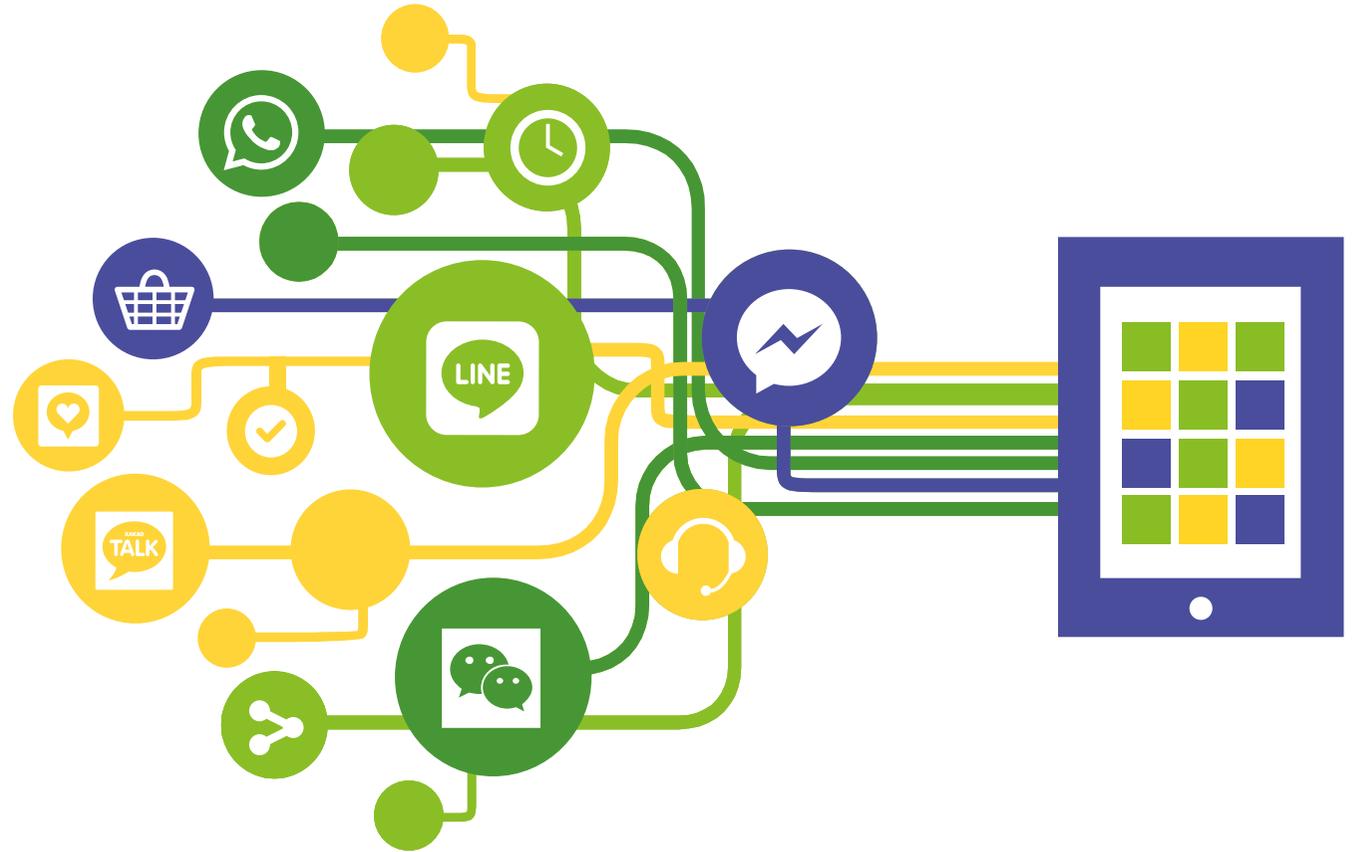




Intelligence Applied
Asia Pacific



How can brands join the chat app conversation?

In China, a father checks plans for his adult daughters to travel home for their mother's birthday by messaging them on WeChat – and in another chat window, starts a conversation with the China Railway Corporation to book the tickets. He then sends them the confirmation via WeChat, all within the space of a couple of minutes.

In Japan, a young man gets a LINE message from a friend telling him that Lawson grocery is offering coupons on his favourite brand of tea. He adds Lawson's as a friend on LINE, and is stocking up at his local store that evening.

A teenager in South Korea checks her Kakao Talk chat window where she connects with her favourite beauty brand, and finds a new skincare tip for the day. She's now keen to try a new product for her next nightly facewash routine.

