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Asia Pacific Predictions 2023

Fortune Favours The Bold And Focused

The past two years have necessitated big swings and quick thinking. In 2023, smart business leaders will get focused — pruning efforts that aren't bearing fruit and prioritising long-term growth. The war in Europe and resulting global economic slowdown are forcing firms in Asia Pacific to find new growth drivers and lead with purpose as uncertainty rises. Most will struggle, however, to find a balance between investing in transformation and growth while simultaneously embracing environmental sustainability, resilience, and employee empowerment.

Trust will be at the forefront of business operations in 2023. Customers are increasingly weary of organisations playing fast and loose with their personal data, and regulators aren't far behind. And it won't stop there — fuelled by the ire of fed-up customers and employees, regulators will scrutinise greenwashing, misinformation, and employee surveillance.

The interlocking market dynamics of 2023 will require business leaders to adhere to a long-term strategic vision while operating within unknown territory. A laser focus on their organisations' missions and strengths — and a willingness to shed distractions that don't move the needle — will be the defining factor of success in 2023.

Consumer demands spur adoption of modern payment technologies

The RCEP and regional payment networks will boost cross-border commerce by 20%.

In 2023, the global economic downturn will dampen trade, but APAC cross-border commerce will grow rapidly. The Regional Comprehensive Economic Partnership (RCEP) agreement removes tariffs, promotes e-commerce, and eases barriers and restrictions to regional trade for small- and medium-sized businesses.

Modern cross-border payment networks are poised to replace the 50-year-old SWIFT system. QR code-based systems, multi-central bank digital currency pilots across Southeast Asia, China's Cross-Border Interbank Payment System, and India's Unified Payments Interface use modern technology like blockchain and APIs for interoperability. Businesses and consumers will benefit from faster, cheaper, and more transparent cross-border payments and commerce.

To meet customers' growing e-commerce demands, retailers and banks must invest in developing modularised and API-based solutions that can easily integrate with APAC's new payment networks.

Firms in Asia Pacific fail to nail hybrid experiences

Eight in 10 new omnichannel programs will fail to deliver customer or business value.

After overpivoting to virtual engagement during pandemic lockdowns, firms are reprioritising in-person customer experiences to improve quality. While there is a legitimate need to better serve customers seeking in-person engagement, most APAC firms still take a siloed approach that is more multichannel than omnichannel, focusing on disjointed tactical improvements to store and branch operations, such as overhauling branch layouts or recruiting and training branch staff. These disconnected initiatives will neither meet customer demand for real-time, connected, and personalised services across channels nor deliver the expected return on investment.

Less than 20% of APAC firms will implement a customer-obsessed approach via an experience architecture enabled by customer-centric business practices, good data, adaptable platforms, and connected employees and partners. The rest will be left playing whack-a-mole across physical and digital channels.

