The next billion consumers

A fast-growing opportunity
for digital commerce

Voices of **Change**

From insights to action, the path to extraordinary value starts here.

accenture

A new generation of digital consumers will emerge in eight countries over the next 10 years.

Will your brand win their hearts, minds and wallets?

Your new best customers are ahead of you

More than one billion digitally astute consumers will enter the market over the next decade in eight rapidly growing countries: Bangladesh, Egypt, Ethiopia, India, Indonesia, Kenya, Nigeria and the Philippines.

These consumers could become your customers. Right now, there's little to no digital competition for their business among most consumer-facing companies.

Some 40% of the world's 50 largest consumer companies have no presence there. Just 22% are present in more than two. None operate in all eight.[1]

However, there are considerable challenges to attracting and keeping these consumers. Operational risks are relatively high, even for traditional commerce channels. Digital commerce introduces additional issues; for example, last-mile delivery remains particularly difficult.

The fact that existing digital consumers expect purchases to flow in rhythm with their lives presents a high bar. According to recent Accenture research, companies' digital investments in these areas to date are already falling short of consumers' expectations. Trends show that most businesses will not be ready to satisfy them.

But these markets can open a path to growth for companies that act fast. This report examines these emerging consumers in more detail, as well as the challenges to serving them. We also identify four drivers of success; focusing on developing them can help companies deliver highly differentiated, deeply digital experiences to win these consumers' hearts, minds and wallets.

Who are these
consumers?

We identified this emerging group of individuals during our research on growing markets, specifically 92 countries across Sub-Saharan Africa, the Middle East and North Africa, and the Asia Pacific region.

Assessing the relative digital maturity and digital commerce potential in these countries, we homed in on 22 of them. Then, we used the same criteria to pinpoint countries with high digital commerce growth potential with an emerging young population. This narrowed it down to Bangladesh, Egypt, Ethiopia, India, Indonesia, Kenya, Nigeria and the Philippines. (See Figure 1.)
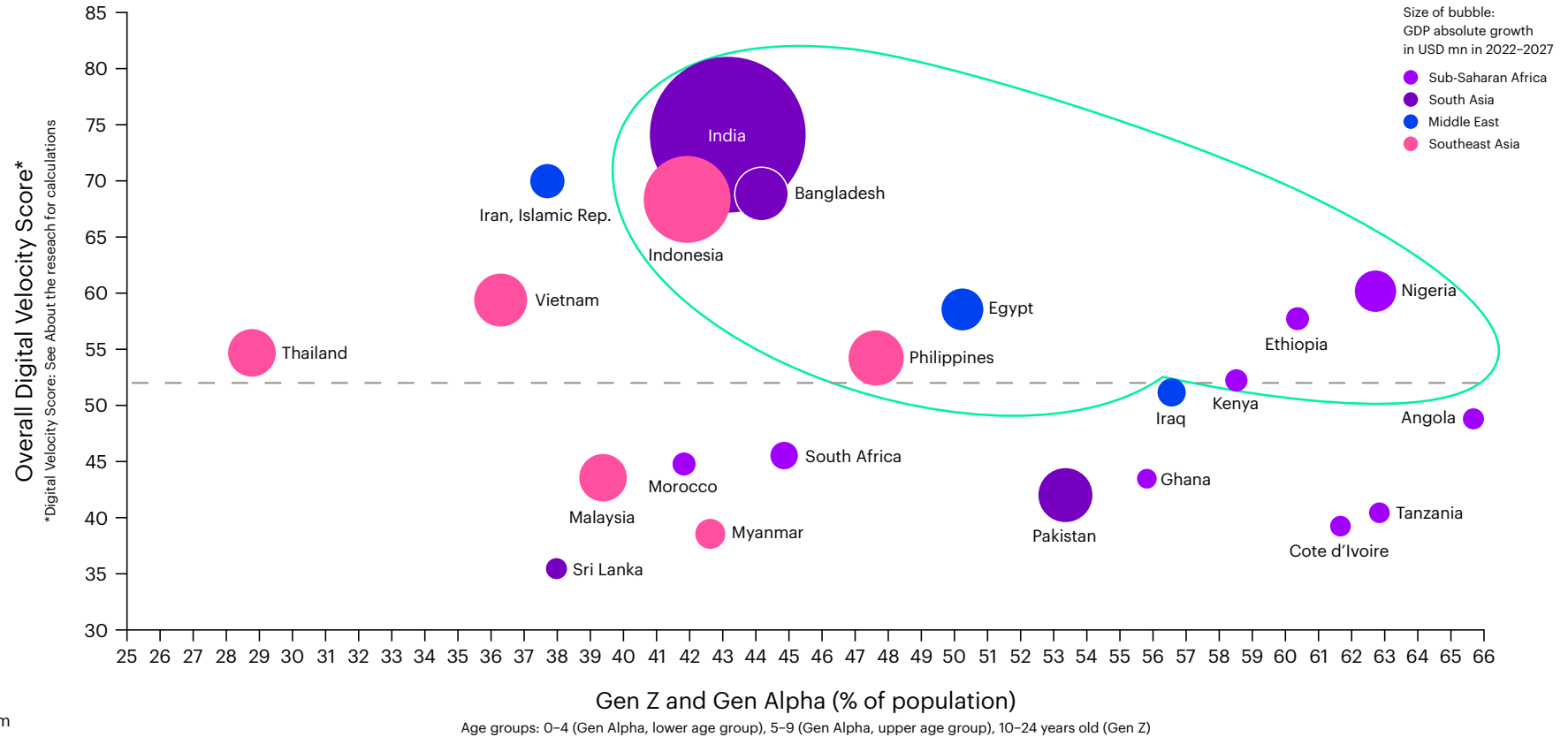
In these eight countries, digital commerce revenues have quadrupled since 2017—equating to $211 billion in 2022.

And younger people are already either shoppers or influencers themselves. Gen Zers (the oldest digital natives, born between 1997 and 2012) and older Gen Alphas (born between 2013 and 2017) represent more than one third (36%) of the population overall.[2,3] That's almost a billion individuals.

