017, <https://www.technologyreview.com/s/603351/the-insanely-popular-chinese-news-app-that-youve-never-heard-of/>

Traditional champions: the resilience of newspapers and TV in Asia-Pacific

The relentless rise of mobile digital media has not spelled the end for all of Asia's traditional media businesses. Smartphones and digital media may have disrupted media consumption in Asia, but people still like reading a newspaper in the morning, listening to the radio in their cars and watching TV in the evening.

The resilience of traditional media in Asia is partly due to adaptation, with businesses moving their content online and often leveraging large TV and newspaper customer bases, and partly based on structural reasons. "Asia hasn't yet felt the full weight of the shift to digital, because newspapers tend to be part of conglomerates or family businesses, as in the Philippines," says Mr Soon, who notes that these business models can shield newspapers from competition that may have forced them to devote more resources to the digital sphere, often because they are held for status rather than as profit-making entities. Other traditional media organisations remain strong thanks to state support, as in China, or strengthen their business models through real-estate income, as is the case with Singapore Press Holdings,⁴⁰ or even investments in professional baseball, as in Japan.⁴¹ However, some remain strong simply because of

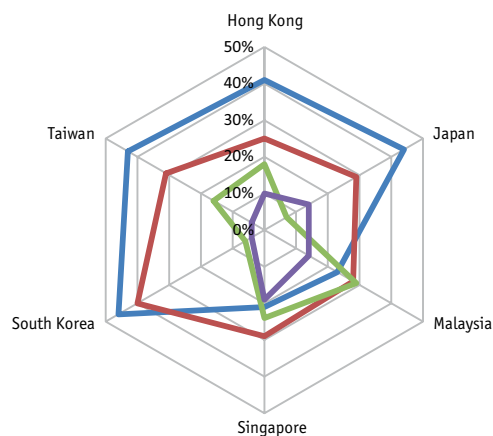
robust continuing interest in traditional media. Newspapers that focus on areas like business are also often in good health. In addition, the purchase of the *South China Morning Post* by the Chinese e-commerce giant Alibaba suggests that digital companies see value in both old-media brands and their physical products.⁴²

There is an obvious demographic and economic component to the resilience of traditional media. In Asia and across the world, younger audiences prefer mobile internet-based media consumption, while older audiences still tend to prefer traditional media such as TV and newspapers. Mr Kajimoto says that in Japan, where over a quarter of the population is over 65, the average age of a newspaper reader is also over 65. A country with the media consumption profile of Japan, with its ageing population and established media consumption habits, often fails to produce innovations in related, economically important sectors like television production and services, says Mr Soon. By contrast, a country like Indonesia is changing rapidly, with a large and younger population increasingly able to afford personal internet devices.

Old-school

The main way people access news in six Asian economies*

- TV
- Online news sites
- Social media
- Printed newspapers



* The percentage represents the share of respondents that had used these sources as the main way of consuming media in the week prior to the survey

Source: Nic Newman, Richard Fletcher, Antonis Kalogeropoulos, David A L Levy and Rasmus Kleis Nielsen, *Reuters Institute Digital News Report 2017*, https://reutersinstitute.politics.ox.ac.uk/sites/default/files/Digital%20News%20Report%202017%20web_0.pdf, p48

⁴⁰ Singapore Press Holdings Limited FY2016 financial disclosure, http://sph.listedcompany.com/newsroom/20161014_182347_T39_LV76JC2ZREEEF6IZ.2.pdf

⁴¹ About the Yomiuri Shimbun Group, <https://info.yomiuri.co.jp/english/about.html>

⁴² Zheping Huang, "How Alibaba is reinventing a 114-year-old newspaper in Hong Kong", Quartz, July 12th 2017, <https://qz.com/1027234/how-alibaba-baba-is-reinventing-the-south-china-morning-post-scmp-a-114-year-old-newspaper-in-hong-kong/>

5

Shared incoherence?

In China they are called *di tou zu*—meaning people who lower their heads—and in Australia they are “phubbers”, people who snub others because they are obsessed with their phones. Across Asia this highly personal form of media consumption increasingly finds people lost in their own personal mobile worlds. Has the rise of digital media come at the cost of social coherence?

To answer this question, one must look at the social fragmentation occurring in people’s wider lives; as Asia develops, traditional communities are splitting and young people are migrating to large metropolises or even another country for work. This trend of migration and the fracturing of traditional communities “completely subverts the typical Chinese inter-generational family,” says Tricia Wang, co-founder of Magpie Kingdom, a consultancy looking at how digital media is consumed in China. “There is a complete disconnect with families, who have no idea what lives the migrants live.” For these migrants, the democratisation of the many-to-many digital media economy and the rise of live streaming have helped many stay in touch with their home communities, particularly in China. Research suggests that traditional cultural themes such as family, tradition and inter-dependence may therefore persist in Asian media despite these changes.⁴³

Beyond the family, the fragmentation of media consumption also threatens wider societal cohesion. “What we’re missing is the playground or watercooler moment of ‘did you see this on

TV last night?’,” says Mr Kemp. He says that such moments are central to the way many Asians relate to others within their societies, for instance by providing shared experiences within a rapidly changing world.

Some shared experiences, however, continue to thrive. Cinematic blockbusters remain calendar events, and streaming services are often built around the release of marquee series like *Game of Thrones*. Live sports will continue to provide a relentless calendar of shared events. Asia is also well placed to lead the world in the field of “eSports”, where the best video gamers compete against each other live online with an audience that can run into the tens of millions.⁴⁴

Screening the self

The most complex aspect of the wider impact of changes in media consumption is at the individual level, especially in the rapidly developing and socially dislocated societies of emerging Asia. Ms Wang of Magpie Kingdom says that the way media consumption happens at this microscopic level is very different to how it is being reported at a macro-level. “If you grow up in an authoritarian society [such as China], where surveillance is normal and there are no expectations of privacy, then people craft completely alternative lives,” she says.