Greenwashing becomes a serious business risk

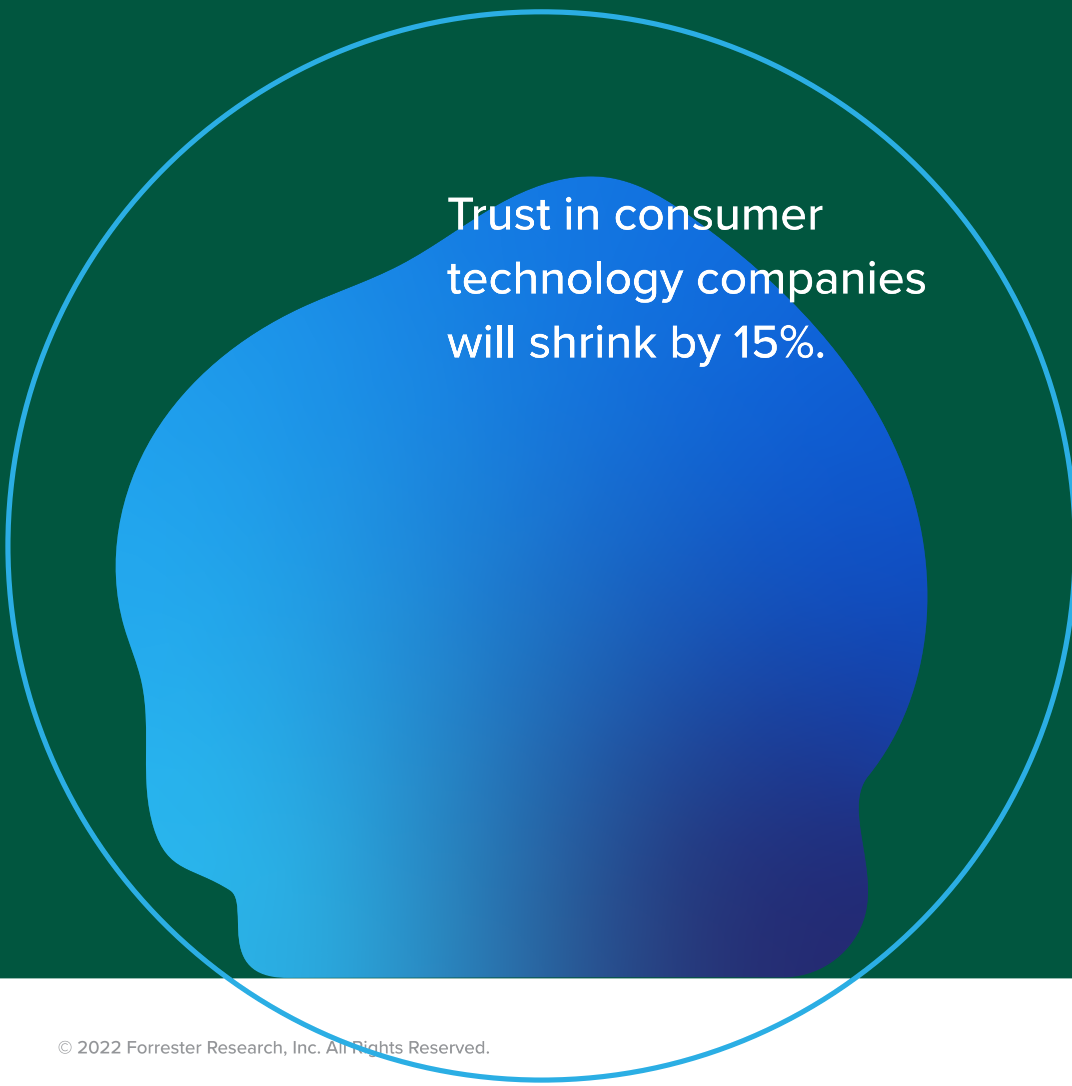
At least 50 firms in APAC will be penalised for performative ESG efforts, with five facing severe regulatory fines.

Values-based consumers are forcing firms to publicly commit to environmental, social, and governance (ESG) efforts, but pressure to act quickly will lead some to misrepresent or overstate their actions. Offenders could face penalties of US$10 million or more as APAC regulators follow in the footsteps of their US and European counterparts and clamp down on misleading ESG claims. The Australian Securities & Investments Commission is already investigating firms for greenwashing.

Firms also face brand damage from bad press and negative word of mouth: In 2022, companies celebrating International Women's Day on social media had their own gender pay gaps publicly exposed.

Avoid performative action and build trust in your ESG messaging by acting with authenticity, openness, and transparency at all times and acknowledging your mistakes with empathy and courage.

Scandals at tech companies burn through consumer trust



Trust in consumer technology companies will shrink by 15%.

During the pandemic, technology firms reached an unprecedented level of popularity. More than 50% of online adults in APAC markets — Australia, metro China, metro India, Hong Kong, Malaysia, and Singapore — trust consumer tech companies, according to Forrester's Consumer Trust Imperative Survey, 2022. But the honeymoon is coming to an end.

In May 2022, the software stock market recorded a dramatic decline in value. Meta reported its first-ever revenue drop. Post-pandemic, reduced tech dependency will combine with trust and privacy issues — including an inability to protect users from emerging risks and a lack of effective ethical measures in digital environments — to progressively erode consumers' trust. We predict that by the end of 2023, consumers' trust in tech companies will shrink 15%.

But the reduction in consumer trust will reach far beyond the consumer tech category. It's already happening: In 2022, consumer trust in banks fell for the first time in several years. Reduced trust carries a negative impact for the entire value chain, so organisations that partner with consumer tech firms will benefit from prioritising third-party risk assessments and management.

Automation investment becomes more focused

Process intelligence will revive 20% of failing RPA programs.

Robotic process automation (RPA) is the first step on most enterprises' automation journey, both to drive efficiency and productivity and as a stepping stone toward creating a broader automation fabric to turbocharge digitisation. While most large firms in APAC have adopted RPA over the past five years, many struggle to identify high-value processes to automate.

Modern task- and process-mining tools help aggregate data from application event logs, patterns from employees' desktop interactions, and context from work communications and then apply machine learning and visualisations to blend data and surface insights. Firms use these insights to optimise work, improve processes, and identify automation opportunities.

As APAC has 11% of the global market for process intelligence, in 2023, as many as one in five firms in the region will adopt process intelligence solutions to reinvigorate stalled or flatlining RPA programs.

