



ASEAN SEI-KATSU-SHA FORUM 2014
The New ASEAN Family

THE CONNECTED FAMILY

HAKUHODO Institute of
Life and Living ASEAN

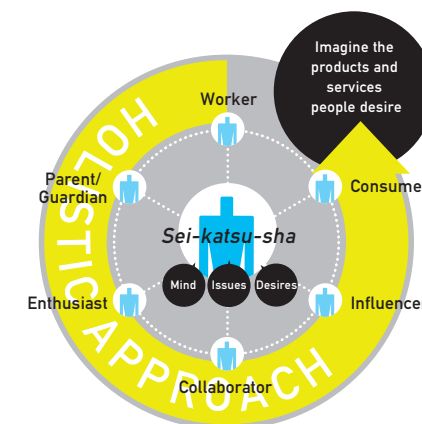
What is HakuHodo Institute of Life and Living ASEAN?

A think tank dedicated to studying *sei-katsu-sha*

Established in 2014, HakuHodo Institute of Life and Living ASEAN (HILL ASEAN) is the HakuHodo Group's new think tank in the ASEAN region. It is dedicated to helping companies with their marketing efforts in ASEAN countries, as well as observing the new lifestyles emerging in this dynamic region and sharing ideas about them. In going about that mission, it will tap the impressive body of expertise that HakuHodo has built up on *sei-katsu-sha*—our term for the holistic person—in the thirty-odd years since launching the HakuHodo Institute of Life and Living in Japan in 1981.

Our philosophy

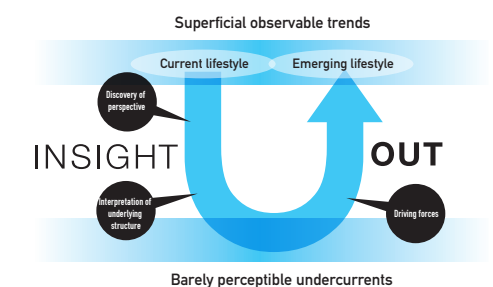
Sei-katsu-sha Insight



The centerpiece of HakuHodo's philosophy is *sei-katsu-sha* insight. Here at HakuHodo we describe people not simply as consumers but as *sei-katsu-sha*—fully rounded individuals with their own lifestyles, aspirations, and dreams. In economics the term *consumer* is used in contradistinction to *producer*. Though handy, it has only a narrow meaning. But human beings don't exist solely to consume. There's much more to them than that. They are residents, citizens, voters, and maybe workers. Each falls into a certain age group—child, young person, middle-aged, elderly—and is an individual male or female in their own right. Each is somebody's son or daughter, and perhaps a parent. At HakuHodo we use the term *sei-katsu-sha* to encompass all these facets of the human condition. Going beyond the consumer to understand the whole person and imagine the products and services they desire: that's the HakuHodo approach.

Our approach to studying people

INSIGHTOUT®



Sei-katsu-sha insight entails more than just observing a broad range of human activity. The real question is *how* you observe. Some things in this world are visible; others aren't. You can see what *sei-katsu-sha* are doing, but you can't see the hidden desires driving them to do it. The InsightOut® approach generates *insights* into the patterns of people's hidden desires and thus brings *out* into the open the forces molding tomorrow's lifestyles. It thus enables us to offer ideas on lifestyle patterns and dynamics in an age when superficial observation is no longer capable of revealing the future. InsightOut® underpins the research to be presented at ASEAN *Sei-katsu-sha* Forum.

Why an institute of life and living in ASEAN?

With the launch of the ASEAN Economic Community (AEC) approaching in 2015, Southeast Asia is attracting a lot of attention these days, and the flow of people and goods in the region is further picking up steam. Hakuodo Institute of Life and Living ASEAN was established to gain a deeper understanding of the *sei-katsu-sha* who call the region home.

Three reasons for studying ASEAN *sei-katsu-sha*

Given that the ASEAN countries differ in their linguistic, religious, and cultural backgrounds, what are the reasons for treating them as a single geographical unit for the purpose of *sei-katsu-sha* research?

1

To stimulate global interest in ASEAN

ASEAN, like the BRICs countries before it, is now attracting global interest as a high-growth region. That trend will doubtlessly accelerate with the launch of the ASEAN Economic Community in 2015. Identifying commonalities shared by ASEAN *sei-katsu-sha*, and spreading the message about them, will make the ASEAN region more alluring than ever.

2

To help local firms expand throughout ASEAN

When expanding throughout the ASEAN market, it's important for a company based in one ASEAN country to understand what the whole region shares in common. Being aware of the commonalities among ASEAN *sei-katsu-sha* will help firms expand beyond their home markets into other ASEAN countries.

3

To create a new yardstick for gauging ASEAN countries

Knowing where you stand relative to others is the shortest route to self-understanding. A new, ASEAN-wide yardstick will be of great value in better comprehending the characteristics of one's own country.

About our original research on ASEAN *sei-katsu-sha*

ASEAN Fixed Point Survey 2014
(Quantitative survey)

Fixed-point surveys will be conducted every other year, enabling changing *sei-katsu-sha* patterns to be traced over time.

