

Southeast Asia's Mass Affluent Are the Next Megamarket

To find growth opportunities for premium and “masstige” brands, look beyond the “crazy rich” Asians

Southeast Asia's mass-affluent class—a group of consumers whose incomes correlate with sharply higher spending on premium goods and services—will comprise 137 million people by 2030

SIZE OF THE MASS-AFFLUENT CLASS

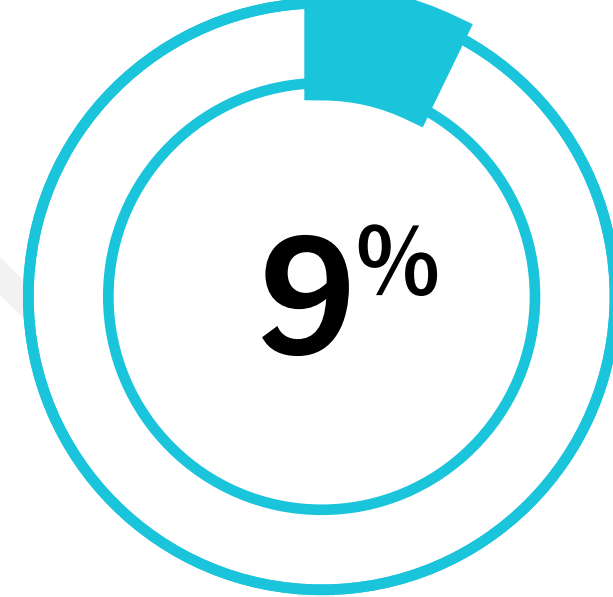


2017

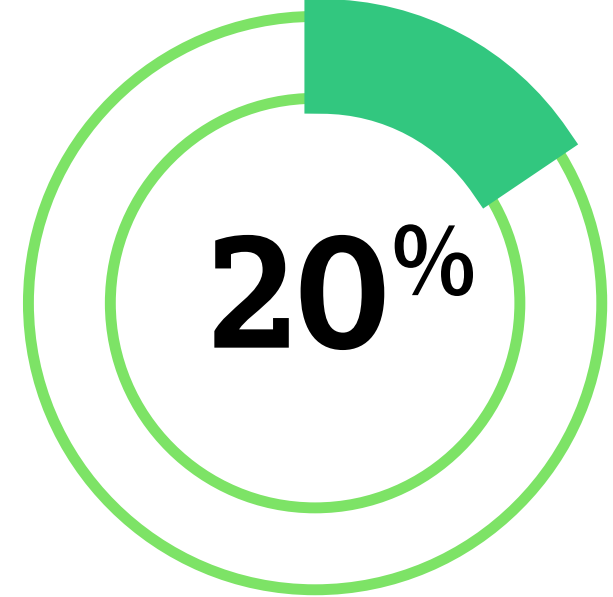


2030

MASS-AFFLUENT CONSUMERS AS A PERCENTAGE OF SOUTHEAST ASIA'S POPULATION

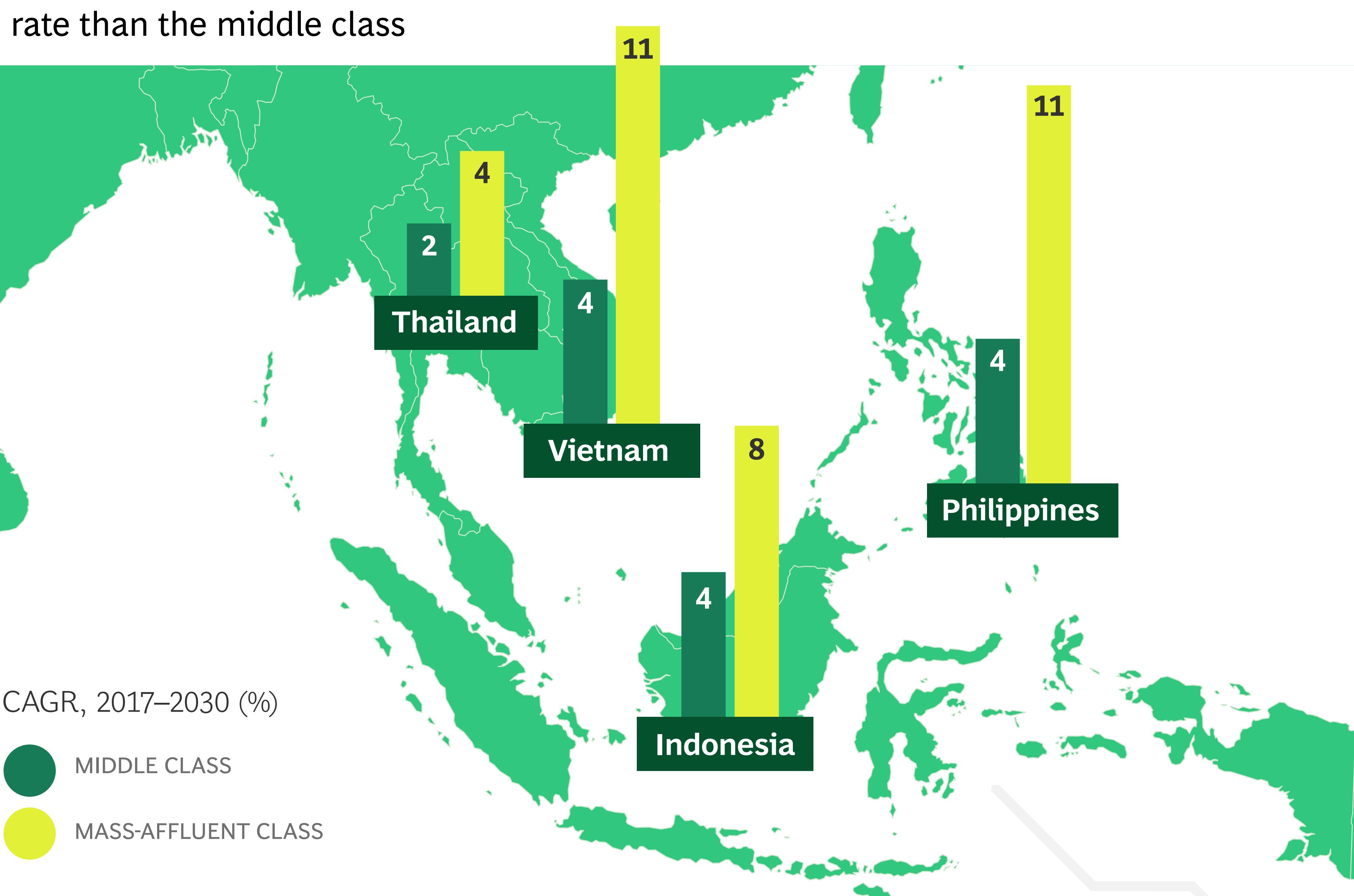


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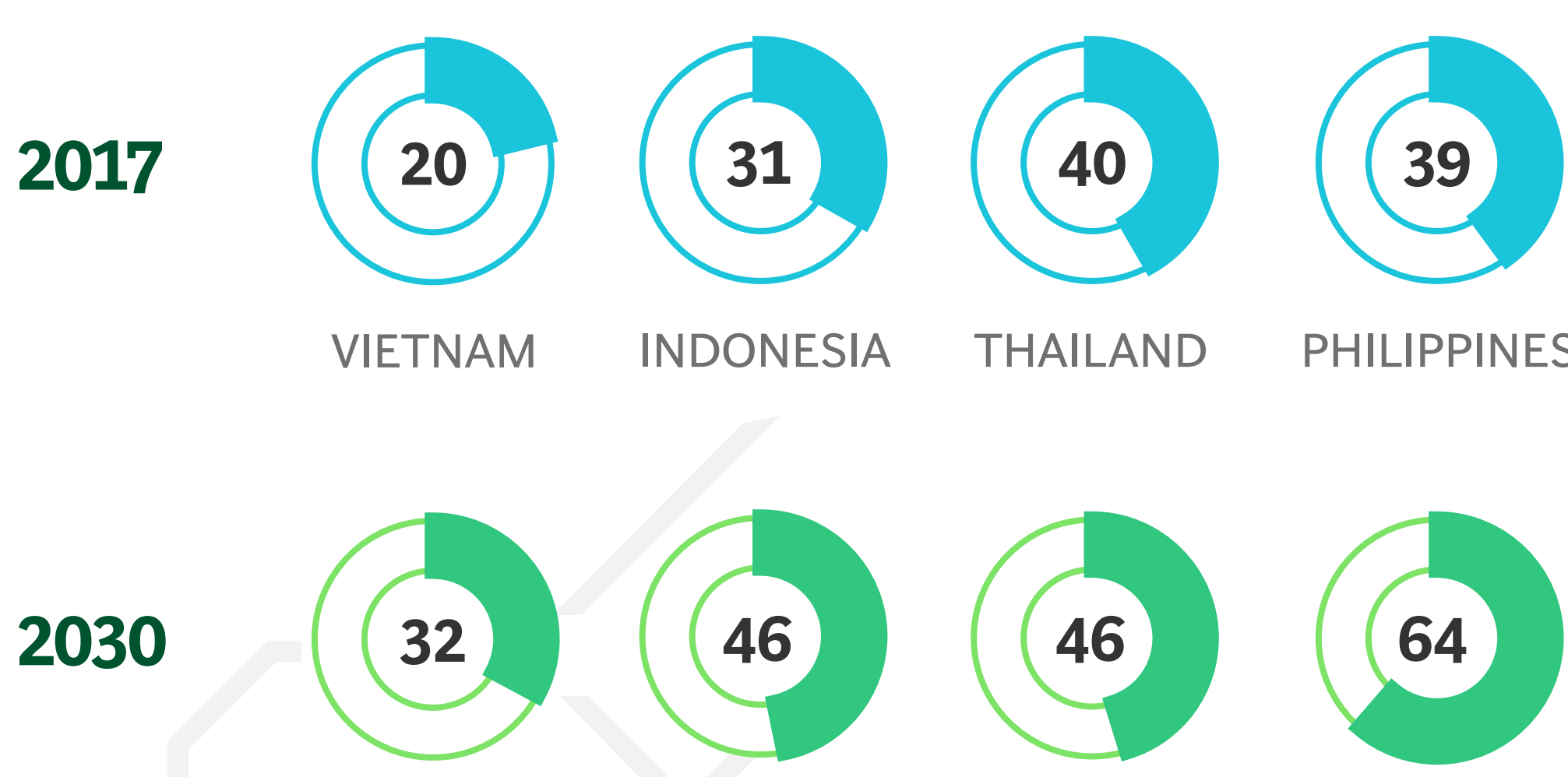
The mass-affluent class is growing at a far faster rate than the middle class