Martech costs rise, but B2C CMOs are willing to pay

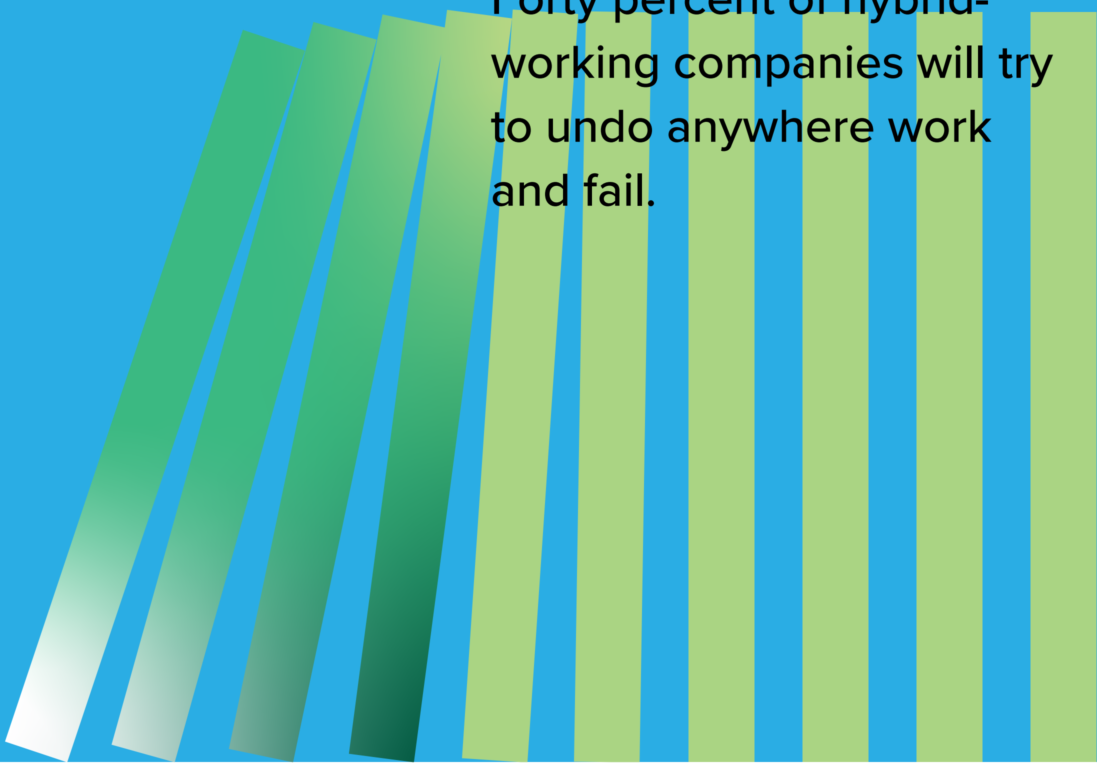
Marketers will spend 20% more for martech in 2023.

Marketing technology (martech) spend and the number of categories and vendors have grown steadily for years. In 2023, increasing costs, fundraising struggles, and intensifying competition will force a market correction. Martech vendors across categories will scramble to differentiate — whether through focused functionality such as a customer data platform, mobile-specific solutions, or industry concentration like in hospitality or healthcare. Vendors in the enterprise marketing suite category are already breaking into specialised segments.

With fewer vendors attempting to meet (and communicate) end-to-end marketing needs, B2C marketers will have an easier time matching solutions to their capability gaps. But this comes at a cost: For most buyers, rising licensing fees, a fragmented vendor ecosystem, and more integrations will equate to higher martech expenditures.

Leaders try to force employees back into the office, with disastrous results

Forty percent of hybrid-working companies will try to undo anywhere work and fail.



Forrester's Future Of Work Survey, 2022, shows that 68% of employees who can work remotely say they hope to work from home more often than they did pre-pandemic. But not all leaders are convinced. Some firms, including Goldman Sachs, are forcing a return to the office. In 2023, we predict acute confrontations within companies that don't listen to and collaborate with employees in shaping hybrid-work policies. Adherence to in-office policies is already sketchy at best, and the threat of attrition looms large.

As economic uncertainty enters the anywhere-work calculus, we predict that 40% of hybrid-working companies will try to undo their anywhere-work policies, telling employees to come into the office more frequently. Expect headlines that a major bank is firing employees who don't comply. Leaders: Don't be one of the 50% of companies that will battle their employees and suffer a loss of productivity due to labour unrest.