Cities surveyed: Bangkok, Ho Chi Minh City, Jakarta, Kuala Lumpur, Manila, Singapore

Sample size: 5,400 samples (900 per city)

Survey subjects: Aged 15-59, SEC classes A-D, distributed by percentage of population

No. of questions: 1,003

Survey method: Subjects interviewed in their homes

Period of study: December 2013-January 2014

Partners: Video Research International (Thailand) Ltd. (survey)
Tokyo Survey Research & Co., Ltd. (tabulation)

A survey designed to assess the state of the family in ASEAN countries in preparation for ASEAN *Sei-katsu-sha* Forum 2014

ASEAN Home-Visit Survey
(Qualitative survey)

SEC classes A to D

From children and teens to the elderly
(a total of 75 people)

From refrigerator to bathroom
(sometimes even sharing a meal)

Family mapping

Cities surveyed: Bangkok, Ho Chi Minh City, Jakarta, Kuala Lumpur, Manila, Singapore

Sample size: 24 families (4 per country)

Survey subjects: 3 nuclear families and 1 extended family (each with at least 1 smartphone owner)

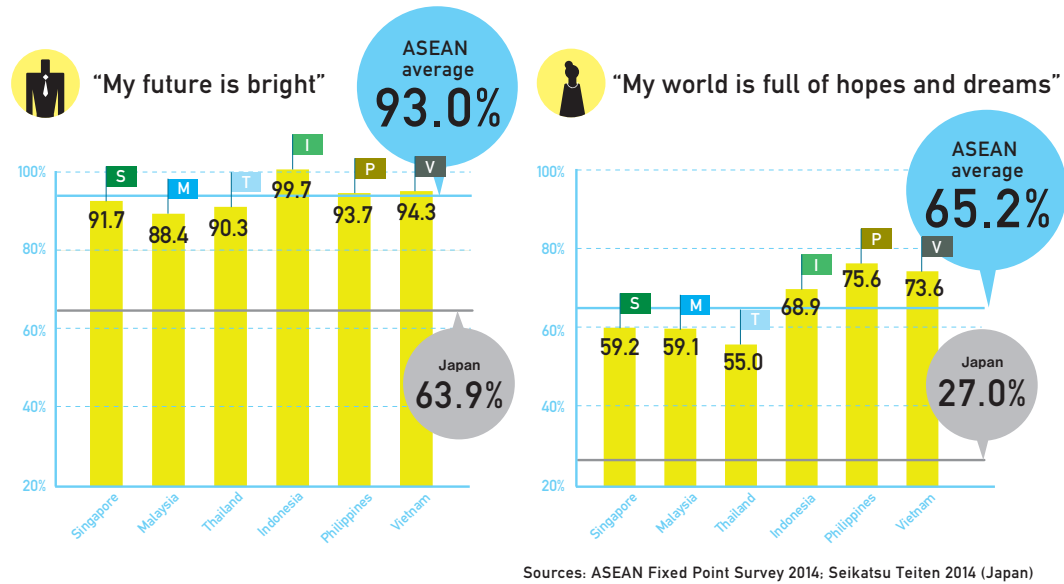
Survey method: Ethnographic home visits, family mapping

Period of study: May 2014

Partners: Tokyo Survey Research & Co., Ltd.
Cimigo Holdings Ltd.

Will ASEAN families come to resemble those of Japan and other developed countries?

ASEAN Fixed Point Survey 2014 contained about a thousand items, and all six ASEAN countries scored significantly higher than Japan on two of them in particular: “My future is bright” and “My world is full of hopes and dreams.” Needless to say, one factor behind that optimism is the region’s economic growth as exemplified by nominal per capita GDP, which has more than doubled in each country over the past decade.



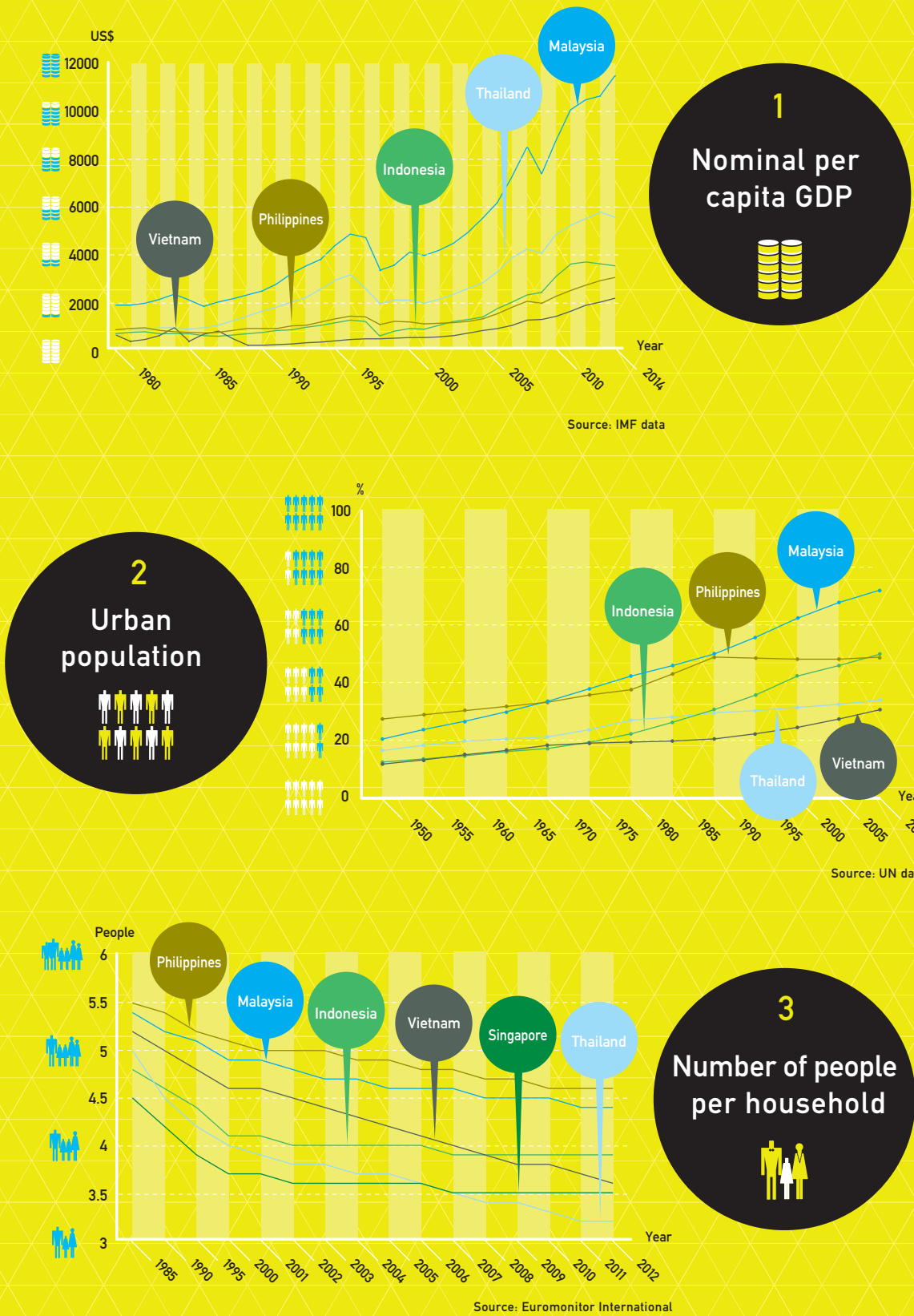
Moreover, driven by economic growth, urbanization in recent years has progressed rapidly in all the ASEAN countries, as evidenced by the increasing percentage of the population living in the cities. Average household size has already started falling as a result of urbanization, which would seem to imply an increase in the number of nuclear families and single-person households, a phenomenon already well advanced in Japan and the rest of the developed world.

