

IPSOS BUSINESS ELITE SURVEY

BE:ASIA

Media and Business Insights Survey



part of





Welcome

In this presentation we will be looking at how the media consumption and other behaviours of the Asian Business Elite have been evolving - uncovering what life has been like for them in the past year.



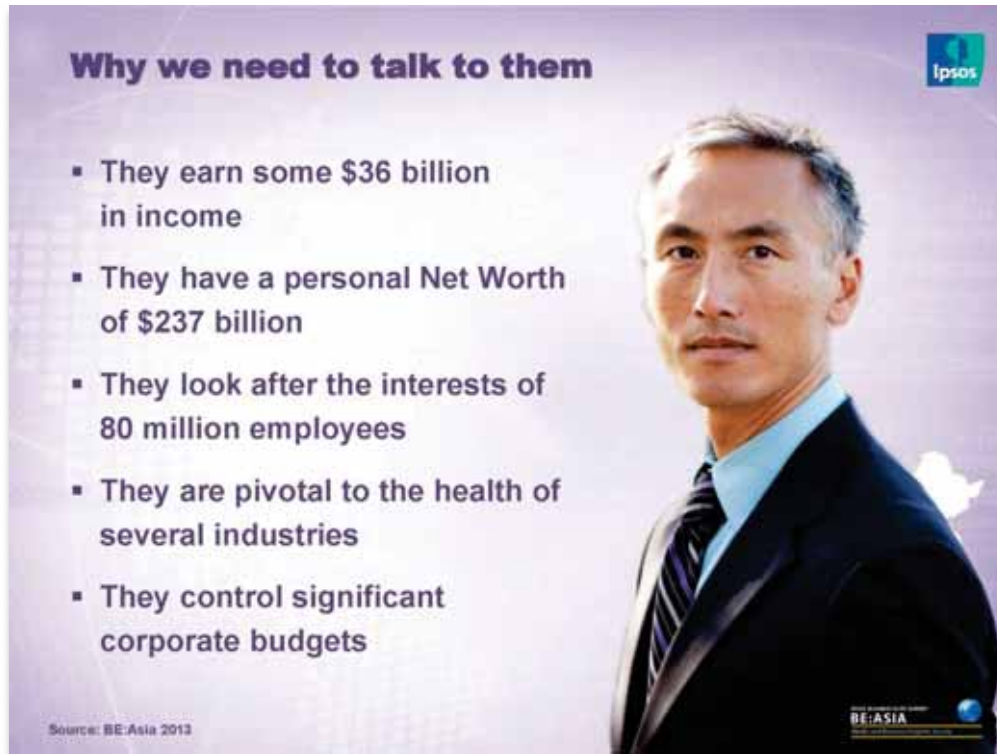
Sponsors

First we would like to thank all the sponsors who continue to make this survey possible. They are listed on this chart.



How we define them

The Business Elite are defined as the most senior decision-makers in medium and large-sized companies, with slightly different company size definitions in Hong Kong and Singapore compared to the others. Large banks and insurance companies, which have small numbers of very senior staff, are also included in our sample of establishments.



Why we need to talk to them

- They earn some \$36 billion in income
- They have a personal Net Worth of \$237 billion
- They look after the interests of 80 million employees
- They are pivotal to the health of several industries
- They control significant corporate budgets

Source: BE:Asia 2013

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Why do we need to talk to them?

It is important to re-iterate why they are such an important target audience to so many brands. As the chart shows, they have very high personal incomes and wealth levels and they are responsible for millions of employees. They are also amongst the heaviest travellers, which underlines their importance to businesses like airlines and hotels, where small numbers of people – people like the Business Elite – represent a disproportionately large share of their revenues. For business-to-business advertisers too, they are

ultimately responsible for the largest business investment decisions such as those in real estate, IT and other capital projects for their companies.



How do we reach them?

We cannot reach these people through more traditional random routes. So we start with their companies. Having drawn up a list of all the medium and large companies in which we are interested using multiple desk sources such as local business directories, the next stage is to select a sample of these companies to contact. The initial contact is by telephone, both to verify the directory data and to find out the incidence of certain types of senior decision-maker at the Establishment we are calling. Apart from the CEO, many will have heads of Finance, IT, HR and

other functions which we need for estimating the universe of these people. In the call, we also get contact details for the most senior person and one or two others to which we can send a personally-addressed questionnaire. They are invited to fill this out either by mail or online. A US\$5 cash note is provided in the envelope to show that we are serious.



Global Currency

This approach is adopted across all 36 of the markets in which the Business Elite survey is run.



How does the Asia executive compare?

This chart shows some of the highlights of surveys we run in Europe, the USA and Asia and how the BE respondent compares between the regions.

What we ask them about



Media



Travel

- Personal/business
- Frequency
- Class
- Destination
- Nights spent in hotels



Personal

- Cars
- Luxury items
- Finance
- Attitudes
- Net worth
- Demographics



Business activities

- Business activity of company
- Number employed
- Job position
- Areas of responsibility
- Decision making – areas/budget
- International business



What we ask them about

In our questionnaire, we quiz them about their media habits, travel behaviour, ownership of certain luxury or high-end goods and their level of involvement in business activities and investment decisions.