Metaverse experiments fall short of capturing the public's imagination

The metaverse needs a "Pokémon GO" moment — and we won't see it in 2023.

Augmented reality (AR) was invented in 1968, but it didn't hit the global mainstream until 48 years later with Niantic's 2016 launch of Pokémon GO, which made AR accessible and approachable with a smartphone game. Few consumers see this kind of value yet in the metaverse. According to Forrester's Media And Marketing Benchmark Recontact Survey, 2022, the majority of online adults in metro China (55%), metro India (68%), and Australia (68%) prefer to have social experiences in person.

In 2023, we'll see lots of "metaverse washing," but smart brands will bypass simple repackagings of old immersive media experiences and do new things. This will involve reimagining hybrid experiences to seek new sources of revenue, insights, and customer engagement.

B2B demand leaders deliver satisfying experiences across the customer lifecycle … or struggle

The number of demand teams reporting into sales will jump to 20%.

As demand teams face waning leads-based contributions to revenue results, the number of these teams reporting into sales organisations will spike to 20% by the end of 2023. Too many companies will make this move in a misguided attempt to improve alignment at organisations with underperforming revenue engines. But reconfigured reporting lines alone will not fix alignment issues — nor can they correct for demand organisations that myopically prioritise the delivery of more tactics ahead of generating meaningful value for prospects and customers.

Success, regardless of where demand marketing reports, will depend on demand leaders fully embracing their role in delivering satisfying experiences across the customer lifecycle. That will require marketing and sales to evolve their alignment and integration in order to support buyers and customers. This cannot be achieved until both their internal operations are tuned to address buying groups and multiple opportunity types.

The talent crunch pushes tech executives to seek new sources of candidates

One in three tech execs will tackle talent challenges with alternative partners.

The technology talent needed to transform businesses, amp up the hybrid cloud, and build new applications that drive growth and differentiation remains in short supply. At any time, there's an average of 200,000 open tech jobs that cannot be filled due to a lack of suitable candidates. To plug the gaps and improve capacity and skills in 2023, one in three tech executives will go beyond their traditional tech service provider partners to source talent more broadly and with an eye on better pipelines.

First, in the Forrester Analytics Business Technographics® Business And Technology Services Survey, 2021, 42% of APAC services decision-makers in enterprise organisations said they expect to increase their use of freelance talent marketplaces — such as Catalant, Topcoder, Toptal, and Upwork — to support a healthier on-demand talent strategy. Second, they'll do deals with computer science schools. And finally, they'll tap the learning resources of providers like Infosys Springboard and Salesforce Trailhead to upskill teams and build new pipelines for the future. Technology executives will find value in pursuing a mix of all these paths while closely collaborating with hiring managers.

Monitoring technology riles the ire of employees

A C-level executive will be fired for their firm's use of employee monitoring.

With anywhere work, some employers have turned to electronic monitoring to track employee productivity. Methods range from keystroke recording and desktop snapshots to more invasive surveillance via webcam. These efforts can violate data protection laws such as the General Data Protection Regulation (GDPR).

In 2023, expect more lawmaker attention on workplace surveillance. Also, expect more employee backlash, strikes, and labour organising in response to surveillance. Whistleblowers may also demand access to monitoring data to support allegations of labour law violations.

Smart security and risk teams will prioritise privacy rights and employee experience if implementing any monitoring technology, whether it's for productivity, return-to-office strategies, or insider risk management.

Industrial firms in APAC lead industry cloud adoption

Implementation of in-region digital industrial platforms will rise by 30%.

Geopolitical friction and post-pandemic challenges are driving APAC firms to prioritise digital transformation and regional collaboration for business resilience and technology self-reliance. Among business and tech pros in the region who said that using platforms is a high priority at their firm, 43% already use industry-specific cloud solutions.

Accounting for 45% of global industry value added, APAC's manufacturing, construction, utilities, and other industrial firms will lead industry cloud adoption via digital industrial platforms (DIPs) that enable firms to connect and analyse industrial data, bridging the physical and digital worlds to deliver sustainable customer value. They also help firms improve product lifecycles by connecting industrial applications to e-commerce and social platforms.

With government encouragement such as Japan's "connected industries" and South Korea's "manufacturing renaissance" visions, firms in China, Japan, South Korea, and Australia will accelerate DIP adoption in 2023, forcing others to follow suit or be left behind.

The Uncertainty Of 2023 Requires A Steady Approach

In 2023, successful companies will ensure that all actions flow from their core mission. Eschewing tempting but potentially destructive short-term gains won't be easy in a shaky economy. Moments like these have the power to accelerate the performance of companies that manage to weather the storm.

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