Eight countries showing strong digital maturity

Eight countries
with an emerging
young population
exhibit stronger
digital maturity
than the rest

Size of bubble:
GDP absolute growth
in USD mn in 2022–2027

- Sub-Saharan Africa
- South Asia
- Middle East
- Southeast Asia

Overall Digital Velocity Score*

*Digital Velocity Score: See About the reseach for calculations

Gen Z and Gen Alpha (% of population)

Age groups: 0–4 (Gen Alpha, lower age group), 5–9 (Gen Alpha, upper age group), 10–24 years old (Gen Z)
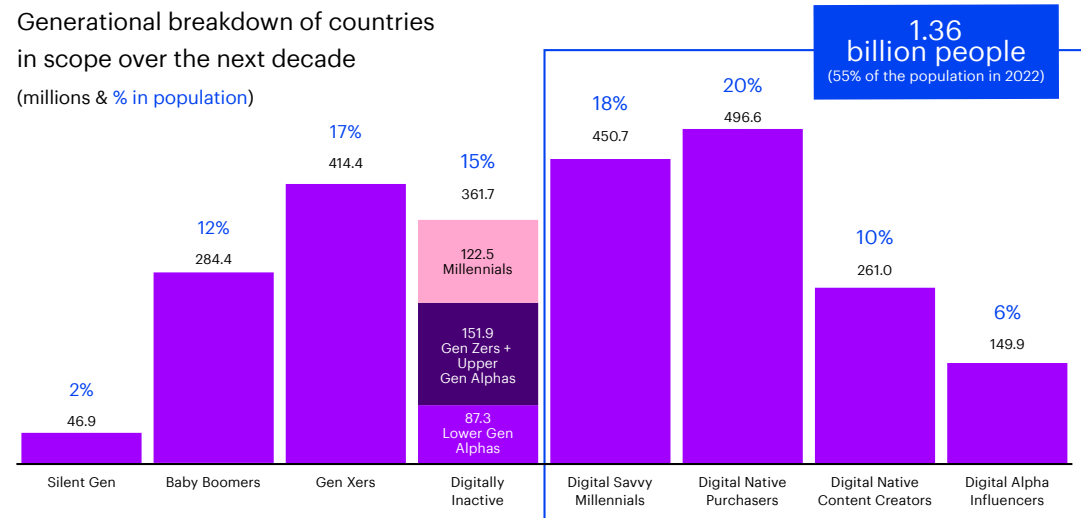
Consider too, across the eight countries we studied, 98% of Gen Zers with internet access are active social media users who spend an average of four hours and 14 minutes online on their smartphones every day, over an hour more than other generations.[4,5]

Our survey of age generations in these countries, combined with modeling analysis, identified four consumer segments based on shopping preferences and age groups.

These segments represent about 1.4 billion digitally astute and influential consumers who will enter the market over the next decade.

We call them: Digital Native Purchasers, Digital Savvy Millennials, Digital Native Content Creators and Digital Alpha Influencers. (See Figure 2.) The About the research section of this report offers more details about our methodology.

Figure 2: Almost 1.4 billion digitally astute and influential consumers will enter these eight markets over the next decade

Generational breakdown of countries in scope over the next decade

(millions & % in population)

1.36 billion people
(55% of the population in 2022)

2%	12%	17%	15%	18%	20%	10%	6%
46.9	284.4	414.4	361.7	450.7	496.6	261.0	149.9

122.5 Millennials

151.9 Gen Zers + Upper Gen Alphas

87.3 Lower Gen Alphas

Silent Gen | Baby Boomers | Gen Xers | Digitally Inactive | Digital Savvy Millennials | Digital Native Purchasers | Digital Native Content Creators | Digital Alpha Influencers
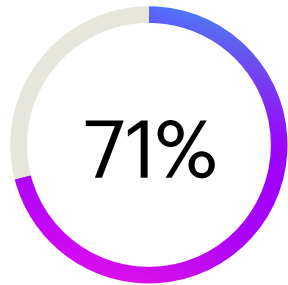
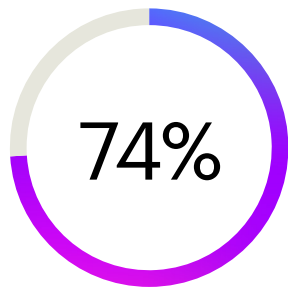Source: Accenture Research

Digital native purchasers

They are mostly Gen Zers and older Gen Alphas who will be between 15 and 34 years old in 10 years.

Almost all of this group shop online and customer experience matters a lot to them.

71% buy items, such as clothing, bags, shoes, watches and accessories

74% find online customer reviews very helpful.[5]

Zawadi, 23, is a classic Digital Native Purchaser. She lives in Kenya, works in the IT industry and has a steady income. A fashionista, she's always browsing online for trendy clothes and loves checking out brands on Instagram before buying from them. She says she reads "a ton" of customer reviews before making a purchase to confirm that a product's quality is good and that sizing is accurate. When she orders online, she wants to be able to track delivery at each touch point and appreciates brands that provide same-day delivery.

Digital native content creators

They are the same age as Digital Native Purchasers, but currently don't make online purchases— and we don't expect them to because they're more focused on savings.

83%

of Gen Zers interact with brands through social media and websites, even if they don't buy from them.[5]

These individuals review products and services online, and their offline shopping choices are influenced by reviews posted on social media; more than 72% are swayed by lots of "likes" or "good comments."

Amitava, 19, is from Bangladesh. He is studying online to become a teacher and is intent on saving money to support his education. He doesn't shop online, but in his free time, he loves to review products and brands live on Twitch streams, or share videos about them with all his social contacts. He often scrolls through social media and posts daily on Instagram, Facebook, Twitter and TikTok. He built up a significant following in just a few years and created a Discord community for his contacts, so they can all interact with each other any time.

Digital savvy millennials

These individuals aren't digital natives and will be between 35 and 44 years old over the next decade.

But they have increased their digital intelligence over time through frequent use of digital services. Since 2018, the number of millennials who mostly or always shopped online has nearly tripled and their use of social media has almost doubled.[5]

Angelo, 36, lives in the Philippines. He is a banker with more than 10 years' experience in the financial services industry. Angelo has been working from home since the COVID-19 pandemic increased workplace flexibility. He lives alone and is a bit of a workaholic. He doesn't have time to go shopping and prefers to order everything online—from food to electronics, all the way down to his socks. He is accustomed to convenience at his fingertips and doesn't mind waiting for an order, so long as it's delivered directly to his door. If there's free delivery, that's a bonus.

Consumer profile 4

Digital alpha influencers

These individuals are younger Gen Alphas. In the next 10 years, they'll still be too young to be active digital buyers (<15 years). However, they already influence their parents' digital commerce purchases.

In the eight countries we studied,

83%

of parents say their children
influence their purchases.

79%

say their children introduced them
to new technology or apps.[5]

Virat, 12, lives with his parents in India. He loves gaming—as soon as
he gets home from school, he turns on the PlayStation®. He really wants
to be a game developer when he is older. His parents are still pretty
old-school and think that technology is too complicated. But even though
"they don't get it," they still buy him the electronic gadgets that he's
interested in and subscribe to streaming sites like Netflix because "nobody
watches TV anymore, it's all online now." He has started showing his dad
how technology can make their lives easier—like ordering food online.