In Japan single-person households have now become more common than nuclear families, leading to such societal problems as people becoming socially isolated and dying alone.

As nuclear families and single-person households proliferate due to the effects of economic growth and urbanization, will ASEAN countries be afflicted by the same ailments as plague Japan today?

We forecast that ASEAN will develop a new trend, differentiating itself from Japan and other developed countries.

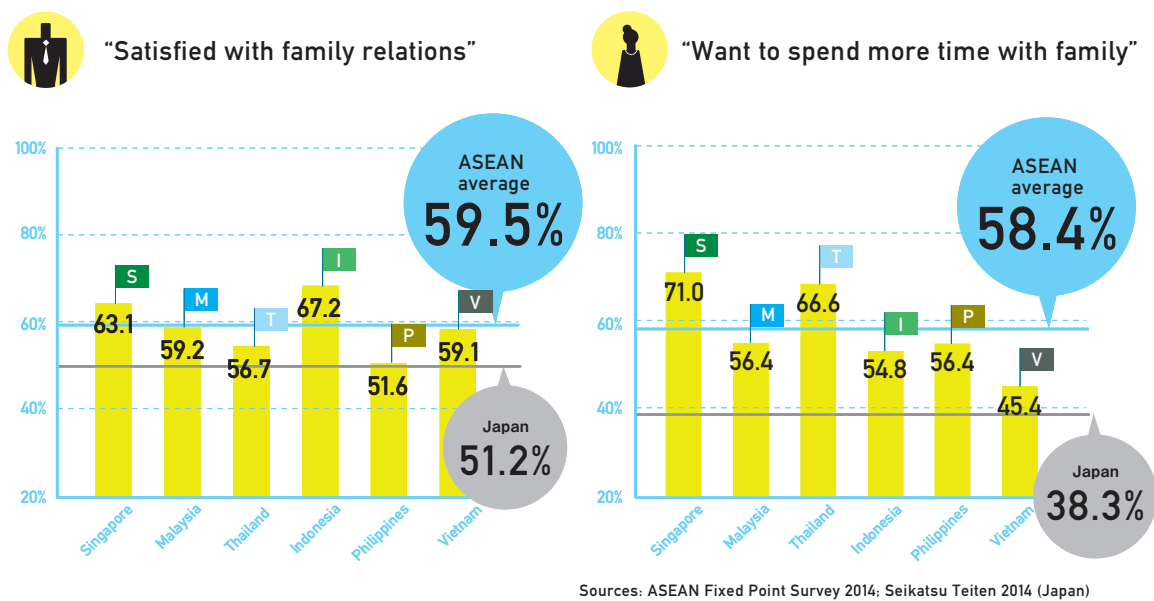
On the next few pages the reasons why ASEAN can be expected to take its own distinctive course are explained from two angles: the traditional ASEAN devotion to family, and the changing milieu of the region. Suggestions will then be offered on the new ASEAN family model that will emerge as a consequence of this unique course of evolution.



An unchanged traditional ASEAN family

Despite the rise of the nuclear family, ASEAN people strive for the happiness of the whole extended family