WHY THE MASS AFFLUENT ARE SO IMPORTANT

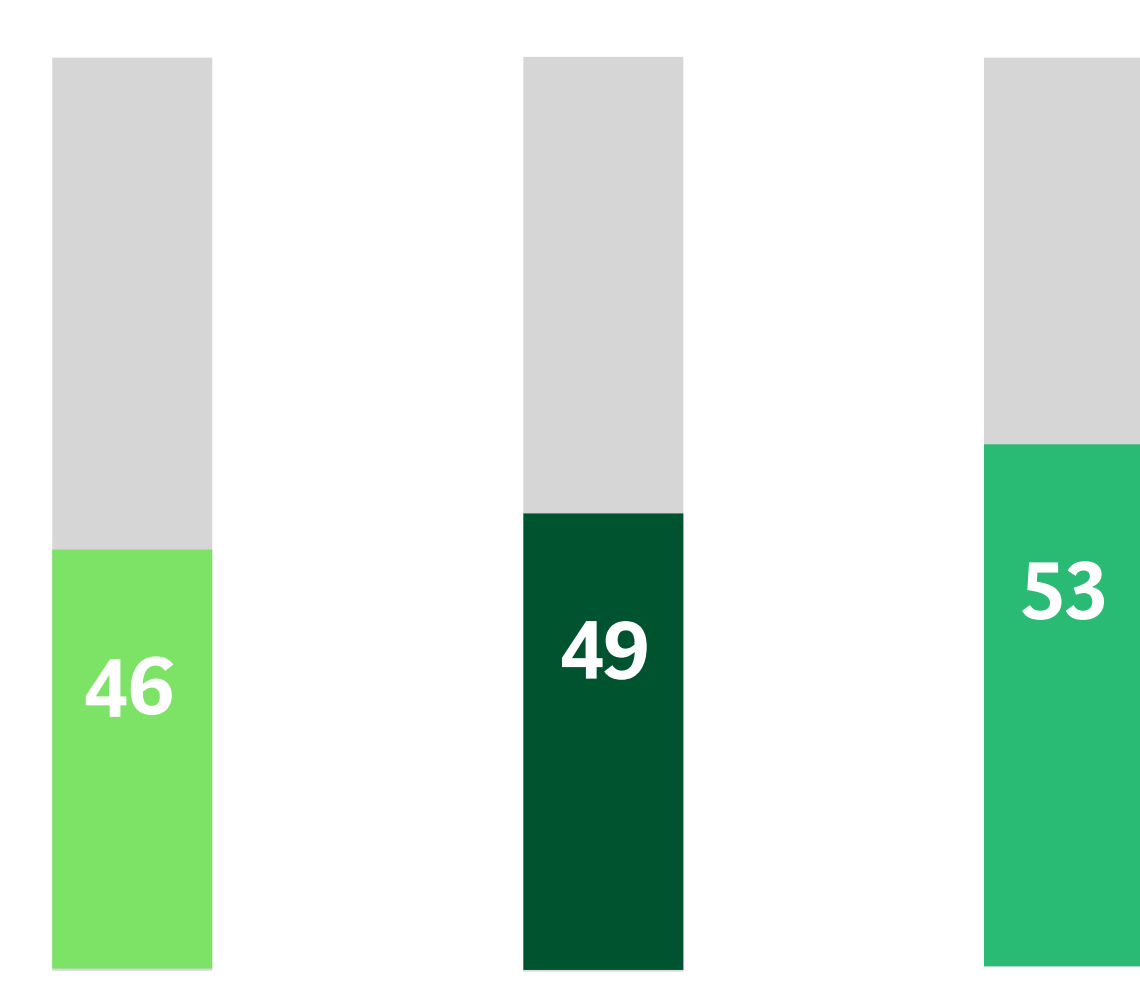
The mass affluent control a disproportionate share of the wealth—and their share is growing