2013 Story...



- Sustained economic recovery in progress
- Led by high investment levels
- Business Elite still high earners and spenders
- Digital platforms growing
 - But traditional platforms still healthy and dominant



2013 Story...

Our key themes for 2013 are much the same as in 2012: economies are growing again after the tribulations of the GFC. The Business Elite remain high earners and spenders and, of course, they are at the forefront of the digital revolution in media consumption. Multi-platform media consumption (e.g. reading the news on different platforms at different points in time) continues to grow, albeit more slowly. Total media consumption has risen as a result of this, with usage of traditional platforms such as printed copies still high.



Leadership

Businesses and companies exist to make money for their owners, shareholders and employees. The Business Elite's role is to lead companies towards this goal, against whatever economic backdrop they are presented with.



Rollercoaster ride

As almost anybody in work today will know, companies have continuously re-structured, cut costs and encouraged revenue growth, creating a rollercoaster ride for everybody involved.

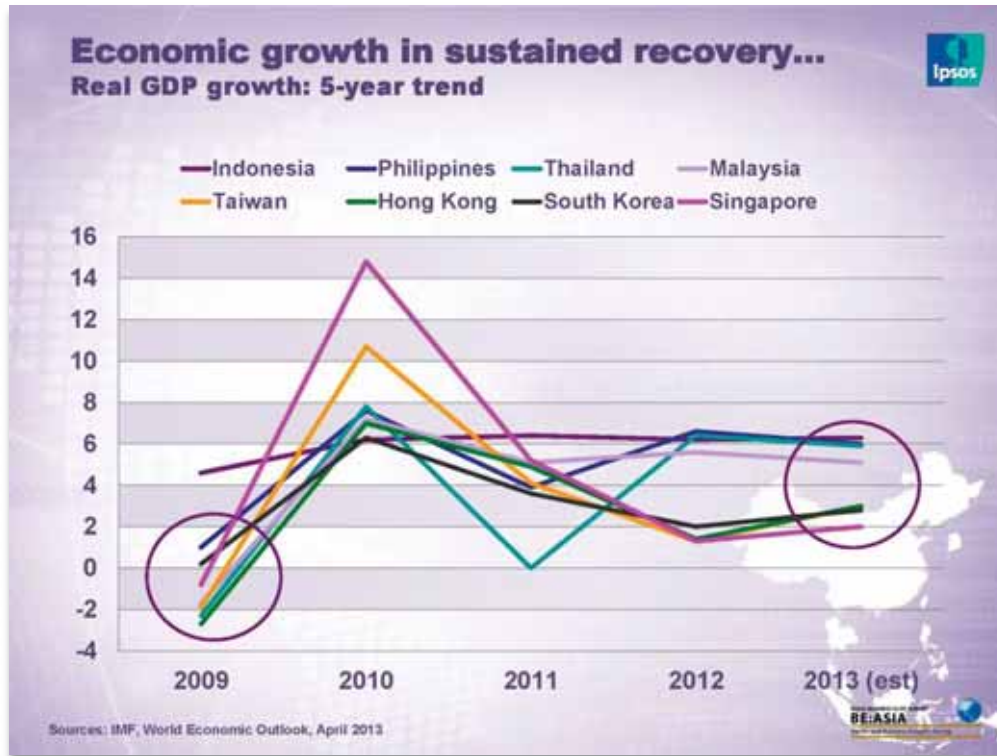


Adaptation

Charles Darwin said it best when he noted that

'It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change'.

Businesses have to change when the world around them changes. The Business Elite are at the forefront of these changes.



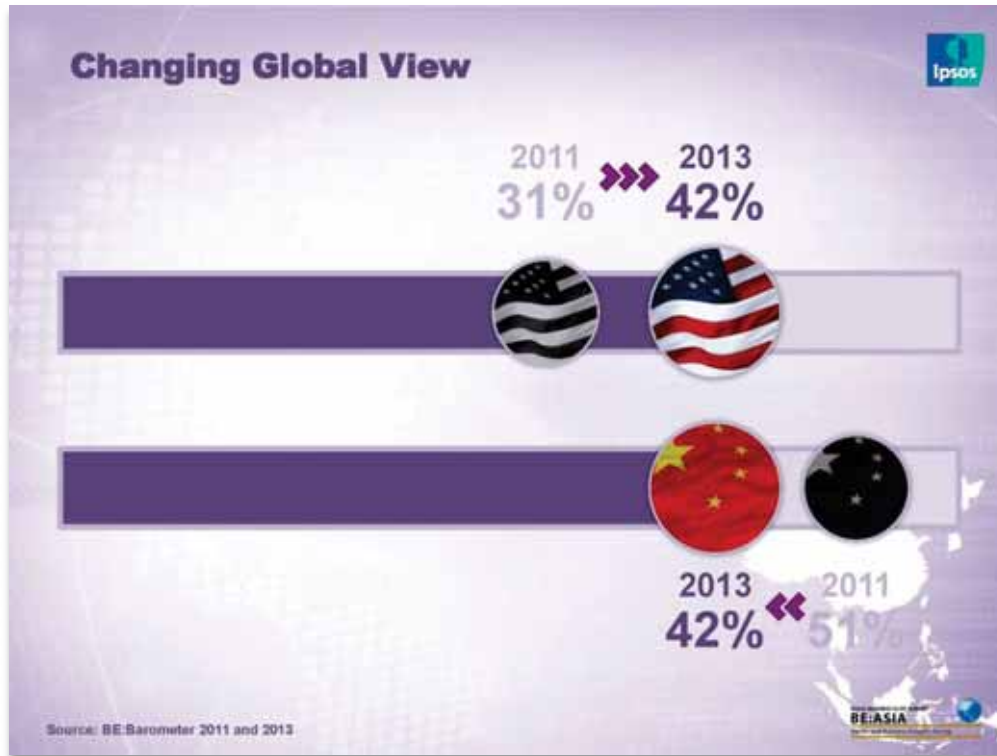
Economic growth in sustained recovery

As this chart shows, the economies of Asia have come out of a troubled few years in and around the GFC and are now showing stronger, more sustained economic growth across the board.