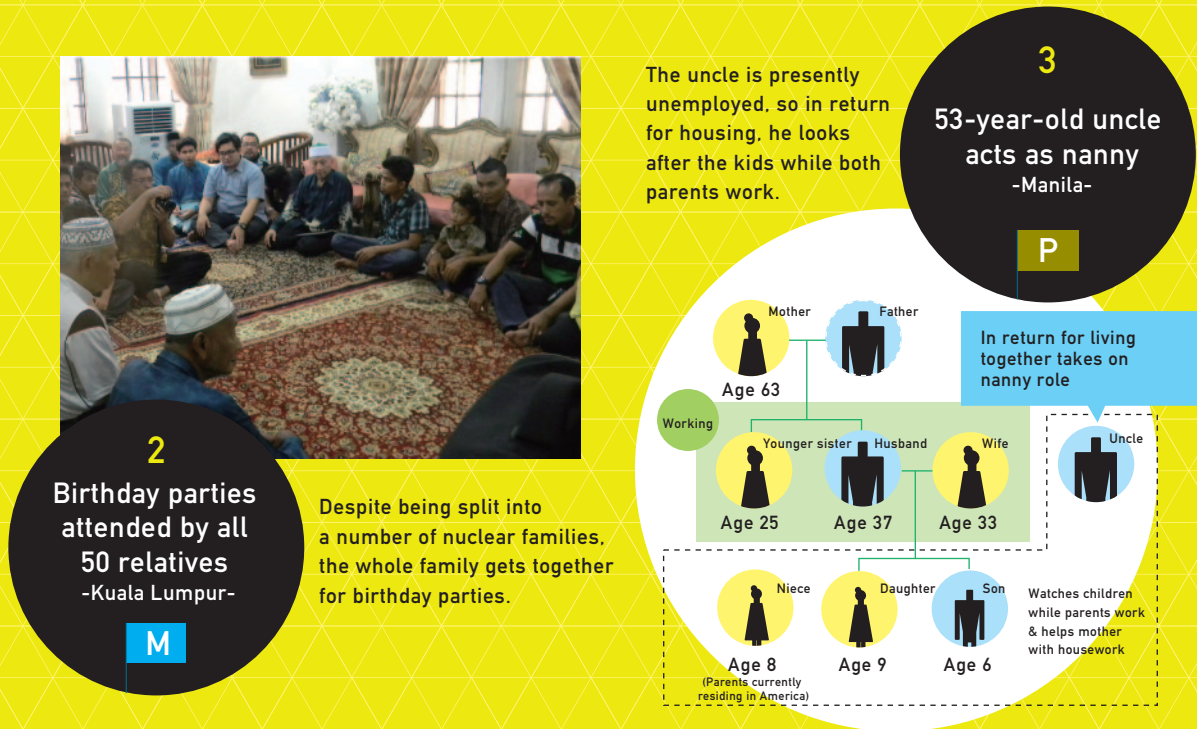
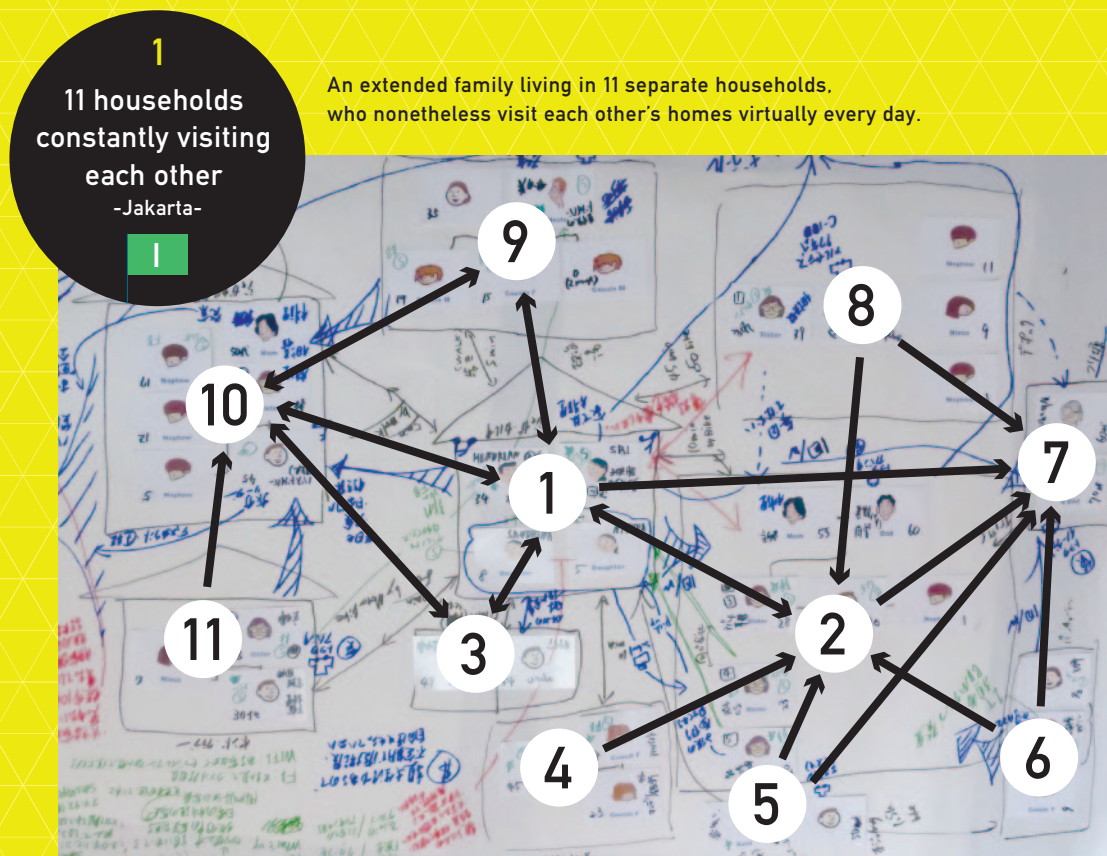
Devotion to family, often cited as characteristic of the whole ASEAN region, clearly revealed itself in our research. All six ASEAN countries scored higher than Japan on the family-related items “Satisfied with family relations” and “Want to spend more time with family.” Despite splitting into nuclear families, people obviously still cherish family relationships.



On our survey visits to nuclear families in ASEAN countries, we found evidence that strong family bonds linking different households still survived. Here are several examples.

- 11 households constantly visiting each other (Jakarta) (upper diagram, P09)
- Birthday parties attended by all 50 relatives (Kuala Lumpur) (lower left, P09)
- 53-year-old uncle acts as nanny (Manila) (lower right, P09)

Thus people still act in clans, even though the nuclear family is spreading and households are shrinking. They go back and forth between households, and their commitment to help each other is as strong as ever. Despite the rise of the nuclear family, happiness is pursued as an extended family unit.