Challenges to growing digital commerce in these markets
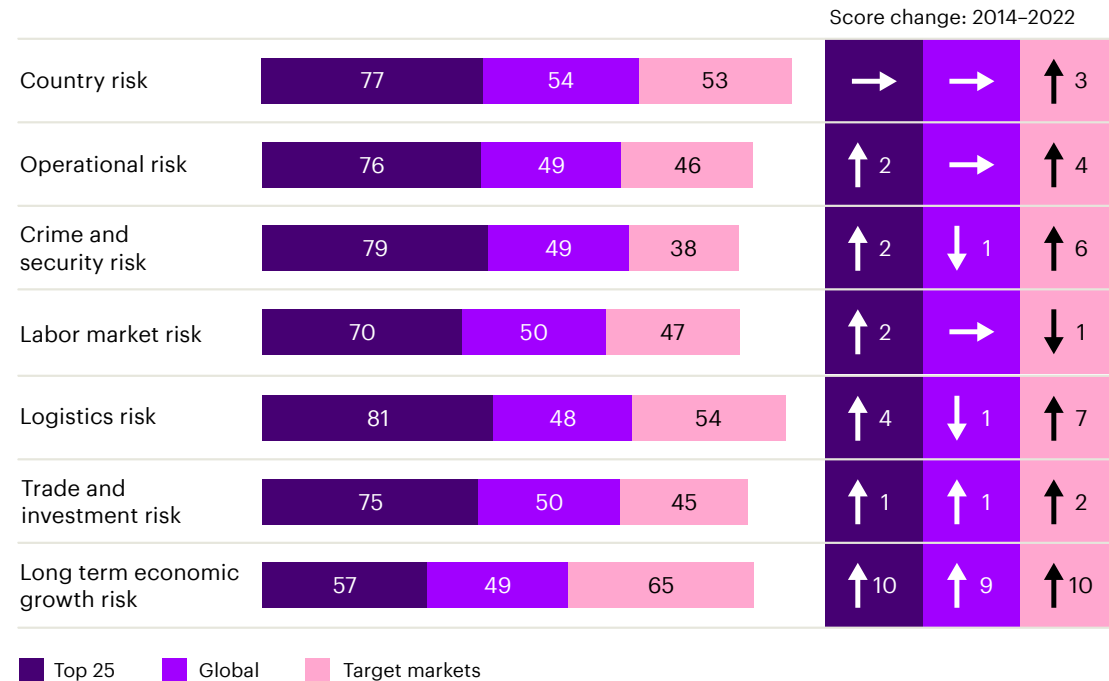
The challenges to serving these high-potential digital consumers run the gamut, from basic operational difficulties to consumer expectations that are rising faster than companies can manage.

> The good news is that existing digital technologies are already mitigating many operational issues.

And consumer expectations are in many ways no different from what companies are experiencing in other markets they serve.

According to the Fitch Country Risk Index of 205 markets across the world, our eight target markets are riskier compared to the global average. The Index benchmarks operational risks based on four main categories: Labor Market, Trade and Investment, Logistics, and Crime and Security.[3] (See Figure 3.)

Figure 3: The risky (albeit improving) operational environment has left our target markets less attractive to business investments

Score change: 2014–2022

	Top 25	Global	Target markets			
Country risk	77	54	53	→	→	↑ 3
Operational risk	76	49	46	↑ 2	→	↑ 4
Crime and security risk	79	49	38	↑ 2	↓ 1	↑ 6
Labor market risk	70	50	47	↑ 2	→	↓ 1
Logistics risk	81	48	54	↑ 4	↓ 1	↑ 7
Trade and investment risk	75	50	45	↑ 1	↑ 1	↑ 2
Long term economic growth risk	57	49	65	↑ 10	↑ 9	↑ 10

■ Top 25　■ Global　■ Target markets

Fitch Country Risk Index Scores
Country Group average index scores on a scale 0–100
(100=the lower risk, 0=highest risk)

Companies in these countries must also contend with several operational hurdles. Poor roads and infrastructure complicate fulfillment and last-mile delivery. Limited access to finance and payments poses another challenge, particularly in some of the poorer countries in the group. Creating consumer awareness about a product or service is also difficult. Traditionally, companies entering these markets have had to put up billboards or randomly distribute flyers to get consumers' attention. They haven't been able to market to targeted groups of people.

Offerings exist to address these challenges

A growing number of providers are addressing these issues. Crowdsourcing delivery and Q-commerce services, for example, can facilitate fulfillment and reduce shipping costs. They also offer consumers greater flexibility.

Uber Eats, Zomato and foodpanda let their customers schedule deliveries based on their availability and track their orders in real time. Our study shows that speed of delivery is important to digitally astute consumers. Additionally, 73% are influenced by convenient delivery options and 79% by free delivery options.[5]

There are also payment providers, such as Zest, Kredivo, Atome and Simpl, that offer an interest-free service called Buy Now Pay Later (BNPL). Tech-savvy but cash-strapped consumers with no access to credit are embracing the freedom that BNPL offers. In fact, BNPL payments across our target markets are expected to grow on average by 112.3% every year to reach over $14.3 billion in 2022.[7–9] This can reduce companies' risk by putting the burden on payment providers' business models. Some companies that collaborate with BNPL providers are also seeing increased sale conversions, better customer experiences and improved customer lifetime value.

Meanwhile, social commerce globally is providing an increasingly attractive way to reach massive markets directly at low cost.

Our study shows that more than half of digitally astute consumers prefer shopping on social media apps to other purchasing platforms. Independent beauty brand Glow Recipe joined TikTok's shopping program in April 2021 and now 90% of its traffic is first-time buyers. The brand first made the headlines when its sales surged 600% after being featured in a TikTok video by an influencer with over seven million followers.[10] Social commerce can also lay the groundwork for repeat purchases, with 63% of the social commerce shoppers we surveyed saying they are more likely to buy from the same seller again.[11]

The consumer expectations challenge

Current consumers already take advantage of digital services when considering or making a purchase.

When we surveyed more than 3,000 consumers
in these eight markets, we found that:

80%
use online channels
such as search engines,
social networks and videos
to research products or
services before purchasing.

76%
are influenced by lots of
"likes" or "good comments"
on social media when
deciding whether to buy
something online.

70%
use online
payment methods.

75%
said that easy
return policies are an
important factor that
influences their online
purchasing decisions.