These are everyday stories in Asia, where brands are a natural part of the chat conversations that people have on mobile-based instant messaging (IM) platforms, or chat apps. WeChat has over a billion registered accounts with 100 million of these users outside its home market of China, whilst LINE has 218 million monthly users, with large customer bases in Japan,

Taiwan and various markets in South East Asia. For around five years the experience of consumers interacting with brands on these chat apps has been largely unique to these parts of the world – but not for much longer.

Monthly active users

WeChat
700m

LINE
218m

Kakao Talk
50m



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How can brands join the chat app conversation?

Instant messaging's global moment

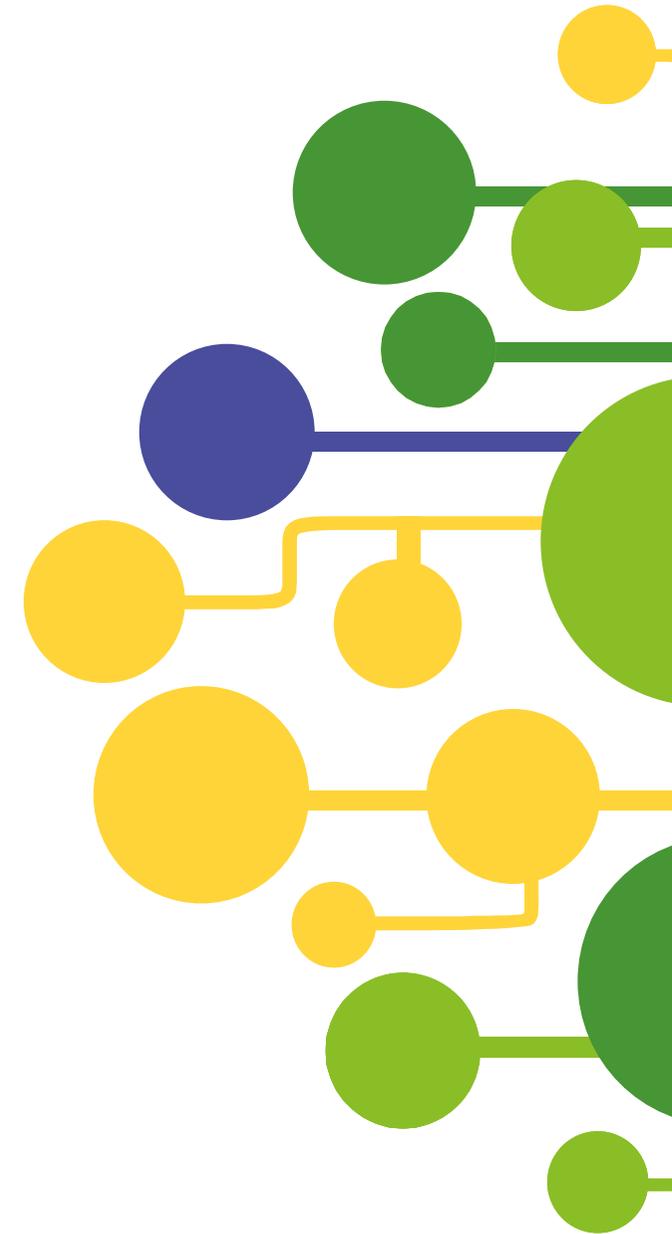
Marketers across the globe are now imagining similar experiences built around their own brands, following Facebook Messenger's announcement that it is introducing chat bots powered by Artificial Intelligence (AI). The launch of these chat bots is designed to help turn Facebook Messenger into a space where brands can become an intuitive part of their audiences' messaging conversations. By doing so, the inherently personal nature of IM communication on Facebook Messenger will also become a brand platform for multiple types of experiences: from engaging with content, to requesting customer service or making a purchase. And Facebook Messenger's massive reach means this change will resonate on a global scale.

Industry commentators were quick to proclaim the Facebook Messenger announcement as a game-changer: for marketing, for media, for mobile and for competing technology companies like Apple. It's significant that WhatsApp (also owned by Facebook) has signaled similar moves, with CEO Jan Koum announcing plans to integrate brands on the platform. Facebook and WhatsApp, the two largest IM platforms on earth, are intending to push chat apps to the centre of people's digital lives, and confirm the smartphone as the screen through which they conduct most of their online behaviour. The reinvention of the world's two largest IM platforms as complete, self-contained eco-systems is indeed a game-changer – apart from in Asia, where the game started changing five years ago.