3

53-year-old uncle acts as nanny

-Manila-

P

Mother Age 63

Father

Younger sister Age 25 (Working)

Husband Age 37

Wife Age 33

Niece Age 8 (Parents currently residing in America)

Daughter Age 9

Son Age 6

Uncle

Watches children while parents work & helps mother with housework

In return for living together takes on nanny role

The uncle is presently unemployed, so in return for housing, he looks after the kids while both parents work.

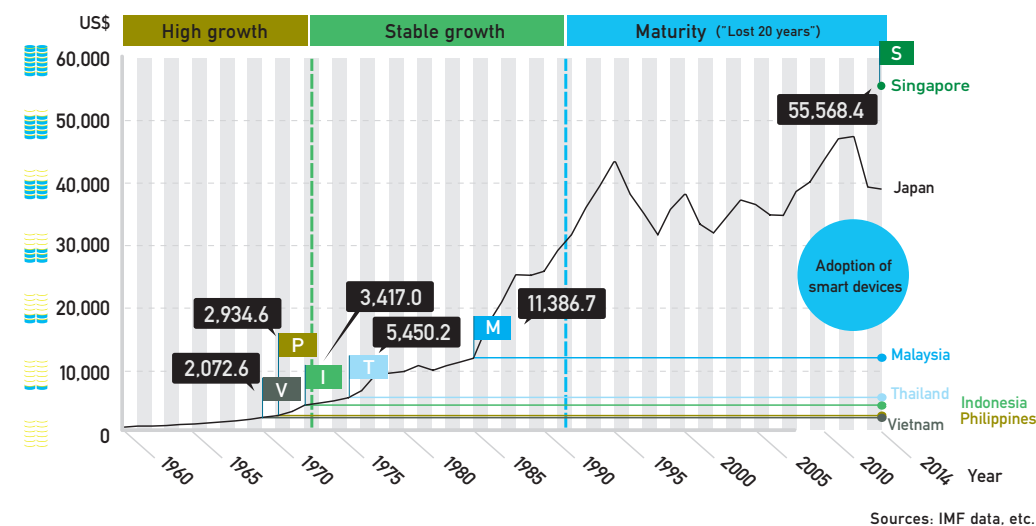
A changing milieu

As smart technology spreads in step with economic growth, people are more interested in human interaction than improving their housing condition

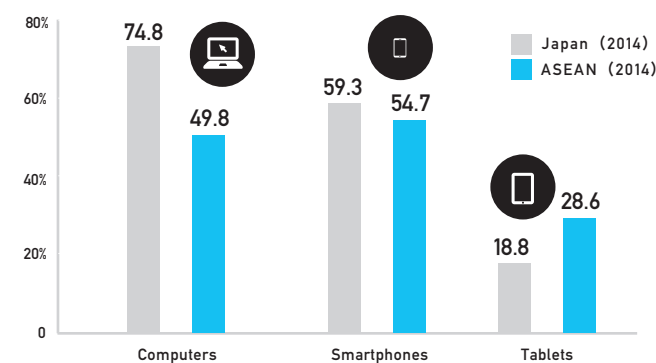
As plotted against Japan's nominal per capita GDP by year, the present nominal per capita GDP of the ASEAN countries is on par with Japan around 1970, during its period of high-growth. That was before the advent of the Internet, not to mention the smartphone. Now compare ownership of digital devices in ASEAN's capital cities with Japan: smartphone ownership is roughly the same and tablet ownership is actually higher in the ASEAN countries.

While the spread of information technology took place gradually in Japan as the economy shifted from stable growth to maturity, in the ASEAN region, people seem to have skipped straight to smart devices, right in the middle of economic growth.

Nominal per capita GDP in Japan over time and current nominal per capita GDP in ASEAN countries

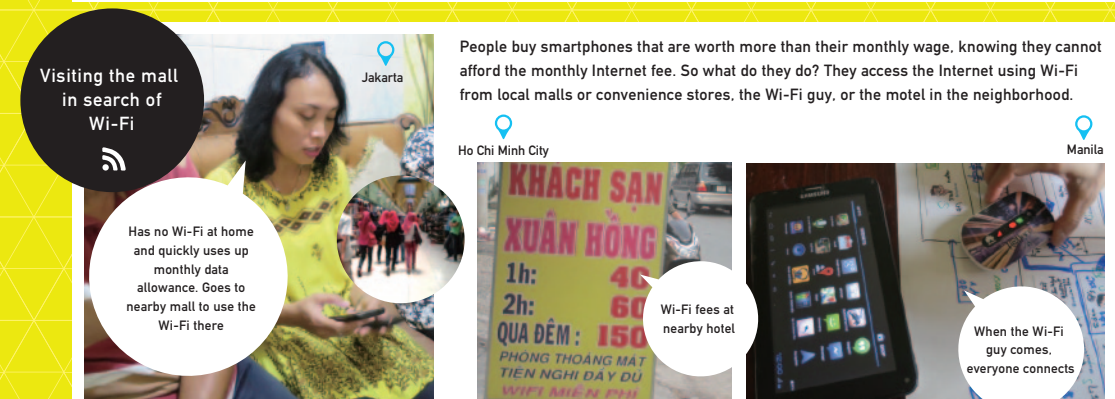


Ownership of digital devices



Sources: ASEAN Fixed Point Survey 2014; Seikatsu Teiten 2014 (Japan)

On our home visits in ASEAN countries, we found that even families with relatively low monthly incomes set their priorities on buying smartphones, rather than on improving their housing environment. This exemplifies the sudden rise of smart technology in the ASEAN countries. Below are more examples.