However, when we looked at about 112,000 social media comments related to consumer experiences in these markets, the negatives far outnumbered the positives. Fifty-two percent rated their overall experience as negative. (See Figure 4.) The results indicate that current consumers are often left frustrated by the digital services they receive, in contrast to what businesses perceive they provide.

Figure 4: Consumer sentiments across the buyer journey[12]

While businesses are satisfied with the digital services they provide, consumers feel differently. Consumers rated their digital experiences as increasingly dissatisfying, especially as they progressed in the buyer journey.
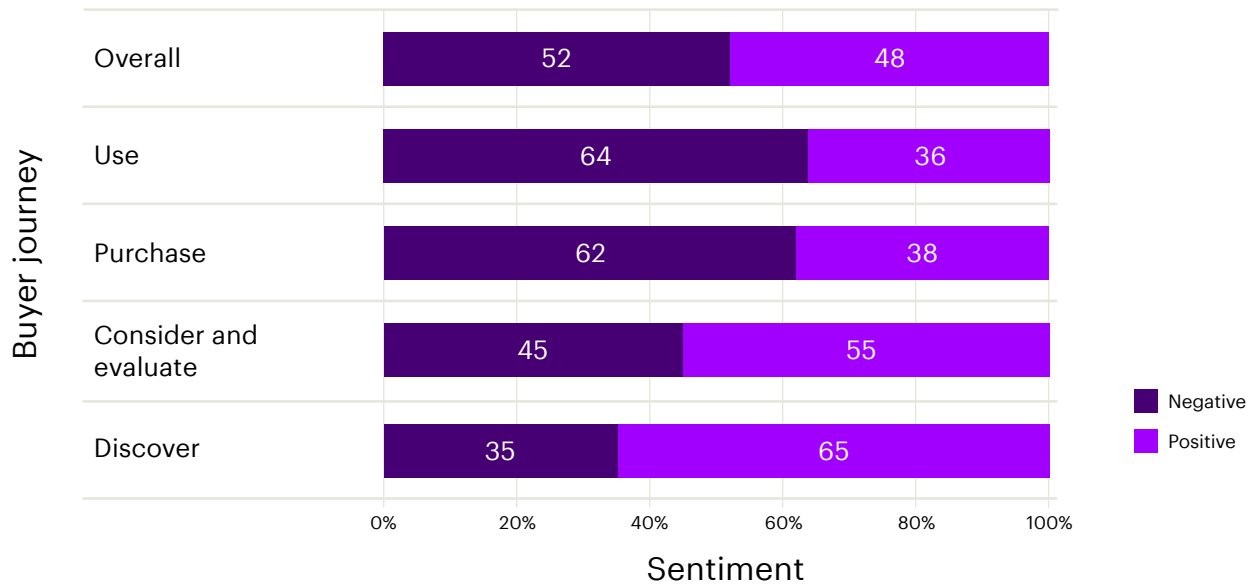
Analysis coverage:

- 112,200 consumer sentiments
- 154 companies from the retail, CPG, banking and telecommunication industries across our eight target countries
- In the graph, the positives include neutral sentiments

Companies in India and China are going for first-mover advantage

Chinese and Indian investors recognize the attractiveness of these markets and are aiming to secure brand loyalty there through first-mover advantage.

China and India have increased their digital investments in these markets by 25% and 15%, respectively, since 2016.[1]

In 2018, Alibaba acquired Daraz Group, one of the leading digital commerce companies in Bangladesh. Daraz announced in June 2020 it would invest $59 million in the country by 2021 to improve the company's digital commerce logistics infrastructure, including its warehouse and sorting center.[13]

Paperfly and Ecom Express have also joined forces. In 2021, Paperfly, the largest home-delivery service network in Bangladesh, announced a majority investment of close to $13 million by Ecom Express. This investment by India's leading technology-enabled, end-to-end digital commerce logistics solutions provider can help Paperfly fast-track its vision of capturing a lion's share of the growing digital commerce industry in Bangladesh.[14]

In Kenya, Standard Chartered is set to enter the local digital commerce business through Solv, a technology firm it first launched in India in December 2020.[15]

As Liu Bin, general manager of Hisense Middle East and Africa, has said: "The African digital commerce market is growing rapidly, and we should seize the opportunity to bring valuable Chinese products to African consumers."[16]

Four drivers of success

Digital commerce has created new ways for people to buy and sell, and the number of commerce channels will continue to grow alongside the rapid evolution of the metaverse.

To reach consumers where they are, companies must make shopping easy and engaging through integrated, cross-channel experiences. They'll need data insights, technology and partnerships to power continuous improvement and create winning new offerings.

We've identified four drivers that can ground companies' efforts. Focusing on these elements can help business leaders accelerate the kind of enterprise transformation needed to keep up with (and exceed) consumer expectations—while scaling to serve emerging consumer segments in new and fast-growing markets.

Digital brand

A clearly articulated role for digital commerce in brand and growth strategies

To create a consistent experience across their digital commerce ecosystem, companies should prioritize channels by category, brand and geography. Digital commerce plays an integral part in brand and category planning, and the brand experience must be consistent across every relevant channel. Continuous innovation, fueled by rich data insights from these channels, is also key to refining messaging, presence and product.

Ask:
How is digital used to create, deliver and manage brand experiences across our channels and teams?

Starbucks continues to adopt digital technologies to capture customer insights that shape how it balances local-market preferences with the need to deliver a consistent brand experience across channels.[17] The company has found that one way to meet local needs is through social media marketing campaigns that encourage customers to share content.[18]

In August and September 2012 (a traditionally quiet period for coffee sales), Starbucks ran a campaign on WeChat, one of the most popular social media platforms in China. Starbucks asked its fans about their mood and they could respond with any of WeChat's 26 emoticons. Starbucks would then reply with a song that corresponded to a fan's mood. A total of 130,000 users joined the campaign, sharing 238,000 emoticon messages. At the same time, the company saw a 9% increase in fans on its Sina Weibo page, demonstrating the interconnected nature of social media platforms in China.[19]

Starbucks also has individual conversations with customers through WeChat. When users begin following Starbucks' WeChat page, the company asks how it can help them. Customers respond with an emoticon or specific questions. WeChat functions as a direct messaging channel about products, promotions and store locations. Every data point from conversations is considered, trends are spotted and product and service strategies tweaked accordingly, faster than ever before on the local and global stage.

Digital brain

A secure data foundation and analytics enabled by cloud

The data a company collects across multiple consumer touch points must be integrated to create holistic customer profiles. To better understand a customer's unique needs and wants in the context of their life, a company might collect a variety of different data across first- and third-party sources like CRM systems, email, social media activities, transactional systems and websites (including forms, cookies and digital commerce behavior).