Still way ahead of the pack

And Asia is still in the top rankings of economic growth. Most countries are ahead of the global average growth over the past five years; all are ahead of Europe.



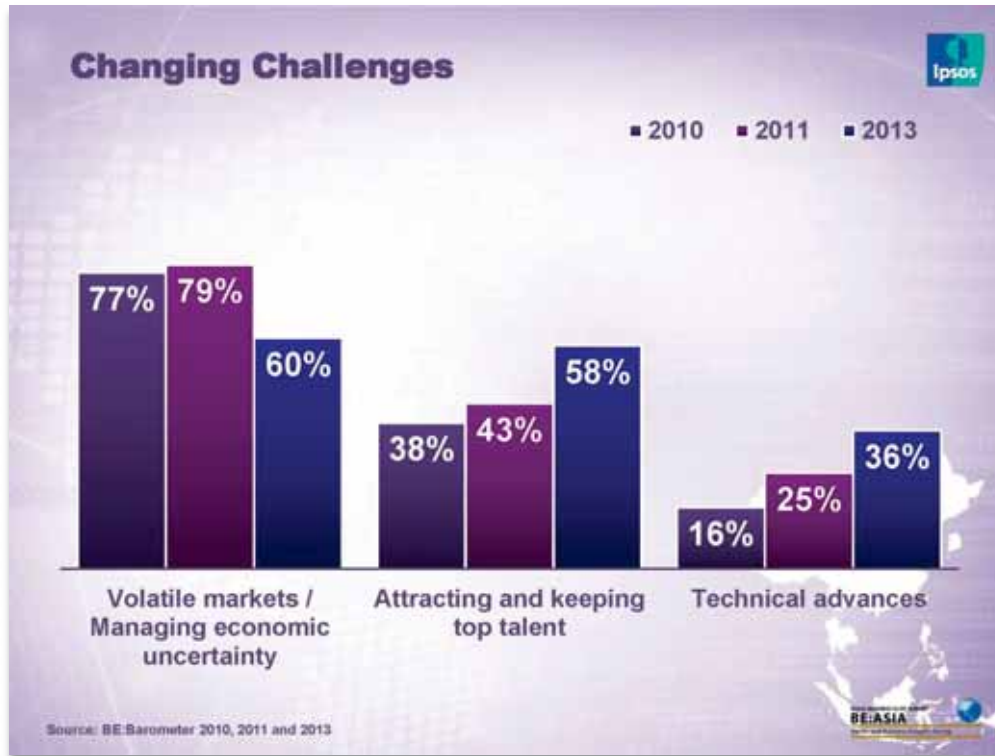
Changing Global View

The Barometer is a regular recontact survey that we conduct amongst the Business Elite. Topics include the economy, challenges that face their companies and a number of questions around their personal lives and media behaviours.

One of the questions asked both in 2011 and 2013 was who they thought was leading the world economy. The last time we looked at this question two years ago, the world was in deep crisis, and China was emerging as a powerful player on the global field.

However, with the US in recovery and China's figures recently coming out somewhat weaker, our barometer results show that the region the business elite are viewing as leading the world economy has shifted.

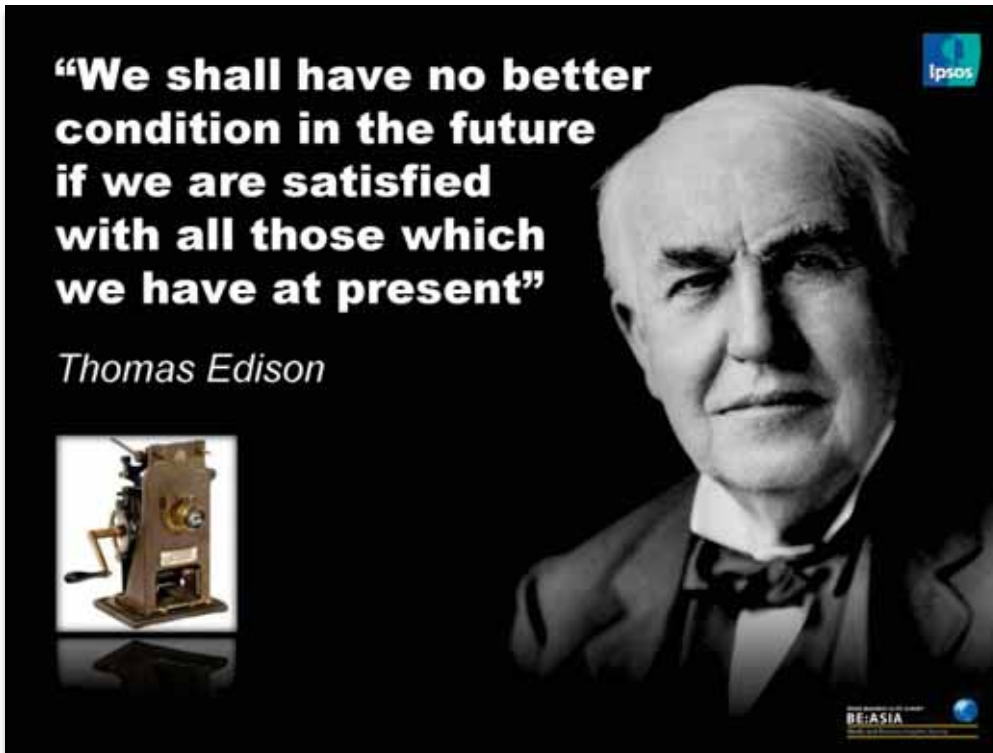
There's growing confidence in the US and less in China. Both are now viewed equal – a very different story to two years ago, and again something that business needs to adapt to.