As the economy grows, people in the ASEAN region prefer to spend money on information technology than on improving their living environment, regardless of income and neighborhood. They're more interested in human interaction than improved housing.

A unique course of evolution for ASEAN *sei-katsu-sha*

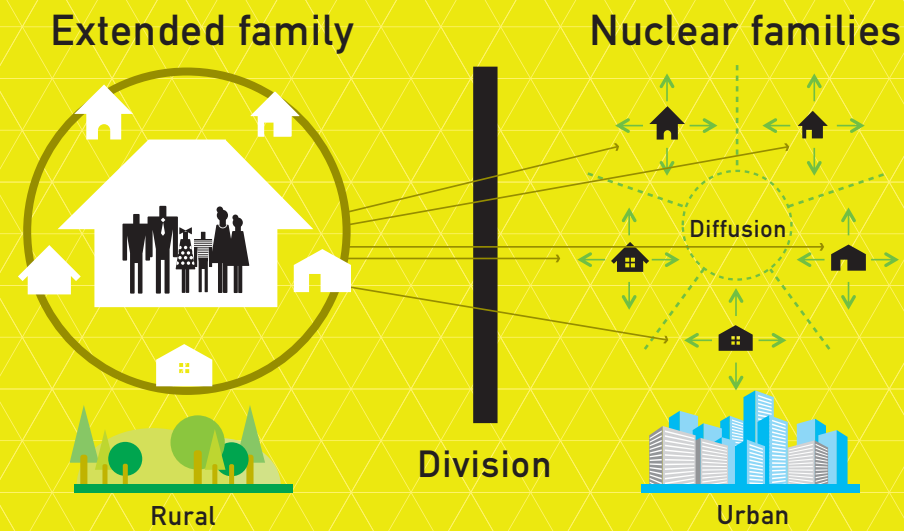
Despite smaller, more disparate households, ASEAN people continue to seek happiness as a familial team

In Japan and the rest of the developed world, extended families split into nuclear families as a result of urbanization, and a division arose between urban and rural areas. Family members became separated. As the economy grew, individuals improved their financial status by living in smaller households. But in the process, single-person households replaced the nuclear family as the most common household type, leading to such societal problems as people becoming socially isolated and dying alone.

In ASEAN countries, on the other hand, the traditional sense of family is so strong that, despite the spread of the nuclear household, people still yearn to achieve happiness as an extended family unit. Moreover, simultaneous urbanization and adoption of smart technology has enhanced people's desire for human interaction. At first glance, it may appear that the extended family has split into multiple nuclear families, but in reality, these two desires have strengthened family solidarity. In their quest for happiness ASEAN *sei-katsu-sha* operate within neither the nuclear family nor the confines of the extended family, but rather as a familial team.

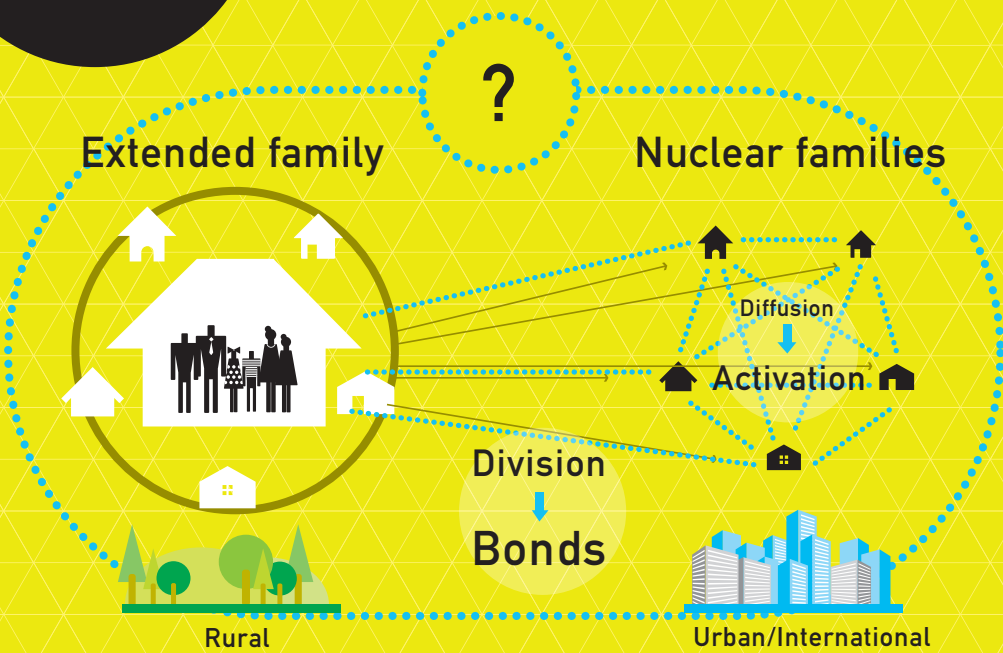
Japanese
sei-katsu-sha
(Advanced countries including Japan)

In response to economic growth, the family unit has grown smaller as people seek happiness through the nuclear family.



ASEAN
sei-katsu-sha

While diffusion of the extended family into several nuclear families is apparent, the adoption of smart devices has actually strengthened family bonds.



The new ASEAN family

The Connected Family

Extended family → Nuclear family → Connected family

As noted earlier, urbanization in ASEAN countries has split extended families and increased the prevalence of nuclear families. ASEAN *sei-katsu-sha* have not, however, become insulated within their household units. Instead, they have preserved their strong bonds using smart technology. We have created a new term for this type of family: The Connected Family.

