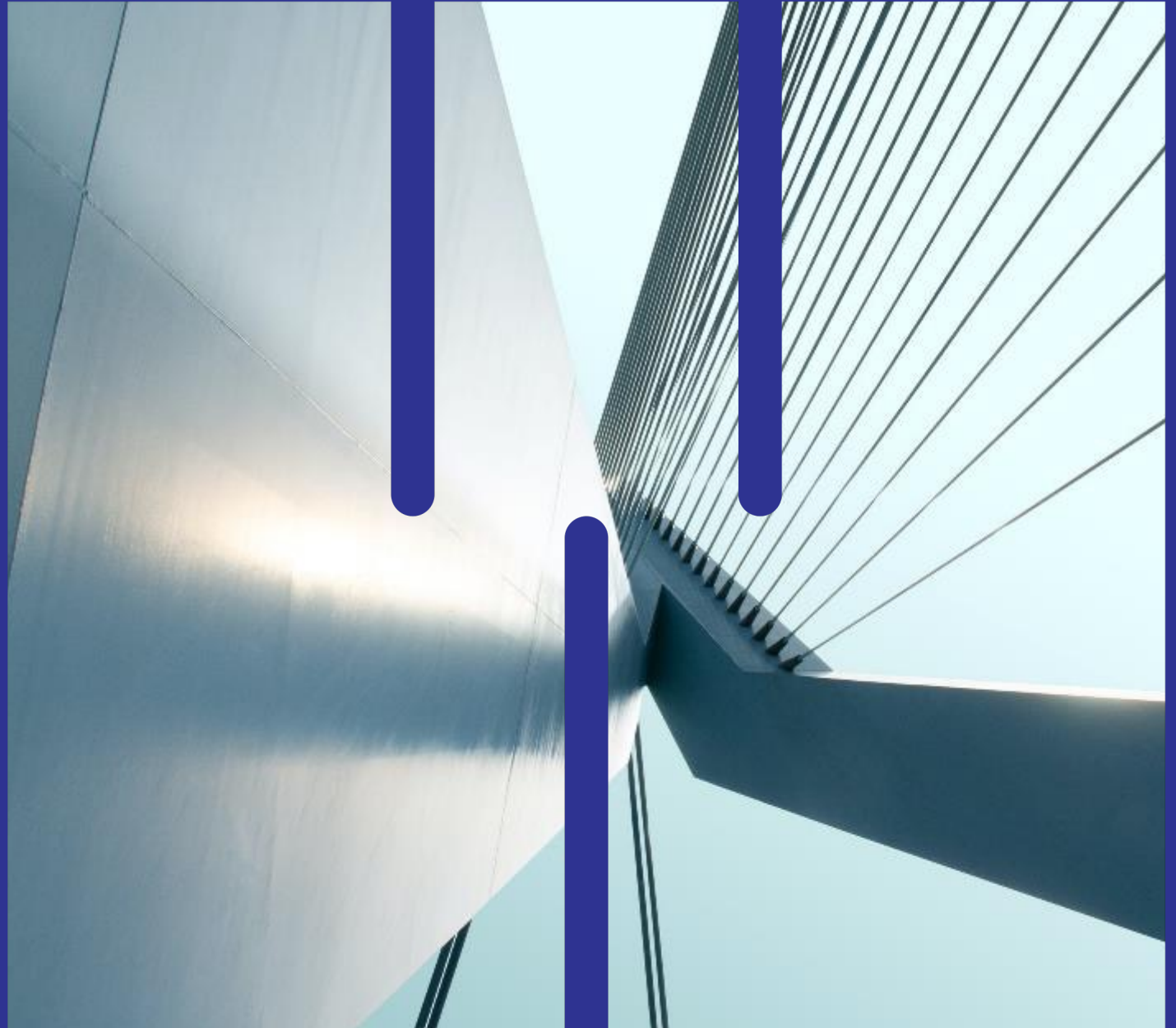


Paths to Growth

What's Next for Asia's Brands



Executive Summary

From September 14-29, KRC Research conducted a quantitative survey targeting 218 participants at large companies headquartered in Japan, China, India, South Korea, and Singapore.

We wanted to investigate the growth of our region's Asia-based companies in the new era.

With professional and business lives finally evolving beyond the pandemic in 2022, how has growth changed?