Changing Challenges

Probably unsurprisingly – given these more positive economic signs from Europe and the continuing maturing of the Asian markets – we see less of the Business Elite citing volatile markets and managing economic uncertainty as one of the biggest challenges facing their companies. Focus is shifting to other areas.

The quickening pace of technological advancements means that this is becoming ever more challenging.



“We shall have no better condition in the future if we are satisfied with all those which we have at present”

Thomas Edison

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No complacency

Thomas Edison said that

‘We shall have no better conditions in the future if we are satisfied with all those which we have at present.’

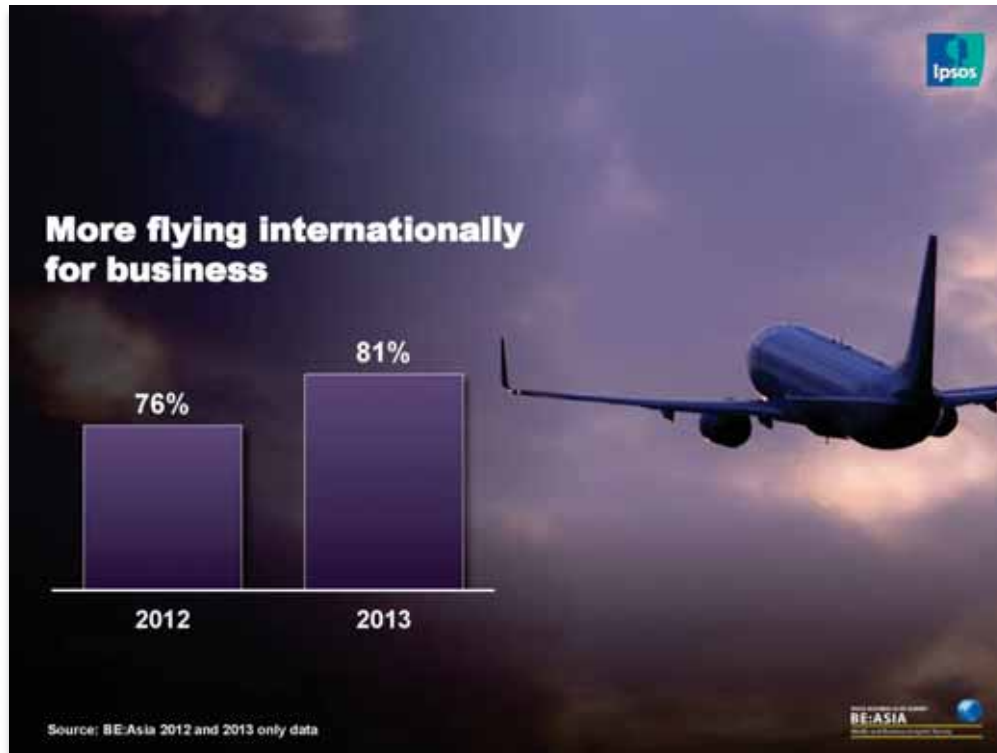
Not becoming complacent on the back of some positive economic signs is vital – the recovery is very fragile. Permanent innovation and development is key, and the Business Elite recognise this.



Combined budgets are up

Technology developments that allow innovation require continued investment, something that the Business Elite influence and drive – spend is at the highest since the recession began.

Their combined budgets are up from \$48 billion to \$55 billion. With budgets like that they remain a key target for B2B advertising and marketing.



Still travel enormous amounts

And while technological developments might make it easier to conduct business via telephone and video conferencing, this certainly has not taken away from the Business Elite's need to travel. They still travel enormous amounts, with 81% traveling long distances and altogether clocking up more than 2 million business flights per year.