Ask:

How are digital trends reflected in our strategic plans for driving awareness and engagement with consumers and customers?

Cloud technologies create a highly automated data foundation that can secure all critical data assets and data management. Taken together, these data sets produce 360-degree customer profiles that companies can use to foster loyalty and improve retention, while continuing to enhance customer intelligence.

These profiles support new levels of agility across all digital channels and marketing campaigns, driving operational efficiency through predictive analytics and enhanced customer intelligence. Company executives can activate customer-centric campaigns quickly and efficiently and provide personalized experiences in real time. Cloud-based data and analytics also provide a highly secure environment for data gathering, storage and use.

Shiseido, a skincare and beauty company in Asia, is a good example of this driver in practice. The company partnered with Accenture to create a joint venture called Shiseido Interactive Beauty. The goal is to transform Shiseido into a personal beauty and wellness company by 2030 by using data analysis, AI, automation, service design and digital marketing to provide a customized customer experience. The joint venture focuses on data-driven CRM enhancement, e-commerce, cloud and talent development. The plan is to expand IT functions and rebuild a flexible system infrastructure in the cloud, streamline marketing investments through customer analysis and accumulate customer histories into one database for personalized services.[20]

Digital build

A digital commerce ecosystem that scales everywhere you sell

Businesses need a digital commerce ecosystem with a modular and flexible architecture to scale everywhere they sell. It should integrate business functions (sales, service, marketing, supply chain) and support seamless omnichannel buying experiences.

Ask:

How well do we use digital technology to streamline our activities across the supply network?

Consider how Nike transformed how it serves customers. Driven by the challenges of the pandemic, the company implemented new technology platforms, automation and process improvements in its operations. It deployed AI and machine learning (ML) technologies to predict trends, order products and make its delivery systems faster and more accurate. Over two years, Nike invested in inventory optimization technology platforms to build a global digital-first supply chain. It now has over 1,000 "cobots" (collaborative robots that are capable of learning multiple tasks to assist humans) in its distribution facilities to sort, pack and move products. Cobots increased the pace of order processing and helped

Nike triple its digital order capacity in North America, Europe, the Middle East and Africa over the 2020 and 2021 holiday seasons.[21]

The company also developed an integrated omnichannel experience to foster direct connections with customers. Now, when Nike Members enter one of its stores, they can ask for fitting rooms and shoe sizes through the Nike app. They can also receive special offers and exclusive products while in-store and make payments through the app, skipping store checkout lines.[22]

Nike began its digital build journey years ago. In 2017, the company announced

its "Triple Double Strategy," which used technology investments to double its innovation, speed to market and direct customer connections. To double direct customer connections, leaders rethought the way Nike apps functioned in its stores and the benefits the apps could provide. They quickly found that rewarding Nike app users with in-store perks and exclusive features drove direct sales.[22]

By 2019, Nike's Triple Double activities had created a continuous loop of customer data. Data flowed from its collection of apps to its stores, particularly its concept stores, such as House of Innovation in New York and Shanghai, and Nike Live, which opened in Los Angeles in 2018.[23] In these stores, customers can try on shoes that they pre-reserve using the Nike app. The shoes are kept in a locker that customers can unlock using their smartphones. The data from these activities in turn informs store merchandising strategies.[22]

Meanwhile, Nike is progressively breaking down silos between its digital and retail sales channels, betting on the idea that success in one channel should drive success in other channels, too.[22]

An international airport in Asia Pacific offers another example of a strong digital build. During the pandemic, passenger traffic plummeted. The number of passengers dropped from 68 million in 2019 to 11.8 million in 2020, an 82.7% year-over-year decline. However, airfreight business grew during that same period, and the airport seized the opportunity to further improve airfreight throughput. In 2020, it launched an open ecosystem of collaborative and community-based applications built on an information-sharing platform for parties involved in cargo handling. One of its new projects is a digital portal that streamlines cargo lodging and collection procedures at airfreight terminals. The portal has improved resource optimization, reduced wait times and reduced CO_2 emissions, while providing greater insight into bookings and shipment details. As part of the roadmap, the airport plans to roll out additional programs to enhance supply chain visibility, increase operational efficiencies and enable end-to-end digitization of the air cargo supply chain.

Digital brawn

The right talent and assets to create efficient operations at scale and speed

This driver is about building up your company's digital brawn, which is the change-management power to scale operations. To achieve scale, businesses should establish well-defined resourcing and technology ecosystems. They should articulate their expected business outcomes and ensure governance and accurate reporting. These insights can reveal necessary operational improvements.
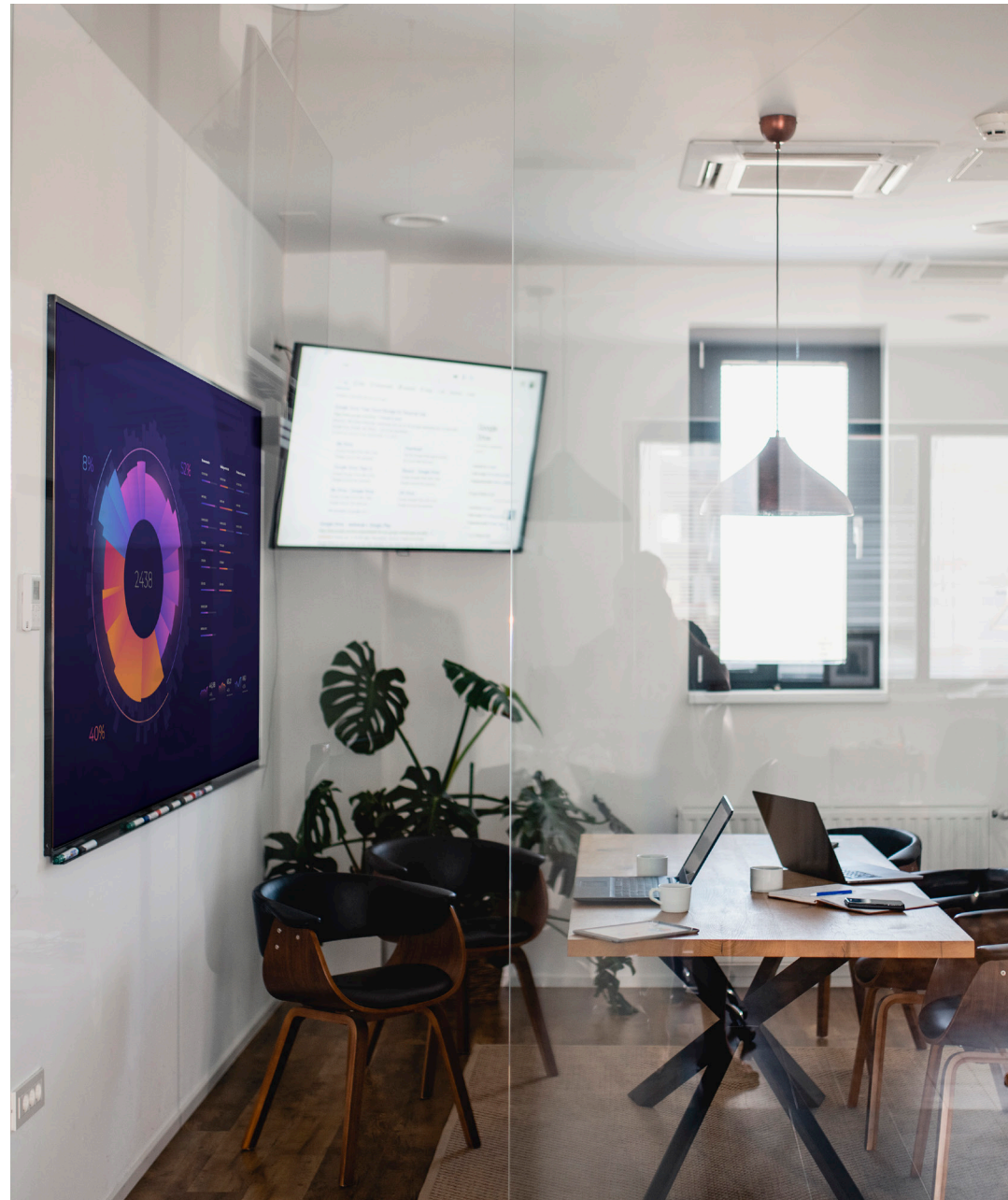
Ask:

How do we acquire and apply digital talent and technologies in our corporate culture and internal operations?

How do our current methods increase (or diminish) our ability to scale quickly in new markets?

DBS Bank has been building its digital brawn since 2014. Bank leaders at the time determined five areas of focus, which continue to steer the company's digital investments:

1. Enhancing infrastructure
2. Aligning technology and business into "One Team" to increase agility
3. Building a strong workforce enhanced with the right technology talent
4. Dialing up the use of data across the bank
5. Mobilizing the entire workforce to cultivate a strong digital mindset

The result, according to DBS Chief Information Officer Jimmy Ng, is that the bank has become "a technology company that does banking instead of a traditional bank looking to digitalize."[24]

For example, DBS upskills employees, from frontline tellers to top executives, to help them understand the potential benefits of digital investments and engage proactively in digital change.

It does this in part through gaming—specifically through the AWS DeepRacer League platform. Employees take online tutorials, then apply what they've learned to instruct an autonomous virtual car that they use to race against other employees. By 2020, DBS had used the platform to train 3,000 employees in AI and ML, with plans to increase training in these areas and in design thinking, data and analytics and agile practices.[25] As Paul Cobban, DBS's former chief data and transformation officer, commented in 2019, "We have never believed in limiting digital expertise
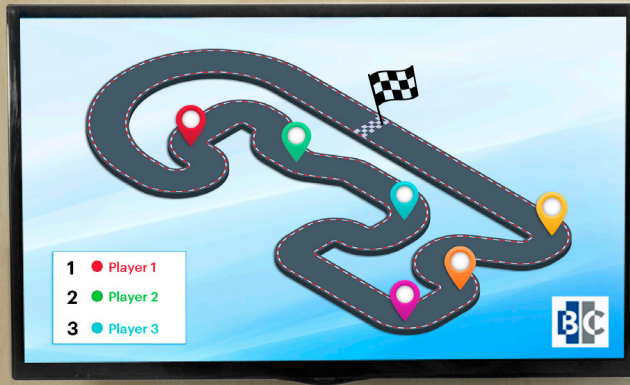
to a small team." He said, "We wanted to adopt a different approach from our previous digital and data skills revolutions. In line with our ethos of keeping work and learning fun, we sought to introduce gamification to better engage our employees."[26]

In 2018, DBS established a platform operating model that brought business and tech together to future-proof the enterprise and increase agility. People from different geographies and functions collaborated on 33 platforms and shared data, resources and reusable assets across the bank. The result was better data-driven decision-making and optimized workflow processes, which enabled innovation, differentiated customer experiences and

enhanced employee productivity. For example, the operations and analytics teams built an AI-powered engine to offer customers self-service digital options and services tailored to their individual needs. Using on-demand cloud, analytics and ML, DBS also digitized and simplified credit processing and optimized credit portfolios for risk management by anticipating future events, which improved response times and increased competitive advantage.[24]

A billion consumers await your next move

Trends show that most multinationals will not be ready to attract the billion-plus digitally native consumers we see on the horizon in these eight markets. But the opportunity is there for businesses that move quickly and thoughtfully.

To do this, companies must understand these consumers and find creative solutions to the unique challenges of these markets. They'll need to develop deeply digital, fully harmonized cross-channel ecosystems for their brands. They should be ready to apply insights in real time from rich data analytics. They should also influence their ecosystem partners to do the same—and be able to integrate insights from those partners.

Adopting the four drivers of success will help businesses deliver differentiated and relevant digital commerce offerings and experiences. Insights gained from this digital-first laboratory will inform decision-making in other markets—powering performance across the entire company.

About the authors

Fabio Vacirca

Commerce Global Lead,
Accenture Song

in.

Alessandro Puccio

Managing Director,
Accenture Song

in.

Yusof Seedat

Thought Leadership Director,
Accenture Research, Growth and Strategy

in.

To learn more about how we can help you transform your commerce enterprise, contact:

Jose Goncalves

Commerce Europe Lead,
Accenture Song

in.

Simone Morandi

Commerce Growth Markets Lead,
Accenture Song

in.

Erik Sandquist

Commerce North America Lead,
Accenture Song, Growth and Strategy

in.