Are Asia-domiciled companies ready to pick up where they left off in 2020?

Has geopolitics changed expansion strategies?

Has expansion itself changed for Asia?

Perhaps unsurprisingly, our results painted a picture of a market unintimidated by the pandemic – but nevertheless mindful of a changing world.

The majority of our respondents describe their company's reputation as less favorable outside Asia than within the region. In markets like South Korea, less than a third of respondents described expansion as a very important approach to offset declining demand in their native market. In Japan, approximately only half of our respondents viewed revenue and profitability as 'very important' for expansion.

Many things remain unchanged. Overall, revenue and profitability are still key reasons for expanding outside the APAC region for many markets. However, it's the particularities that speak to our changing world. Why do we grow? What do we need? As the world changes at speed, we're seeing the evolving answers to these fundamental questions.

The content that follows is a summary of our findings. For the full report, contact tokyo_services@webershandwick.com



Why are Asian Companies Expanding

REVENUE

Growing revenue is the primary reason for Asian companies expanding to new markets

COST-SAVING

Efficiencies in production and operations (cost savings) are also key reasons to expand.

INVESTORS

MITIGATING RISK

TALENT

Benefits of expanding to other markets



Benefits of expanding to other markets

THE IMPORTANCE OF PROFIT

An average of **82%** in **India** and **South Korea** said increasing revenue and profits was **very important**, compared to an average of just 59% in China and Japan.

THE NEED FOR EXPANSION

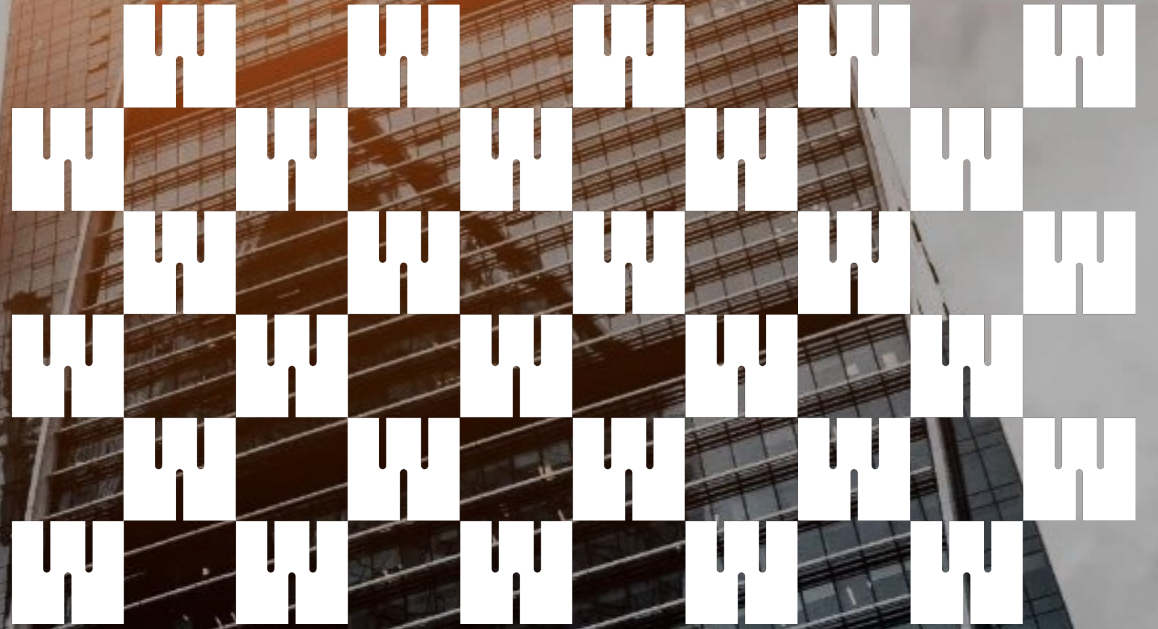
Though a less common benefit overall, reacting to declining demand is a primary concern for Japanese companies—**64%** rated it as a **very important** reason to expand.

MANAGING COSTS

Taking advantage of efficiencies in business operations is especially important in China and India, where an average of **74%** called it **very important**.



Expansion Priorities



Factors to consider outside of home markets

Demand and Culture

Companies prioritise evaluating consumer demand and local culture when expanding.

Regulations, laws, infrastructure

The regulations, legal systems, and infrastructure of new markets are also key to consider.