The evolution of the app landscape

The development of chat apps has now come full circle. WeChat, LINE and Kakao Talk originally grew out of the WhatsApp chat app model in 2011. However, these Asian apps weren't content to stick to the simple consumer-to-consumer chatting functionality that characterised WhatsApp. They quickly diversified the activities that people could perform, integrating m-commerce, gaming, content delivery and payment. One of the critical functionalities they added was the brand account, which allowed a brand to "chat" with a user – an experience that's exactly like texting a friend. Now these apps are in turn being used as the inspiration for Facebook Messenger's chatbot evolution.

Diversifying the tasks that can be completed within a single app also shows the increasing dominance of IM within the wider app landscape. According to TNS's latest Connected Life data, chat apps are now the single most popular online activity, with 61% of the Asian online audience using a chat app every day, and a 12% year-on-year increase in IM activity globally. A few years ago, the common wisdom for app design advocated focusing on a single main function (e.g. checking the weather, managing money or uploading a photo). However, as app users have matured, the purpose and frequency of apps use has changed. Despite having a variety of apps on their smartphone, the average user activates only a handful on a daily basis. In Asia, chat apps have positioned themselves as destination apps by taking on more and more functions.



How can brands join the chat app conversation?

Chat Wars

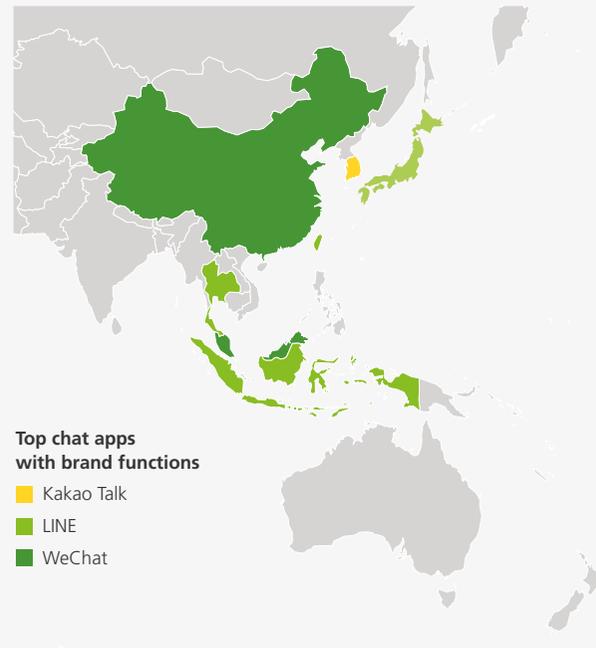
As businesses become more comfortable using Facebook Messenger as a branded channel, users outside Asia who have been accustomed to a largely brand-free messenger experience, will be in for some big changes. But how will these changes play out in Asia amongst an audience that is already familiar with Asian chat apps?

The chat app battles will intensify in Singapore, Hong Kong, Malaysia and Indonesia, where WeChat and LINE have built a significant user base. Facebook Messenger's higher reach will pose a significant challenge. Brands who want to play in these markets will be spoilt for choice in terms of the chat platforms available.

However, countries with little experience of WeChat, LINE and Kakao Talk such as India, Vietnam, Philippines, New Zealand and Australia, will now start experimenting with the new Facebook Messenger tools. Brands will have to convince chat app users in these markets that engaging with them adds value to their IM experience. If WhatsApp launches brand functionality in the coming months, the landscape will become even more complex.

It's clear that brands entering the fray will need to ensure they have a detailed understanding of the chat apps preferred by their target audience in Asian markets. WeChat, LINE and Kakao Talk offer varying brand

Chat landscape in 2015



opportunities and come with differing user expectations. Rolling out a multi-market chat strategy based around a single app's audience and functionalities might not be an

Chat landscape in 2016 onwards



option. Global brands must cater for highly fragmented chat audiences across Asia, underscoring the importance of being hyperlocal.

How can brands join the chat app conversation?

Learning from the pros

Facebook Messenger and WhatsApp have had the advantage of watching how chat app ecosystems and models have developed in Asia, and are tapping into the successes and failures of chat experiences. Brands too can learn from brands in Asia that have made effective use of WeChat, LINE and Kakao Talk.

