SPEECH BY MR S ISWARAN, MINISTER, PRIME MINISTER’S OFFICE AND SECOND MINISTER FOR HOME AFFAIRS AND TRADE & INDUSTRY AT THE OFFICIAL OPENING OF THE INSTITUTE ON ASIAN CONSUMER INSIGHT AT MANDARIN ORCHARD HOTEL, SINGAPORE, ON FRIDAY, 30 MARCH 2012, 0915 HRS

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Distinguished Guests, Ladies and Gentlemen,

Good day to all of you.

Introduction
1. I am pleased to join you this morning for the official launch of the Institute on Asian Consumer Insight (ACI). This Institute is the first of its kind in the world to undertake the study of Asian consumer behavior and glean insights to guide business models.
2. The formation of the ACI in Singapore is opportune, as global challenges and developments of the last decade have reinforced the shift in economic focus to Asia. Growing urbanisation, infrastructural development, and increasing consumer demand in the region have led many consumer goods companies to invest resources and grow their operations in Asia, and to capture opportunities in these growing markets more effectively.

**Asia growth story – companies need to be in Asia for Asia**

3. The Asian growth story is now marked by the region’s transition to the next phase - where its value proposition relies less on low input costs, and resides more in the emergence of a market with strong consumer demand. According to an OECD study, Asia’s middle class will account for 66 per cent of the global middle class population, and reach nearly 60 per cent of total global consumption by 2030. The opportunities in Asia extend beyond China and India, to Southeast Asia as well which is proving to be an attractive market too. While Southeast Asia’s population of 590 million is about half of India’s, the region’s average GDP per capita is almost twice as large.

4. To effectively capture the market opportunities in Asia, consumer goods companies cannot simply repack Western-developed products for Asians. Companies now have to develop Asian-centric products, based on an in-depth understanding of the needs and preferences of the Asian consumer.

5. Asia’s diversity also means that consumer goods companies need strategies to manage the region holistically yet retain the flexibility to address
the unique characteristics of each market. Towards that end, a McKinsey report suggested that instead of managing global operations from their home country, companies should reorganise themselves regionally and locate key decision makers and functions in Asia. Being “in Asia for Asia” will enable companies to respond nimbly to developments in these fast growing markets, better allocate resources and target consumers at the local level with greater differentiation and customisation.

**Singapore as the ideal location for consumer goods companies to grow in Asia**

6. As a cosmopolitan, global city located at the heart of Asia, Singapore is well-positioned to serve as the Home base from which consumer goods companies can orchestrate a wide range of regional functions, and access opportunities in Asia and beyond. Today, we see a strong base of consumer goods companies undertaking not just shared services functions such as supply chain management, procurement, finance, IT and HR, but also increasingly strategic functions such as brand management and innovation activities, from Singapore. For example, Unilever manages and drives the global brand strategy for four of its personal care brands – namely Lux, Clear, Vaseline and Ponds – from Singapore.

7. To support the brand management activities of companies here, Singapore offers a vibrant base of communication services and design firms. In fact, 14 of the global top 15 advertising networks drive global and regional campaigns from here. Dell’s global campaign, called “The Swarm”, was
developed in Singapore. It has won accolades in the Internationalist’s Awards for Innovative Digital Marketing Solutions. This is a tribute to the quality of creative talent in Singapore.

8. Singapore is also an attractive venue for consumer goods companies to undertake scientific research and product development activities, which allow them to create products that cater to the needs and preferences of Asian consumers. Our integrative research capabilities in biomedical sciences and engineering complement companies’ internal R&D resources, and have led the likes of Nestle, Procter & Gamble and Johnson & Johnson to establish R&D activities in Singapore.

**Singapore as the pan-Asian consumer insights hub**

9. EDB is committed to further strengthening Singapore’s ability to anchor brand management and innovation activities, through its focus on consumer insights. This will be accomplished through a three-pronged strategy of first, enhancing the consumer insights ecosystem in Singapore; second, building a strong pool of consumer insights talent; and third, achieving thought leadership in pan-Asian consumer insights.

10. Singapore’s physical connectivity and cultural proximity to the region, coupled with our multi-cultural talent base, makes us an ideal outward looking pan-Asian hub for many research agencies and consultancies to acquire a nuanced understanding of similarities and differences among Asian consumers.
11. Today, a vibrant ecosystem of global research agencies like Nielsen and Kantar, as well as specialist agencies like Flamingo and Quantum, already manage their regional operations from Singapore. These agencies are also investing in new capabilities in areas such as digital research, shopper marketing and qualitative methodologies.

12. The flagship initiative of Singapore’s consumer insights strategy is the ACI. This institute represents Singapore’s resolute commitment to building a strong pool of consumer insights talent, and to be the thought leader in pan-Asian consumer insights.

13. We are pleased to have Professor Bernd Schmitt, a thought leader in Customer Experience, to lead the ACI. Professor Schmitt brings with him a wealth of experience from his days leading the Centre on Global Brand Leadership at the Columbia Business School in New York. Professor Schmitt will lead a multi-disciplinary faculty of research fellows to conduct research in consumer behaviour.

14. Beyond research activities, the ACI’s education programmes will build a pipeline of consumer insights talent for the industry. Come this August, the ACI will commence enrolment for its inaugural intake of postgraduate students for the Masters of Science in Marketing and Consumer Insights. These students will be equipped with the requisite skills and methodologies to analyse consumer behaviour.
15. The ACI will organise events and conferences, which will allow Singapore to become a key node where global business leaders and specialists gather to discuss Asian trends and best practices to engage the consumers in this region.

16. Industry players will also stand to benefit by working with ACI, through collaborative research projects, case studies and customised executive education programmes. The research effort will provide consumer goods companies with additional perspectives that complement knowledge provided by market research and consulting firms.

**Conclusion**

17. On this note, I would like to congratulate the Institute on Asian Consumer Insight on its official launch. I would also like to take this opportunity to acknowledge NTU’s commitment to work with EDB on ACI’s establishment. This partnership ensures an effective dialogue between academia and industry. I wish ACI success in the creation and curating of knowledge on the Asian consumers, which will help companies undertake better innovations in their brands, products and services for Asia from Singapore. Thank you.