HOUSEHOLD WEALTH HELD BY THE MASS AFFLUENT (%)



The mass affluent also account for about half of consumer spending in certain categories

CONSUMER SPENDING (%)



WHO ARE THE MASS AFFLUENT OF SOUTHEAST ASIA?

Most are millennials who earned their wealth

90%+ ACQUIRED THEIR WEALTH AS SALARIED PROFESSIONALS OR BY OPERATING BUSINESSES

64% ARE UNDER THE AGE OF 40

56% ROSE UP FROM THE MIDDLE CLASS WITHIN THE PAST FIVE YEARS



They are highly engaged with digital media...

SHARE OF AFFLUENT THAIS, FOR EXAMPLE, WHO USE DIGITAL CHANNELS TO SHOP (%)

59

...and they are frequent overseas travelers and shoppers

NUMBER OF INTERNATIONAL TRIPS TAKEN PER YEAR, ON AVERAGE

12

SHARE OF COSMETICS, WATCHES, AND SKIN CARE PRODUCTS PURCHASED WHILE TRAVELING (%)

40

A CHANGING CONSUMER MARKET

As the mass-affluent class replaces the middle class as the driver of growth, demand will heat up in new product categories



WHAT COMPANIES NEED TO KNOW

Southeast Asia's mass-affluent consumers are separated by language, culture, and distance, but a high proportion can be reached with a regional strategy because they share core values and shopping preferences

- UPGRADE TO PREMIUM PRODUCTS WITHIN THE SAME CATEGORIES
- SEEK IMMERSIVE SHOPPING EXPERIENCES, NOT JUST PREMIUM PRODUCTS
- GO BEYOND BRAND POWER TO LOOK AT A PRODUCT'S VALUE AND FUNCTIONALITY
- CONSIDER SHOPPING TO BE AN INTEGRAL PART OF TRAVELING
- REGARD EXCLUSIVITY AS A PERSONAL STATEMENT
- RELY ON SOCIAL MEDIA FOR SUGGESTIONS AND MAKING DECISIONS

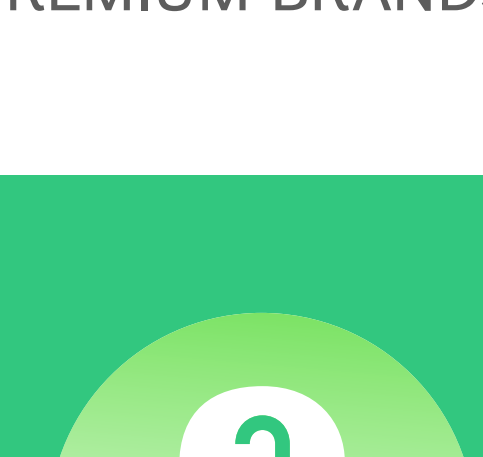
The mass-affluent class can be segmented on the basis of how long they have been affluent rather than nationality

TRAITS OF THE NEWLY AFFLUENT, WHO HAVE BECOME AFFLUENT WITHIN THE PAST TEN YEARS

- FOLLOW TRENDS
- BUY SPONTANEOUSLY
- SEEK LIMITED EDITIONS OF PREMIUM BRANDS

TRAITS OF THE EXPERIENCED AFFLUENT, WHO HAVE BEEN AFFLUENT FOR AT LEAST TEN YEARS

- SET TRENDS
- PLAN PURCHASES AND FOCUS ON QUALITY
- SEEK NICHE BRANDS



Companies that are adept at understanding mass-affluent consumers will have a unique advantage in this rapidly growing and critical consumer market

Sources: Data in this infographic comes from *Beyond the "Crazy Rich": The Mass Affluent of Southeast Asia*, BCG Focus, November 2018. BCG's Center for Customer Insight surveyed about 6,000 mass-affluent consumers in six key Southeast Asian markets—Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. Regional data on values and preferences extrapolated from the data for these six markets.

Note: Consumers are classified as mass affluent if their reported household income and assets reach a level at which consumers tend to sharply increase spending on luxury goods. That level varies by country. Mass prestige (or "masstige") products are those that convey luxury but are priced more affordably.