In the past brands have struggled to evolve their approach to managing customer experience to reflect the way that those customers use emerging technologies. However, chat apps present a strategic opportunity for businesses to streamline their interactions with consumers and create a more personalised experience, by drawing on the following three aspects of the Asian chat experience:

Customer service:

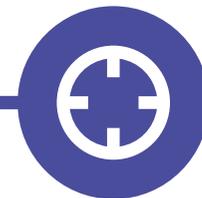
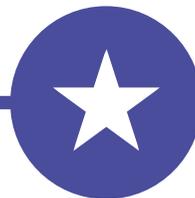
Consumers naturally gravitate towards a personalised one-to-one platform when they need support or customer service. However, the capacity to provide this service has depended on a brand having informed people ready to respond. Brands already make use of chat bots on WeChat to provide simple answers to consumers – but only in limited roles where they are confident those bots can deliver the right experience through automated response trees, or in combination with basic drop-down menus. WeChat experiments with AI include Xiaobing, a “Virtual Girlfriend” created by Microsoft. Xiaobing is immensely popular in China, but its potential remains unharnessed by brands there.

Facebook Messenger however is giving AI a commercial purpose by using it to power its brand chat bots. This has huge potential for improving personalised customer service by delivering on the true promise of brand chat: a human-like, one-to-one interaction that feels just like talking to a customer service person, but in truth can be scaled up to millions of simultaneous, asynchronous conversations.

Content delivery:

Brands in Asia also use chat apps to deliver tailored content to users. However the consumer experience can go downhill very fast as brands compete for a share of your chat window. Content delivery through chat can easily descend into the same spam-riddled experience that email marketing reduces inboxes to. WeChat has skirted this by creating a “Subscriptions” tab specifically for content delivery accounts, whilst LINE limits the frequency of posts a brand can make through its chat account.

Keeping these lessons in mind, Facebook Messenger lets users block official chat accounts, a blunt measure that allows no recourse or chance of re-engagement unless initiated by the user. This will be a test for brands moving onto Facebook Messenger as they will need to judge their audience carefully – and walk a tightrope between being too boring or overzealous. Get it right and they will tap into a new type of consumer dialogue; get it wrong and they will be blocked – quite possibly for good.



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Commerce:

Chatbots facilitate more than just marketing or customer service – they can also enable commerce by providing shoppers with product suggestions, information and functioning as payment platforms. In Asia, WeChat, LINE and Kakao Talk have been working to overcome consumer concerns around mobile payment systems linked to credit or debit cards, balancing stringent security measures with convenient functionality. The approach is working. The uptake of mobile wallet usage in China is so significant that WeChat Wallet is now considered a serious e-payments competitor to Alipay; for a humble chat app, this is a bold cross-over into the payment network space.

To win audiences (and their wallets), Facebook Messenger payment will have to offer the same balance of security and convenience.