Four characteristics of the invisible extended family revealed by our research

Characteristic
1

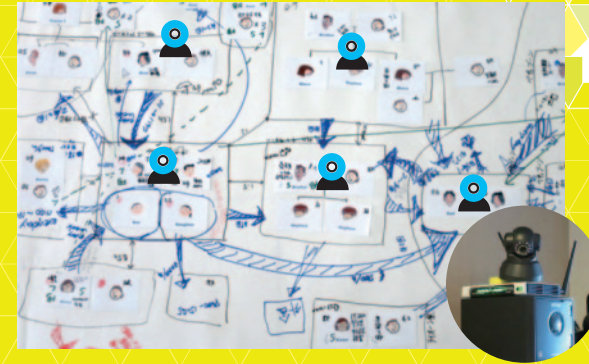
An extended family that looks like a nuclear family on the surface

Extended families whose members interact both online and in the real world despite living in separate households are overlooked by censuses and standard surveys focusing on the household since they do not live under the same roof. They may be considered a larger unit alongside the individual and the household.



Characteristic
2

Acts as a safety net while preserving privacy



The extended ASEAN family continues to fulfill the mutual aid and safety net functions that are among the advantages of a big family, while ameliorating the lack of privacy that is its disadvantage, because everyone lives in their own home.

Characteristic
3

Anyone in the family can become an "influencer"



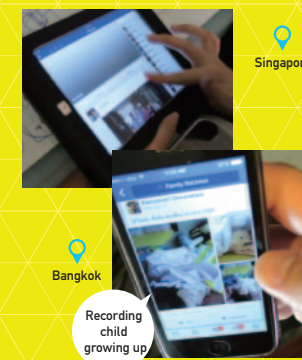
Unlike in previous years when the elders of the family took control of all matters, today, anyone in the family can become an influencer sharing information or a family leader contributing to the clan's wellbeing in whatever field they know best, whether IT, food or travel.

Characteristic
4

Makes full use of the three must-have tools for uniting the family



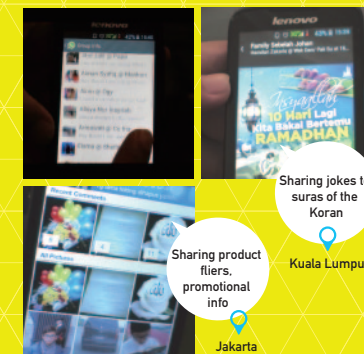
Social media for storing family memories



Families set up their own groups on Facebook and even store nostalgic black-and-white family photos there.



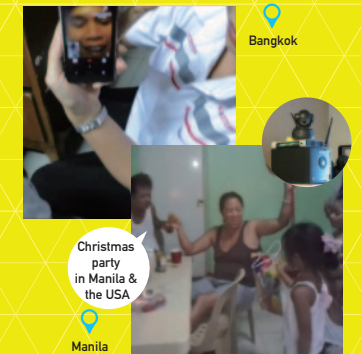
Chat app, the family bulletin board



Families set up their own groups to share everything from jokes to suras of the Koran.



Video calls for bonding with family members ("fam-to-fam" bonding)



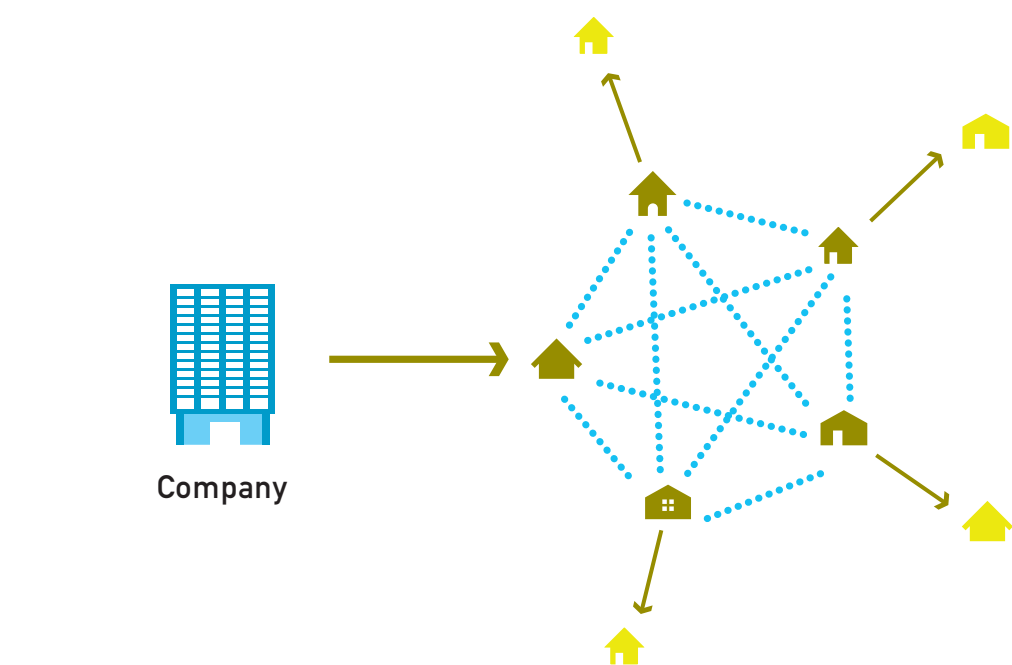
People make video calls to home every day in order to bond with faraway parents, or a child they've left with them to look after.

With the rise of the connected family, marketing approaches to *sei-katsu-sha* will change

The connected family, we believe, will become a connecting platform between companies and *sei-katsu-sha*. Utilizing this connecting platform should enable approaches to *sei-katsu-sha* marketing that disseminate the message more effectively than conventional approaches.

Connecting platform

Company → Targets → The family → Diffusion of information



Here are three keys to utilizing the connected family as a connecting platform.