Market Upheaval & Stability

Companies also evaluate global and local market stability before expanding.

Questions to consider when considering expansion



1 What is the demand for our products and services in the market?

2 Do we understand the local culture?

3 How stable is the current economy in this market?

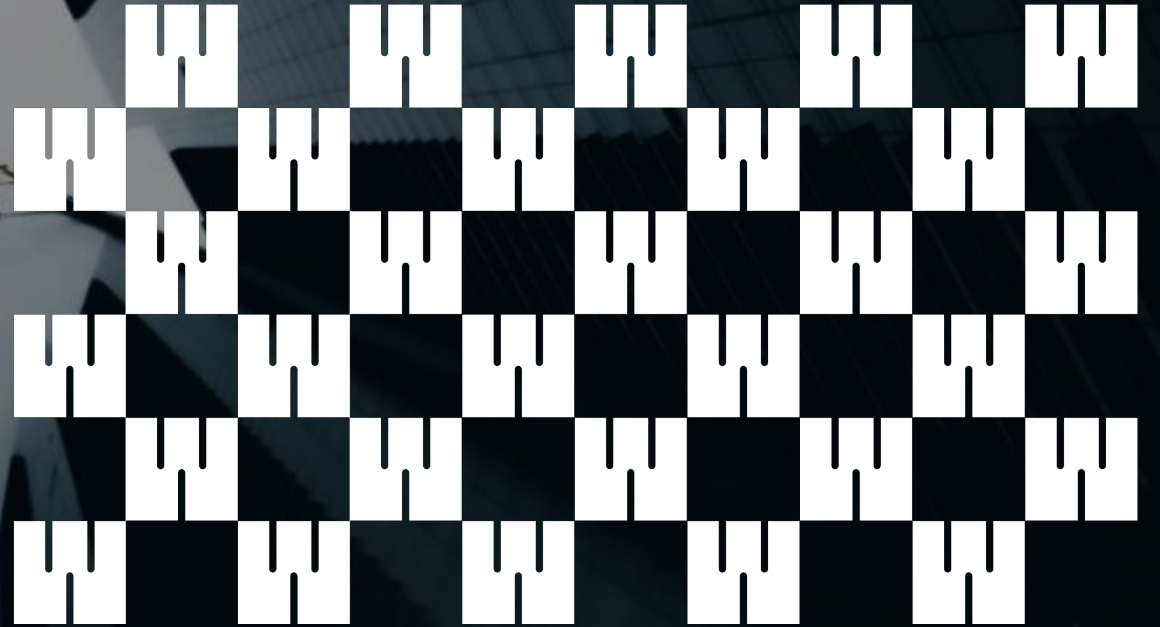
4 Who are our competitors?