She has also observed that people in China who are finding themselves in new situations, such as students or migrant workers, are using their devices to try on different identities and experiment. What she calls the “elastic self” might

⁴³ Heejung Kim and Hazel Rose Markus, “Deviance or uniqueness? Harmony or conformity? A cultural analysis”, *Journal of Personality and Social Psychology*, 1999, <https://labs.psych.ucsb.edu/kim/heejung/kimmarkus99.pdf>

⁴⁴ Paul Lee and Duncan Stewart, “eSports: Bigger and smaller than you think”, Deloitte, 2016, <https://www2.deloitte.com/global/en/pages/technology-media-and-telecommunications/articles/tmt-pred16-media-esports-bigger-smaller-than-you-think.html#>

“If you grow up in an authoritarian society, where there are no expectations of privacy, then people craft completely alternative lives.”

Tricia Wang, co-founder, Magpie Kingdom

involve a migrant who has one identity with work colleagues, one for communicating with distant relatives and others on social media, perhaps including those with different personalities, interests, backgrounds, sexualities or even genders. This behaviour has contributed to and been shaped by the rise of pervasive platforms like WeChat, which allow users to sync several different devices with one or several identities.

Similar behaviours are evident elsewhere in Asia, especially among those from rigid or hierarchical societies. This includes migrant workers who adopt personas for their days off that are out of keeping with what traditional families might expect of them in, say, Catholic Philippines or Muslim Indonesia. This supports Ms Wilkinson’s observations about women having to jump between different roles that often create friction with traditional members of society, and looking for validation in each of them. In all these cases, this adoption of different identities can be seen as expressive, experimental and empowering.

Ms Wang of Magpie Kingdom argues that this need to rethink identities in fluid and confusing societies explains why so much social media in China, for example, is anonymous, allowing

people to register under whatever pseudonymous identity they wish (though China’s government has recently been cracking down on anonymous online posts).⁴⁵ She says this creates a space in rigid societies for subcultures to flourish, as well as for more malign and unrestrained behaviour to take root.

Researchers are also examining how media consumption is changing language and modes of expression across a linguistically fragmented region. One example is the use of “stickers”, a sort of complex emoji that is available on Line, a messaging app popular in Japan. “It can be difficult to convey emotion and empathy in the written form of the Japanese language,” says Mr Kemp. “Adding emoji and stickers to text-based conversations can help.” He notes there is scientific backing for considering this a new form of language, as the same part of the brain is used to process emojis and interpret facial expressions, adding layers of meaning.⁴⁶ The large, youthful online populations of Asia are breeding grounds for such new forms of communication, and businesses are recognising that they might also help them to get their messages across more effectively.

⁴⁵ Catherine Shu, “China doubles down on real-name registration laws, forbidding anonymous online posts”, Tech Crunch, August 27th 2017, <https://techcrunch.com/2017/08/27/china-doubles-down-on-real-name-registration-laws-forbidding-anonymous-online-posts/>

⁴⁶ Rose Eveleth, “Your brain now processes a Smiley Face as a real face”, *Smithsonian*, February 12th 2014, <http://www.smithsonianmag.com/smart-news/your-brain-now-processes-smiley-face-real-smile-180949732/>

Conclusion: consuming trust

The smartphone revolution that has put affordable, personal and mobile internet access into people's pockets has had an especially profound impact on media and content consumption in the Asia-Pacific region. Smartphone users go online frequently and as an integral part of their normal daily routines, wherever they are. As Mr Nguyen points out, "people don't even think of it as being on the internet. They just use their phones." In Asia, this has allowed routinised online media consumption in a region with several large, youthful populations and societies being transformed by rapid economic growth.

On the face of it, much of the media being consumed is essentially trivial, part of the region's wider arenas of pop culture, entertainment and consumerism. There are legitimate concerns that serious news organisations are struggling to get their voices heard, or even stay in business, and that new internet users lack the experience and analytical skills to discern fake news and fluff from good journalism. At the same time, formerly marginalised groups like Indonesian women and Chinese migrant workers are gaining more access to information and control over their own economic, leisure and social lives.

The way media is being consumed in this changing Asia world is also fundamentally about trust. Companies, media organisations and governments alike are recognising that their futures depend on the trust consumers have in them. This touches

less on Western notions of data protection, and more on areas of functionality and reliability, especially in countries and societies in flux. Ms Wang of Magpie Kingdom, for example, says that fostering trust in strangers, whether through experimenting with online identities or using WeChat to pay for a purchase, is one of the great advances of this new ecosystem. She argues that trust is a building block for constructing civil society, and that the trivial and consumerist nature of interactions creates a necessary "safe space" where people can avoid controversial issues in an authoritarian country. The same can be said for those moving away from the strict hierarchies or structures of other rapidly developing societies like Indonesia and the Philippines.

These media consumption dynamics are creating opportunities for Asian nations to innovate in areas such as online services and platforms, chatbots and advertising. The region's demographics and economic growth rates will help fuel this. One of the biggest challenges to widespread innovation is Asia's linguistic and cultural fragmentation. Perhaps the development of new forms of language and communication will overcome that fragmentation, or perhaps a world-beating media champion is in the making in a Jakarta start-up office or Beijing technology park. The media itself may be trivial, entertainment-based and sometimes misleading, but the implications are very serious indeed.

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