1

Empower the company's targets to deliver its message to the family

As already mentioned, in the connected family anybody can become an influencer. That is because communication within the extended family is changing. While it used to be the elders who held absolute power, nowadays it has become more flexible: depending on the topic, anyone can express their opinions, regardless of age, sex or status. Equipping target people with knowledge valuable to the whole family, having accurately assessed their interests and familial position, should serve to transform them into influencers within the family.

Company

Ho Chi Minh City

One clan's IT leader, who supplies the whole family with handy tips.

2

Stimulate communication between family members

Conventional word-of-mouth marketing focuses on how to foster communication between consumers, or C-to-C communication. The key to utilizing the family as a connecting platform, on the other hand, is to foster word-of-mouth between family members, or "fam-to-fam" communication. The more actively the members of a family communicate, the more effectively the message can be conveyed to others beyond the family as well. A recommendation from a family member one knows well is considered more trustworthy and is more likely to be acted on. The way to stimulate "fam-to-fam" communication is to foster family conversations on subjects easy for the whole family to talk about.

Company

Manila

This child won a children's photo contest after the entire family voted for the entry.

3

Create ways to bring together the whole family

Points of contact between consumers and companies are called *touchpoints*. How to create touchpoints with consumers is a crucial question. Family gathering points, we believe, are of great importance in utilizing the connected family to establish touchpoints between companies and *sei-katsu-sha*. Although families now get together on many different occasions, the fact is that options for things to do are limited to activities such as eating together, karaoke or taking trips together. The key to creating effective gathering points is to provide a shared intergenerational experience and, at the moment of participation in it, give people a taste of the brand. Such gathering points can serve as a forum for instantly disseminating the message throughout a clan.

Company

Kuala Lumpur

A whole family gathered at the eldest son's place for a birthday party.

Survey work, research and presentation

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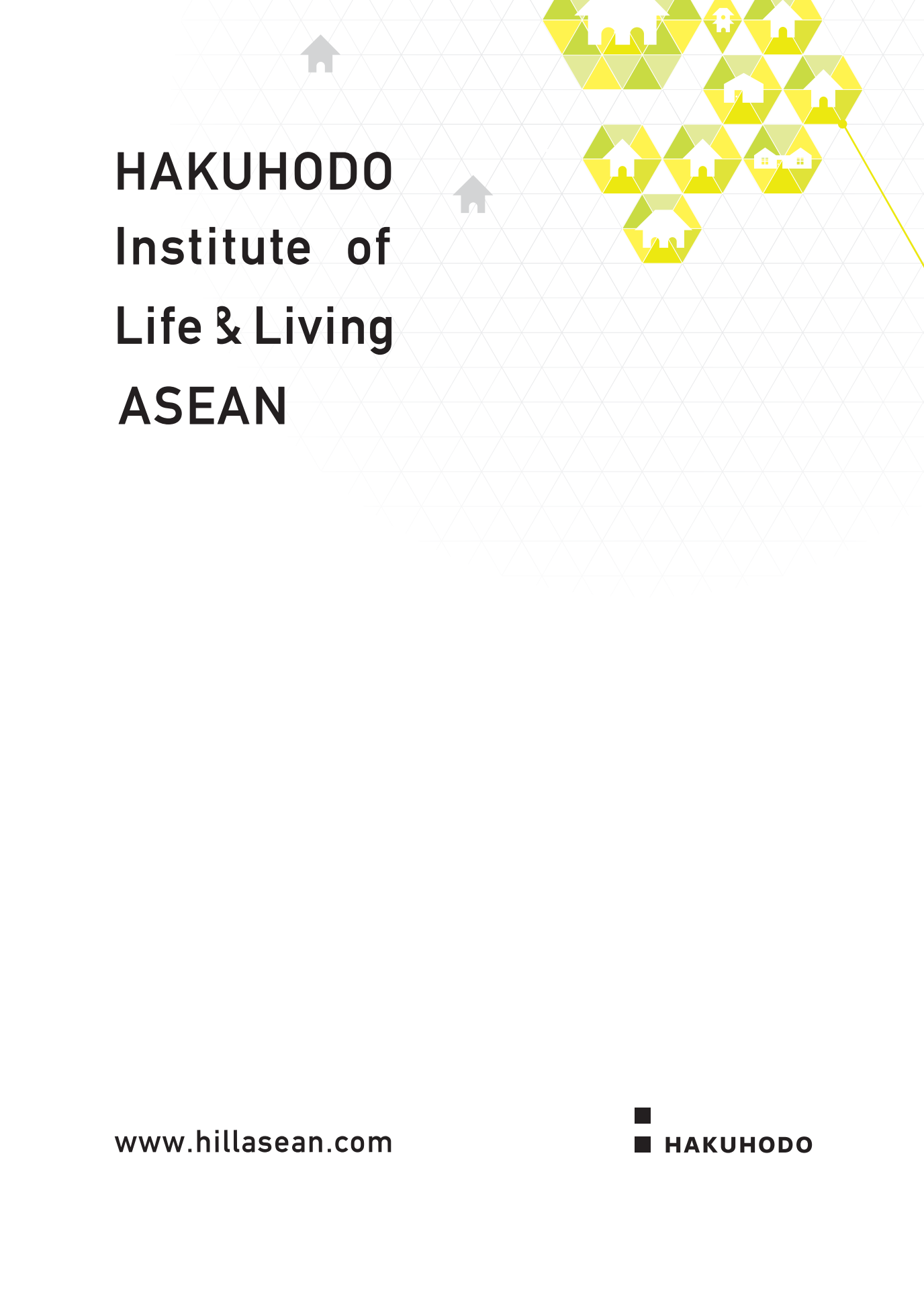
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