Mostly in business or first class

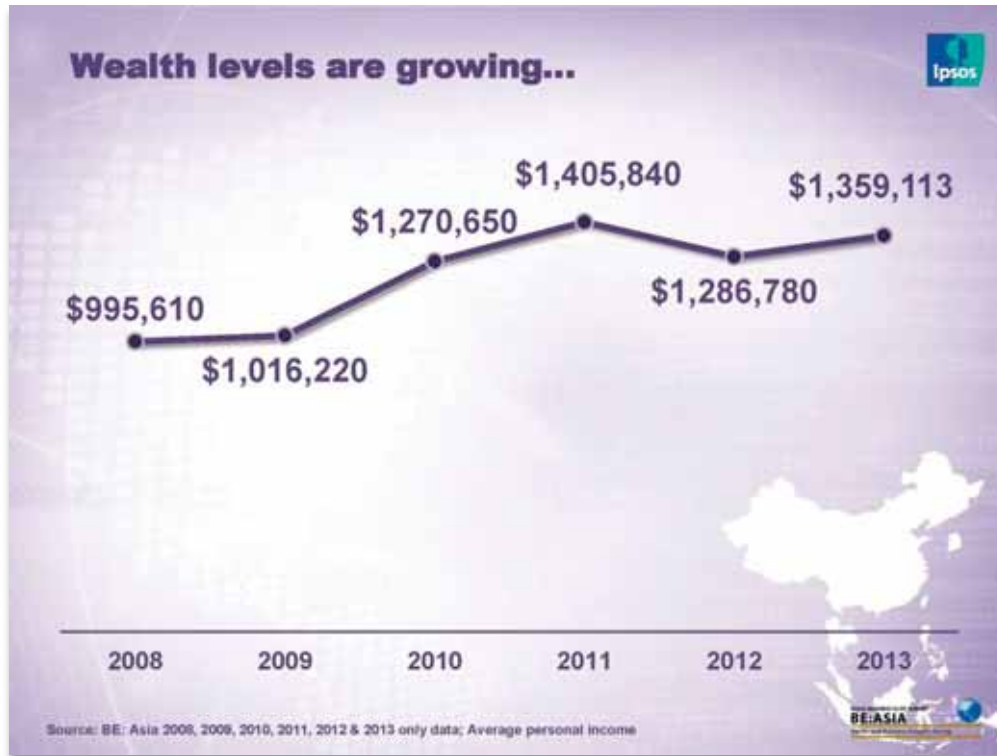
And, not only do they still travel as much, they also still travel mostly in business or first class, certainly on international travel, where 46% of Business Elite manage to get a proper night's sleep in the sky. However with the introduction of premium economy on more airlines the Business Elite are increasingly seeing this as an option to travel as well.

Given their travel habits, they remain a key audience for airlines wishing to reach those few who travel regularly, at the front of the plane.



Earnings are recovering

So while the business environment worldwide is showing some positive signs, the Business Elite have taken advantage of the increased focus on retaining and attracting the top talent with a 12% rise in income compared to 2012, when they had to suffer a dip due to the more challenging economic circumstances. They now earn on average more than US\$200,000 per year.



Wealth levels are growing

While we saw their net worth suffer last year in the economic climate their net worth has now increased again, although not quite as strongly as their income has.

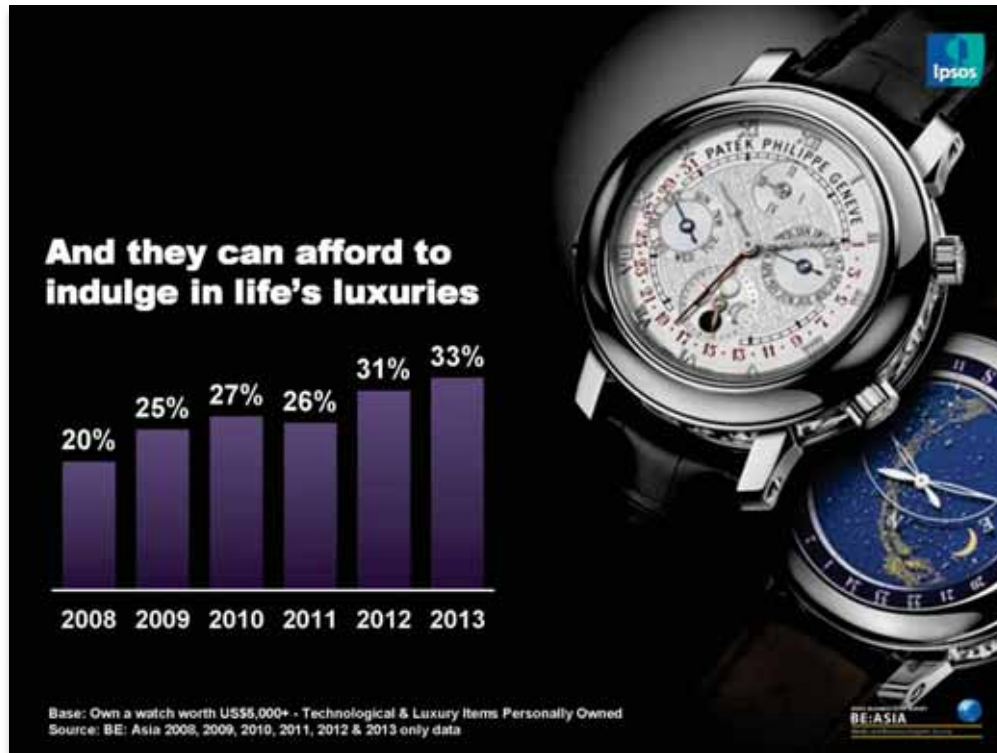


Investments

The Business Elite have not been complacent in their investment strategies either. Trying to make the best of the uncertain situation they continuously make changes to their investment portfolios – gold, precious metals and fixed income products have been increasing. A very different picture from Europe, where amongst the wealthiest Business Elite gold has been declining steadily for the past few years.

And similar to what we are seeing in other regions the Business Elite are taking advantage of the

economic situation by expanding their property portfolios, whether as an investment property or as a holiday home.



Life's Luxuries

So the Business Elite continue to remain some wealthiest individuals around. They have money to spend – and it's getting spent on those little luxuries....

So for example around a third own a watch worth US\$5,000 or more.



Appearance should reflect status

In 2013 we introduced a number of new statements on the survey that were already asked in other regions, and the results clearly showed some of the cultural differences.

Asian Business Elite find it much more important than their European counterparts to have their appearance reflect their status, which is also shown in the fact that they are good customers of luxury clothing, accessories and jewellery brands.