5 What unique benefits are there for our business in this market?

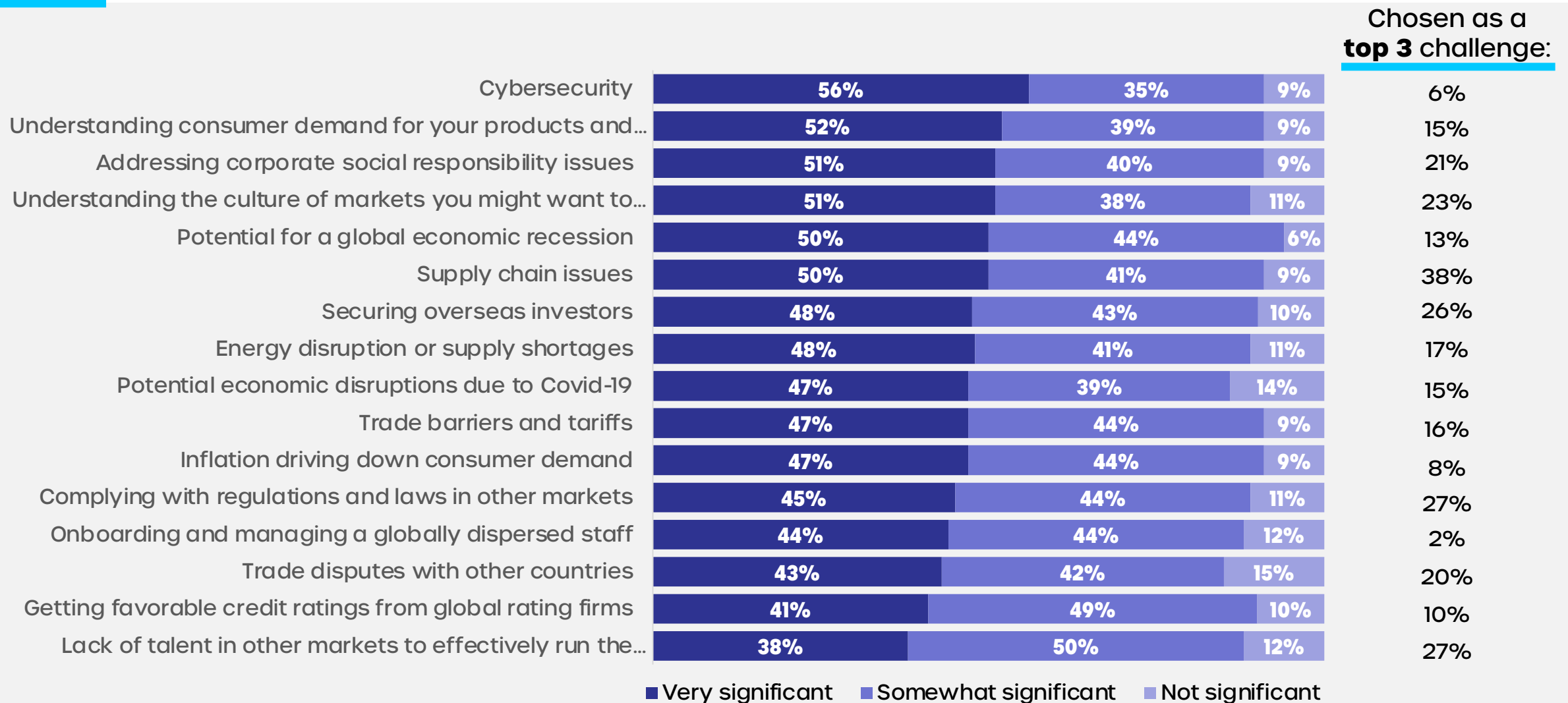
6 Is there sufficient local infrastructure to support our offering?

7 Will the organization be able to attract the right talent locally?

Challenges



Biggest Challenges of Global Expansion



Biggest Challenges of Global Expansion

- ▶ Understanding customer demand
- ▶ Supply chain issues
- ▶ Sourcing talent
- ▶ Complying with local laws and regulations
- ▶ Navigating local cultures

Secondary Challenges

- ▶ Exchange rate fluctuations
- ▶ Increased tariffs
- ▶ Local competition
- ▶ Bias against Asian companies or products

When taking on the world, Asian brands are most determined to provide a place of strength and safety for their people - with the four most important challenges of respondents being:

Cybersecurity, Understanding
Consumers, Local Culture and
Social Responsibility

Reputation Management



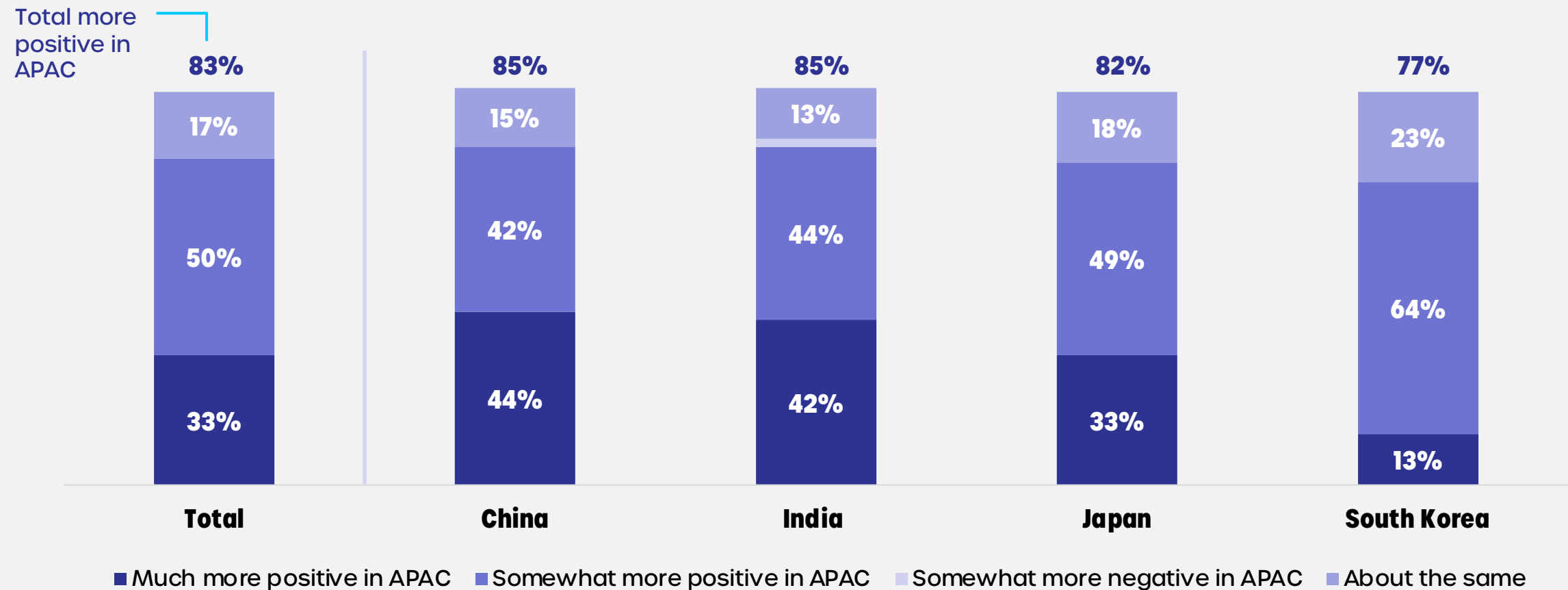


1 Nearly all respondents said their corporate reputations are less positive outside APAC.

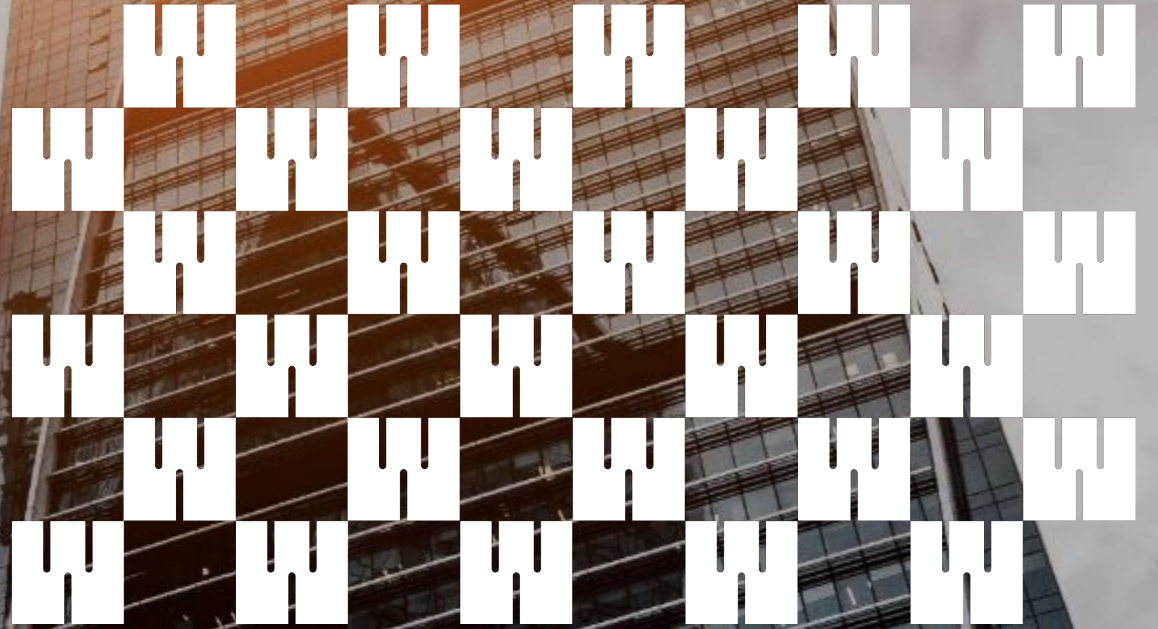
2 Many feel their companies receive extra scrutiny from consumers and regulators outside their home markets.