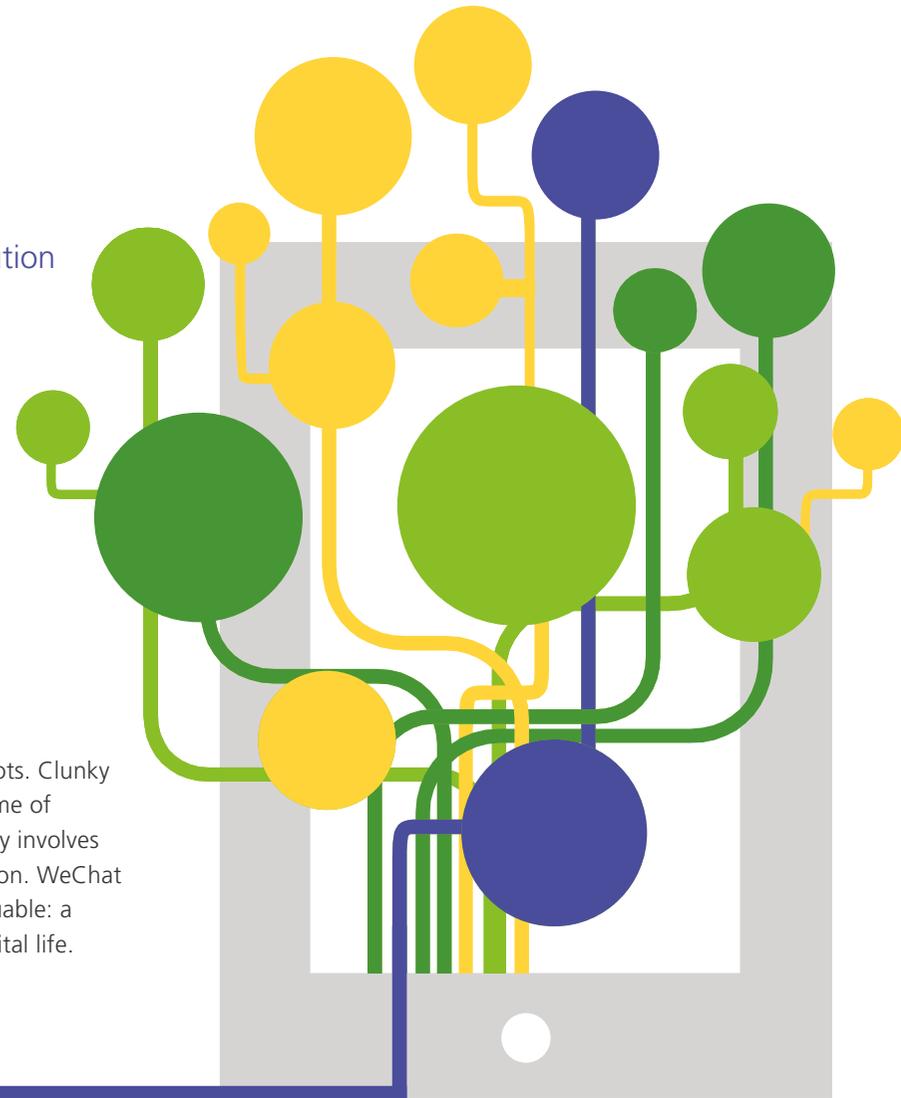
This service is currently available only in the US, and the schedule for a global roll-out is unknown. But brands planning on using chatbots for m-commerce should keep a close eye on its impending development. From providing recommendations for product discovery, to closing the purchase loop through payment, chatbots are poised to become a complete path to purchase unto themselves.



Why brands can't ignore the IM revolution

Recent developments in the chat app space have confirmed what Asian marketers and consumers have known for five years or more: that IM platforms are on course to take an ever more central role in consumers' connected lives. What was once an Asian model is now being transplanted onto global platforms and has immense potential to reach billions of people as a result. Brands can now access a touchpoint that offers a very different user experience compared to traditional, mass-reach social media platforms – and which makes very different demands of their marketing functions.

It is still early days for Facebook Messenger chatbots. Clunky conversations and poorly targeted content are some of Messenger's initial pitfalls. But any new technology involves learning from growing pains, and a long-term vision. WeChat bots took time to mature, but the pay-off is invaluable: a chance to be at the centre of your consumer's digital life.



How can brands join the chat app conversation?

Chat app check-list

How will your brand choose to join the chat conversation?

- ✓ Consider your audience – and focus on the chat apps they are most likely to use.
- ✓ Analyse how brands in your category have already leveraged chat apps in Asia – and use their success and failures to guide your strategy.
- ✓ Identify the business functions or channels that users would prefer to access on a messaging app – and prioritise their delivery.
- ✓ Embed chat app responsibilities across marketing, digital and customer service functions so that customers are presented with seamless experiences through the chat app.
- ✓ Design your offline and online channels to complement your chat strategy – for example, advertise your chat presence in your outdoor display ads, or give your chatbot a specific role to play within a larger integrated campaign.
- ✓ Decide on what your brand identity will look like - how can you build a customer service relationship using humour, personality or witty responses to add emotional texture and depth?
- ✓ Plan around the moments, occasions and contexts when your IM audience will most want to hear from your brand. Develop a communications strategy that can deliver value, not spam.
- ✓ Explore how chat apps can open up new paths to purchase – for example, by providing information that drives offline purchases or looking at how in-store touchpoints drive in-app commerce.



About the author



Joy Lee is a Senior Client Servicing Manager based out of TNS Singapore, where she works in the Customer Strategies team. She works extensively on the digital marketing challenges facing businesses, advising brands on areas such as ecommerce, gaming, social networking and mobile apps. She also helps clients draw links between emergent digital behaviours and their impact for brands. Joy has also spoken on the evolution of chat apps in Asia at regional events. joy.lee@tnsglobal.com

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TNS advises clients on specific growth strategies around new market entry, innovation, brand switching and stakeholder management, based on long-established expertise and market-leading solutions. With a presence in over 80 countries, TNS has more conversations with the world's consumers than anyone else and understands individual human behaviours and attitudes across every cultural, economic and political region of the world. TNS is part of Kantar, one of the world's largest insight, information and consultancy groups.

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