Other luxuries

They also like other luxury, like expensive holidays, and we have seen increasing investment, and probably enjoyment as well, fine wine and champagne.



3 words to describe themselves

But things have not all been smooth sailing for the Business Elite. In the Barometer we asked them for 3 words to describe themselves.

We had done the same two years ago and the focus then was on words such as flexible, dynamic and inquisitive – these very much reflected their awareness of the need to adapt, recognising the fundamental change to the business environment. However, the results this time around were somewhat different. Key themes coming through include

hardworking and responsible - reflective of the unpredictable and at times tough economic climate these business elite have been facing.



Working more hours

39% said they are working more hours compared to a year ago and only 6% are working less.

Reasons for this include: 'More pressure, less people' and 'My job is becoming more complex' which is possibly to do with increasing pace of change in technology.



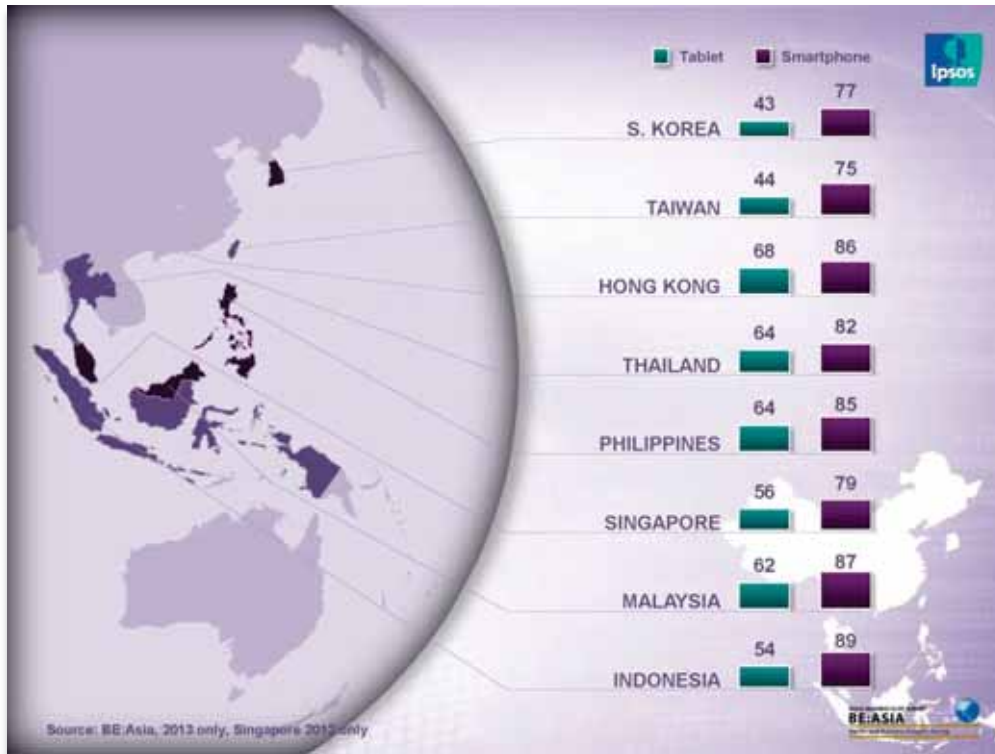
Fully embracing mobile media.

The digital environment certainly has contributed to this as alluded to by some of our Business Elite. Information is accessible 24/7, the whole world is a potential market and when one market closes another opens. The pressure is on, and even more so for the Business Elite. Not surprising then that they are the ones who fully embraced mobile media.



Smartphone and tablet ownership growth slowing

While last year we still saw strong growth in smartphone and tablet ownership, this year the market is showing signs of slowing. 81% of the total business elite now own a smartphone. Tablets still increased from 51% to 58%.