3 Expanding within Asia is often an easier milestone, for these and other reasons.

Company reputation in Asia vs outside Asia



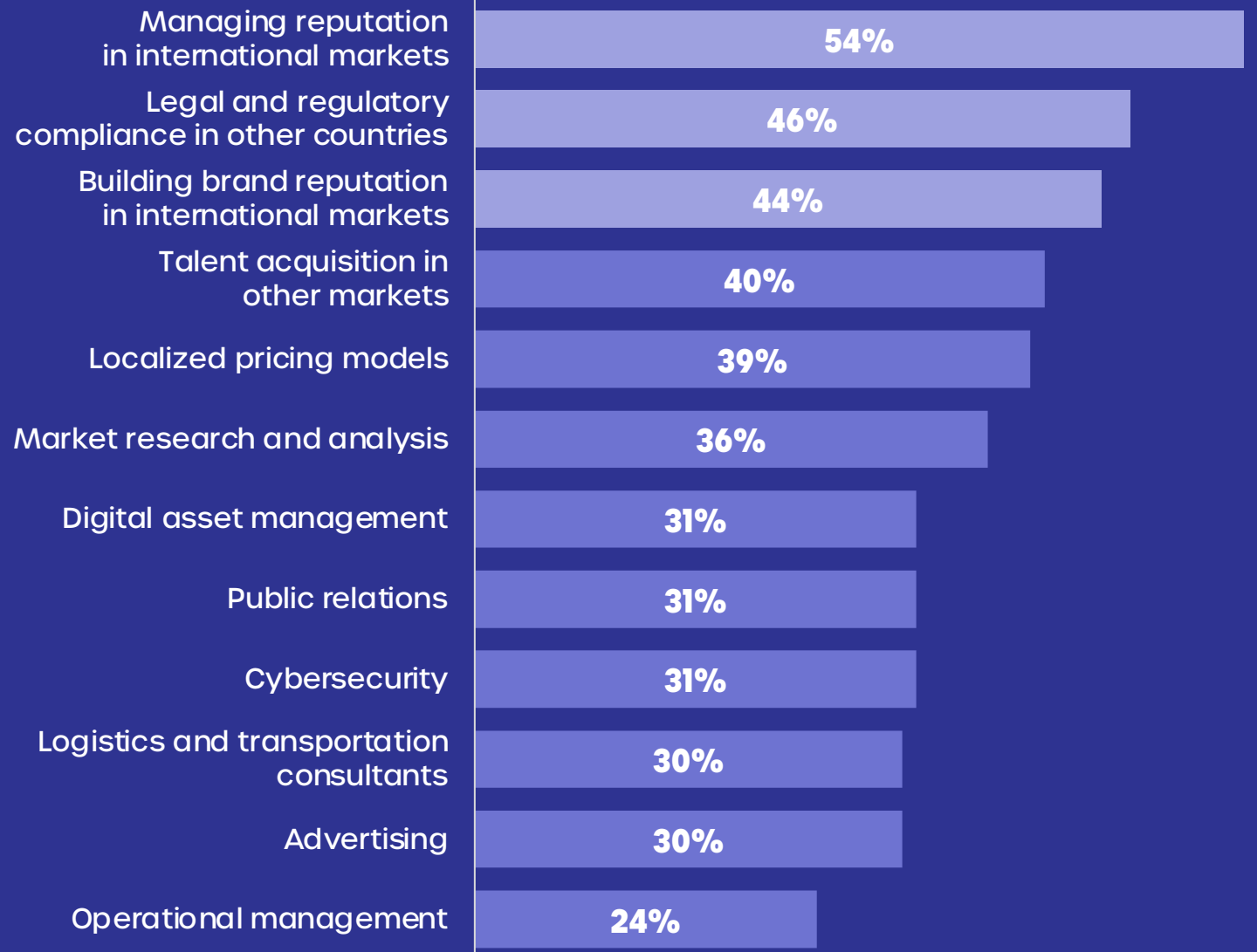
Navigating Outside Home Markets



A low-angle, upward-looking photograph of several tall skyscrapers in a city skyline at dusk or dawn. The buildings are dark with many windows illuminated from within, creating a grid of light points against the dark facades. The sky is a pale, hazy blue. The text is overlaid in the center in a white, sans-serif font.

Managing and building brand reputation in international markets are among the top uses for outside consultants, along with legal and regulatory compliance.

External Expertise Priorities





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