Acknowledgements

References

1 Accenture Research derived insights based on Capital IQ data (2022).

2 Seymour, E. (2019, August 25). *Gen Z: Born to Be Digital.* VOA News. https://www.voanews.com/a/student-union_gen-z-born-be-digital/6174519.html

3 Fitch Solutions. Fitch Country Risk Index 2022.

4 Statista Global Survey (2022).

5 Accenture consumer survey (2022).

6 Accenture Research analysis based on data derived from Oxford Economics (accessed 2022).

7 Globe Newswire. (2022, May 12). *Philippines Buy Now Pay Later (BNPL) Markets and Investment Opportunities Report 2022* [Press release]. https://www.globenewswire.com/en/news-release/2022/05/12/2441574/28124/en/Philippines-Buy-Now-Pay-Later-BNPL-Markets-and-Investment-Opportunities-Report-2022-Payments-are-Expected-to-Grow-by-109-7-to-Reach-803-5-Million-in-2022-Forecasts-to-2028.html

8 PR Newswire. (2022, March 31). *India Buy Now Pay Later Markets Report 2022-2028* [Press release]. https://www.prnewswire.com/news-releases/india-buy-now-pay-later-markets-report-2022-2028-global-firms-are-entering-the-market-through-strategic-investments-301515203.html

9 PR Newswire. (2022, February 16). *Nigeria Buy Now Pay Later Market Report 2022* [Press release]. https://www.prnewswire.com/news-releases/nigeria-buy-now-pay-later-market--report-2022-bnpl-payment-are-expected-to-grow-by-111-2-to-reach-1-920-3-million-in-2022---forecast-to-2028--301484008.html

10 Spruch-Feiner, S. (2021, March 5). *These 2 Glow Recipe Products Just Went Viral On TikTok.* The Zoe Report. https://www.thezoereport.com/beauty/glow-recipe-tiktok-watermelon-glow-toner-dew-drops

11 Accenture. (2022, January 4). *Shopping on Social Media Platforms Expected to Reach $1.2 Trillion Globally by 2025, New Accenture Study Finds* [Press release]. https://newsroom.accenture.com/news/shopping-on-social-media-platforms-expected-to-reach-1-2-trillion-globally-by-2025-new-accenture-study-finds.htm

12 The Smart Cube analysis: Research done by The Smart Cube using social listening capabilities.

13 The Business Post. (2021, October 12). Ushering the digital marketplace through e-commerce. https://businesspostbd.com/opinion/ushering-the-digital-marketplace-through-e-commerce-31740

14 Backpage PR. (2021, February 20). *India's logistics major Ecom Express invests 100 Crore in Paperfly.* https://backpagepr.com/indias-logistics-major-ecom-express-invests-100-crore-in-paperfly/

15 Mwenda, E., (2022, March 1). *StanChart eyes a share of Kenya's rising e-commerce*. Business Daily Africa. https://www.businessdailyafrica.com/bd/corporate/companies/stanchart-eyes-a-share-of-kenyas-rising-e-commerce-3732478

16 Asia Financial. (2020, June 7). China eyes e-commerce in Africa. https://www.asiafinancial.com/china-eyes-e-commerce-in-africa

17 Moran, A. (2020, June 2). *Starbucks' Business Strategy: What Your Company Can Learn*. Starting Business. https://www.startingbusiness.com/blog/business-strategy-starbucks

18 Pafitis, E. (2020, February 17). *Starbucks' Marketing Strategy: What Your Company Can Learn*. Starting Business. https://www.startingbusiness.com/blog/marketing-strategy-starbucks

19 Luxion Media. (2017, February). *How Starbucks used 26 emoticons to get 130,000 followers*. https://www.luxion.com.au/case-studies/how-starbucks-used-26-emoticons

20 Accenture Case Study. (Accessed March 2023). Change that's more than skin deep. https://www.accenture.com/ph-en/case-studies/consumer-goods-services/accelerate-personal-beauty-experiences

21 Rowsell, J. (2022, January 21). How Nike transformed supply chains to survive Covid. Supply Management Forum. https://www.cips.org/supply-management/news/2022/january/how-nike-transformed-supply-chains-to-survive-covid/

22 Milnes, H. (2019, March 26). *In effort to grow direct sales, Nike integrated its app strategy into its stores*. Digiday. https://digiday.com/marketing/nike-integrated-app-strategy-stores/

23 Retail Insight Network. (2018, July 16). *New Nike Live store concept unveiled in California*. https://www.retail-insight-network.com/news/new-nike-live-store-concept-unveiled-california/

24 Ng, J. (2019). *CIO Statement*. DBS Group Holdings Ltd. Annual Report 2019. https://www.dbs.com/annualreports/2019/cio-statement.html

25 DBS Group Holdings Ltd. (2020). *Stronger Together: Banking with purpose amid the pandemic* [Annual report]. https://www.dbs.com/annualreports/2020/files/media/dbs-annual-report-2020.pdf

26 DBS Group Holdings Ltd. (2020, August 17). *DBS upskills employees in Artificial Intelligence & Machine Learning through gamified learning* [Press release]. https://www.dbs.com/newsroom/DBS_upskills_employees_in_Artificial_Intelligence_and_Machine_Learning_through_gamified_learning

About the research

This report combines multiple streams of research using both primary and secondary data-driven research methodologies.

To begin, we analyzed 92 countries across the Asia Pacific region, Middle East and North Africa, and Sub-Saharan Africa to find rapidly growing countries with strong digital potential. We pinpointed countries with the largest expected GDP growth in absolute terms (i.e., US dollar value) from 2022 to 2027. Then, we identified the growing countries with a high level of digital maturity, that is, those with GDP per capita below the World Bank threshold of high-income groups but demonstrating stronger digital commerce growth.

We then determined each country's digital maturity by creating a digital velocity score, with 14 key performance indicators (KPIs) across five categories:
- Internet: Internet penetration, number of internet users and future growth expectations
- Mobile: Mobile phone penetration, number of smartphone users and future growth
- Social media: Number of social media users and future growth
- Digital commerce: Digital commerce value (US dollars in millions) and future growth
- Digital payments: Digital payments value (US dollars in millions), number of users and related growth

Digital velocity scores were calculated by ranking each country by KPI, then aggregated to create a score out of 100. We also analyzed each country's population by age and grouped them into generational segments: e.g., baby boomers, Gen Xers, millennials, Gen Zers and Gen Alphas. Combining these metrics, we identified eight countries with an emerging young population that exhibit stronger digital maturity than the rest: Bangladesh, Egypt, Ethiopia, India, Indonesia, Kenya, Nigeria and the Philippines.

We then surveyed 3,000 individuals across the eight countries (July 13 to August 13, 2022). These deeper interviews provided insights into the customer journey across generations and key observations about the four identified consumer segments. In addition, we studied survey data from GWI and Statista Global Consumer Survey to gain a better understanding of consumers within these markets.