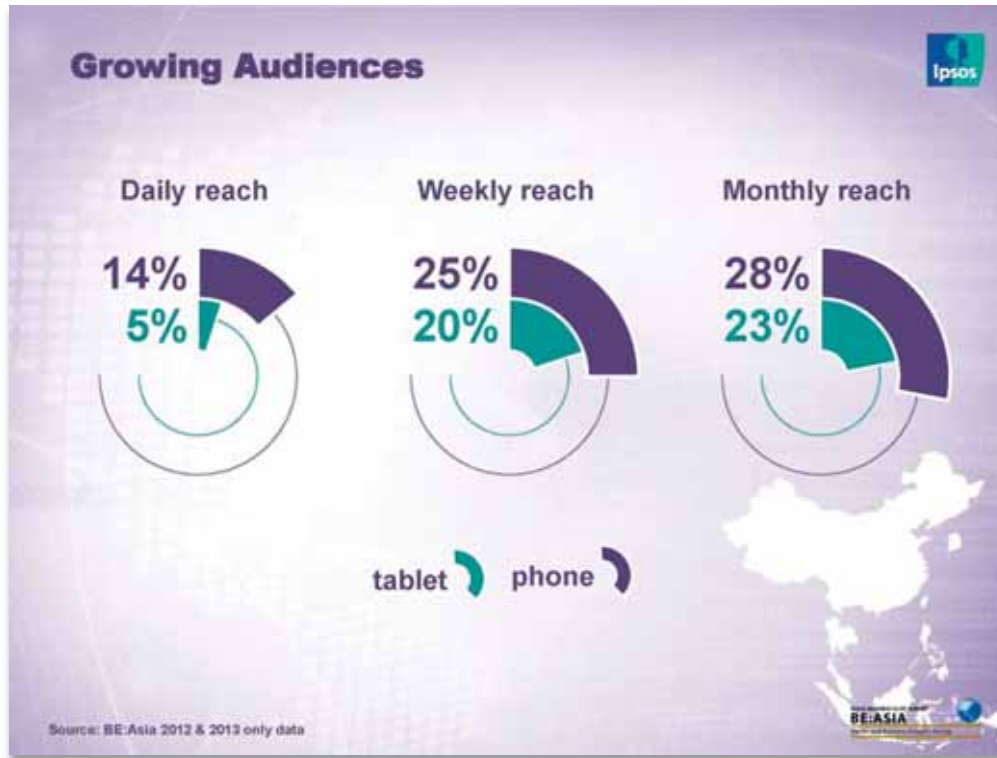
Adoption patterns

However there are some striking differences in adoption patterns amongst the Business Elite in the countries we measure, with Taiwan and South Korea seemingly falling slightly behind in this area. Interestingly, if we look at the combined penetration of these mobile devices, it is Indonesia that is leading the way with 94% owning either a smartphone, a tablet or both.



Embracing digital media

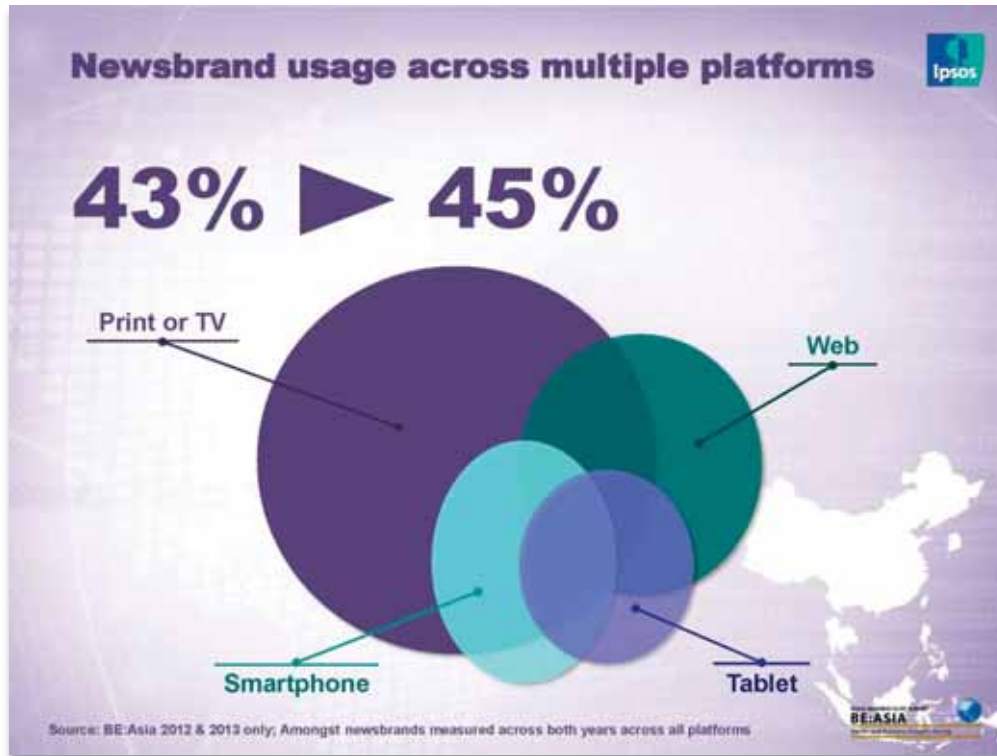
The Business Elite are embracing digital media in general. Not only are the Business Elite reading and to a lesser extent writing more blogs and are actively engaging on various social networks. And our Barometer results showed that the Business Elite on mobile platforms more often use them for news consumption, and are accessing more of it as well.



Growing Audiences

The uptake in tablets and smartphones has further grown in these audiences, however interestingly the strongest growth for smartphones for consumption of the brands we measure was in daily reach, while for tablets this increase started more at weekly reach, clearly indicating different types of usage. This confirms what we had already seen in the qualitative research we presented last year, where smartphone usage was much more about

being up to date and short bursts of news, and tablets more about in depth information and leisure.



Newsbrand usage across multiple platforms

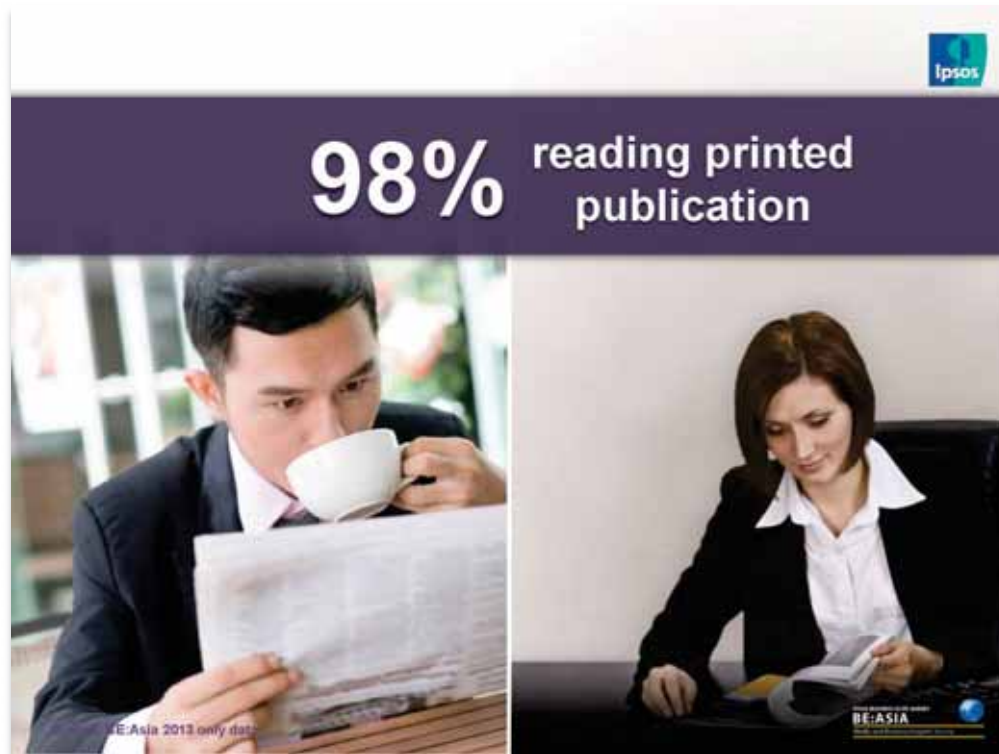
Looking at how this is spread across the different platforms, we see that while initially there was a strong growth in using multiple platforms to access the same brand, these patterns now seem to have settled. Just under half now use more than one platform to access any of our international news brands measured. So over the past few years new habits have been formed, and one could wonder whether with markets close to saturation point there will

be any development in the near future that could create further change in these patterns again.



End of traditional media platforms?

So, is this the end of traditional media platforms then? Is this where our TV's, newspapers and magazines are going to end up?



Readership is very healthy

No, certainly not. In fact, year on year readership is very healthy, with 98% of business elite picking up a newspaper or magazine, similar to last year.



Similar picture for TV

And a similar picture emerges for TV, with as many Business Elite, if not slightly more, watching any of our channels as last year, despite the take up of alternative platforms.



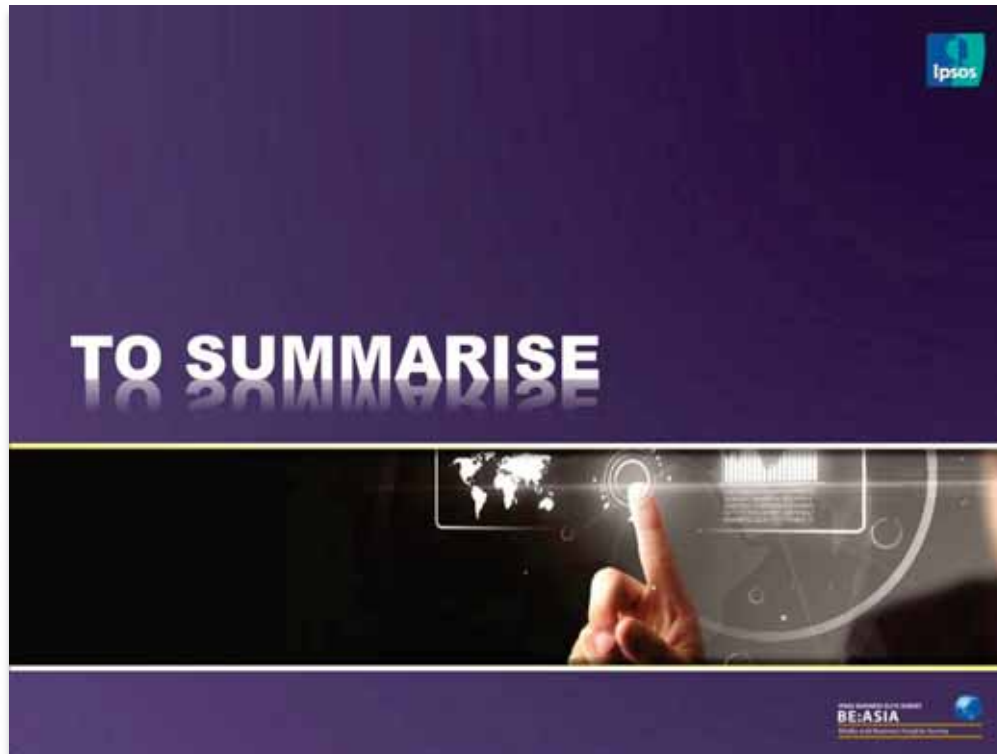
Regional strengths

Comparing the media environment to the other regions the Business Elite in Asia value company advertising much higher as a source of business information.



Business Elite remain brand loyal

As we saw last year, the Business Elite remain brand loyal. And in fact, the new platforms do not erode the audiences, in many cases they add to it due to the convenience and availability. So, looking at total brand reach (the reach of a particular media brand across all of its platforms) has in fact on average increased by 9% compared to last year.



Summary

Key Takeaways



- The Business Elite remain a key target audience for business to business and consumer advertising.
- Their level of wealth is increasing again and they are keen consumers of luxury products.
- They are embracing digital platforms from which to access media, but not at the expense of traditional platforms. They remain very brand loyal.



Key Takeaways

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- Their level of wealth is increasing again and they are keen consumers of luxury products.
- They are embracing digital platforms from which to access media, but not at the expense of traditional platforms. They remain very brand loyal.



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