To understand consumer sentiment, we used data science methodology to conduct a web scraping exercise. We looked at approximately 112,000 social media comments in the retail, consumer packaged goods, banking and telecommunications industries. The exercise was done by The Smart Cube using social listening capabilities.
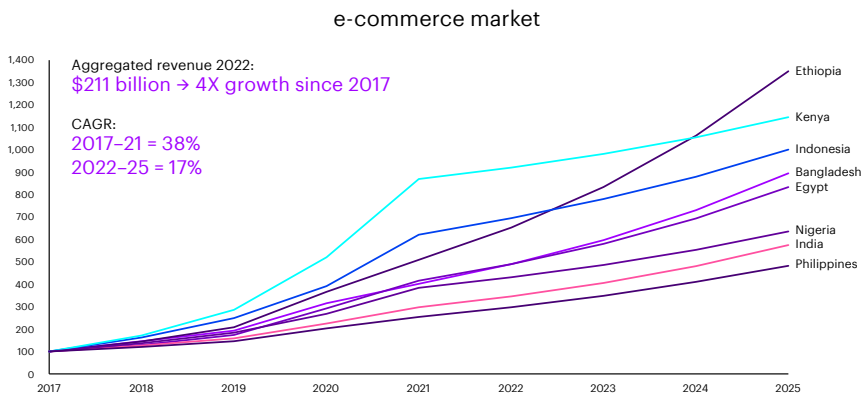
Finally, we drew on several use cases from Accenture's extensive experience, supplemented by case study analysis and literature reviews.

These are some of the findings that shaped this paper:

Growing digital maturity

The number of internet users in these eight countries almost doubled over the last five years to reach approximately 1.6 billion people in 2022.[2] Since 2017, e-commerce revenues quadrupled, equating to $211 billion in 2022 at an aggregate level. (See Figure 5.)

Figure 5: E-commerce revenue (based to 100) from 2017 to 2025

e-commerce market

Aggregated revenue 2022:
$211 billion → 4X growth since 2017

CAGR:
2017–21 = 38%
2022–25 = 17%

Ethiopia
Kenya
Indonesia
Bangladesh
Egypt
Nigeria
India
Philippines

Source: Statista Global Survey, 2022

Consumption and influence of the digitally astute

To understand the population of digitally astute consumers entering these markets over the next decade, we studied e-commerce users by age, with the following assumptions:

Upper Gen Alphas will be 15–19 years old in 10 years and mirror Gen Z's digital consumption behavior. Gen Alphas are currently too young (0–9 years old), and no e-commerce data exists for this group. Given that workforce fundamentals over the next decade are expected to be similar, with the unemployment rate forecasted to grow marginally by less than 1% and labor force growth decreasing by less than 2%, we conservatively assumed that upper Gen Alphas will constitute the same proportion of e-commerce users as Gen Z.[3] Current data suggests that 55% of the Gen Z cohort are engaged in e-commerce, therefore it is assumed that 55% of upper Gen Alphas will be active digital buyers, while the remaining 45% of these two generations will be passive digital consumers or buyers.[5]

Millennials will become more digitally savvy. GWI and Statista data indicate that millennials' response to digital products and services is on par with or even greater than that of Gen Z. Millennials with internet access shop online more and are active social media users. Additionally, the number of millennials that use digital services has almost tripled over the last three to five years.[5]

Lower Gen Alphas (0–4 years old) will be below the age of 15, too young to be active digital buyers. However, they will influence the digital buying decisions of their parents. Our survey found that 83% of parents in these countries say their children influence their purchases. More than half of parents surveyed believe their children know more about using online technology than they do. Children in the Gen Alpha age range are already digitally active, with 80% using mobile phones or tablets, 44% using the internet and 36% using social media.[5]

Taking these assumptions into consideration, we were able to model and identify the four consumer segments: Digital Native Purchasers, Digital Savvy Millennials, Digital Native Content Creators and Digital Alpha Influencers.

Consumer readiness

Current consumers in these markets already use digital touch points across all stages of the customer journey.[5]

Discover: Consumers recognize the need for digital services and search for solutions or products. Across the eight countries, 80% of digitally astute consumers say they use online channels such as search engines, social networks and videos to research products or services before purchasing. Survey results show that eight in 10 digitally astute consumers say that easily navigating websites and finding what they need influence their decision to purchase. In addition, 73% of digitally astute consumers prefer to shop via online marketplaces such as Amazon, while more than half (51%) shop via company websites.

Consider and evaluate: Consumers study brands' value and offerings before selecting a brand to purchase. A majority (80%) of digitally astute consumers mention that they either visited, clicked or shared a brand's social media page or website in the last month.[5] Additionally, more than 76% of digitally astute consumers are influenced by lots of "likes" or "good comments" on social media when deciding whether to buy something online.

Purchase: Consumers engage in a number of activities to buy and receive their selected product or service. Survey results show that 65% of digitally astute consumers prefer to use online payment methods. They also say that convenient delivery options, such as "click and collect" (73%) and free delivery (79%), are key drivers of their online purchases.

Use: Consumers engage with their purchased product or service several times, accessing all after-sales services or offerings. Survey results show that 75% of digitally astute consumers see easy return policies as another key driver of their online purchases.

About

Accenture

Accenture is a leading global professional services company that helps the world's leading businesses, governments and other organizations build their digital core, optimize their operations, accelerate revenue growth and enhance citizen services—creating tangible value at speed and scale. We are a talent and innovation led company with 738,000 people serving clients in more than 120 countries. Technology is at the core of change today, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine our strength in technology with unmatched industry experience, functional expertise and global delivery capability. We are uniquely able to deliver tangible outcomes because of our broad range of services, solutions and assets across Strategy & Consulting, Technology, Operations, Industry X and Accenture Song. These capabilities, together with our culture of shared success and commitment to creating 360° value, enable us to help our clients succeed and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, people, shareholders, partners and communities. Visit us at **accenture.com**

Accenture Song

Accenture Song accelerates growth and value for our clients through sustained customer relevance. Our capabilities span ideation to execution: growth, product and experience design; technology and experience platforms; creative, media and marketing strategy; and campaign, commerce transformation, content and channel orchestration. With strong client relationships and deep industry expertise, we help our clients operate at the speed of life through the unlimited potential of imagination, technology, and intelligence. Visit us at **accenture.com/song**

Accenture Research

Accenture Research creates thought leadership about the most pressing business issues organizations face. Combining innovative research techniques, such as data science led analysis, with a deep understanding of industry and technology, our team of 300 researchers in 20 countries publish hundreds of reports, articles and points of view every year. Our thought-provoking research developed with world leading organizations helps our clients embrace change, create value, and deliver on the power of technology and human ingenuity. For more information, visit **accenture.com/research**