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CMP Worldwide Media Networks' (www.cmpworldwide.com) monthly e- newsletter on global marketing trends and tactics ý June/July 2002.

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Customer Relationship Management Spending in Asia-Pacific

International Data Corporation (IDC) reports that Customer Relationship Management (CRM) solutions are the top priority IT investments across Asia-Pacific (excluding Japan) (AP-J), growing at a compound annual rate (CAGR) of 30% with an expected value of US$5.7 billion by 2005.

In 2001, the Asia-Pacific CRM market grew 16% and was valued at US$1.8 billion, with Australia, South Korea and Singapore comprising 75% of regional spending. Australia was the largest CRM market in the region, comprising 43% of Asia-Pacific CRM spending, with revenues of US$719.4 million. South Koreaýs CRM market was valued at US$218.8 million, followed by Singapore at US$213.3 million. Though Chinaýs CRM market was valued at only US$76.7 million, IDC forecasts that the Chinese CRM market will boom and register a CAGR of 107% by 2005. Similarly, in India, CRM spending in 2001 was valued at only US$84.2 million, but is expected to register a CAGR of 44% by 2005.

Online shopping is one of the key drivers for CRM demand. IDC estimates that by 2005, AP-J will surpass the United States with more than 200 million Internet users. By then, an estimated 21% will use the Internet to shop and these more seasoned Internet users will require world-class customer service before they part with their money. Hence, first-rate CRM solutions are critical to capture the advancing e-commerce opportunities in the region.

Call Center Research advises that 94% of all call centers in Asia-Pacific currently offer customer service related activities. Regional call center spending in 2000 was only US$1.2 billion, but is expected to grow at a CAGR of 26% to US$4 billion in 2005. IDC also forecasts a significant increase in independent call center operators providing total contact center solutions, including innovative CRM options, by 2005.

Mobile CRM, or mCRM, solutions are also on the rise. Meta Group reports that regional wireless and mobile transactions will account for nearly 20% of B2B transaction volume and 25% of B2C traffic by 2003. Yankee Group estimates that at present there are approximately 124 million mobile device users in AP-J. Though wireless enablement of CRM applications is still in its infancy, Asian organizations must invest in order to provide comprehensive service in an increasingly competitive landscape.

Singapore and Hong Kong are both vying to be the customer relationship marketing hub for the region due to their exceptional IT infrastructure. To achieve this position, they must focus on tapping into China, the worldýs largest mobile phone market. In addition, their CRM services and solutions must be top-notch as Asian companies typically look at the dollar value of CRM implementation and want a guaranteed return on investment by way of increased revenue or increased operational efficiencies. Finally, there must be consistent customer information regardless of whether the customer is buying in person, on the phone, online or via other web and wireless devices. In Asia-Pacific, where companies have been forced to move away from price-centric business models, the strategic implementation of CRM solutions will be crucial to survival.

This article was written by Cindy Payne, Managing Director of Asia-Pacific Connections Pte Ltd (cindy@apconnections.com). For a more detailed analysis, visit www.apconnections.com/perspective.html

Asia-Pacific Connections (APC) is the leading provider of integrated marketing services to IT companies in Asia-Pacific. APCýs individually tailored services include market research and development, channels assessment, public relations, promotions and events, direct marketing and branding, copywriting, and collateral design and production. To understand how APCýs innovative marketing approach has produced effective results for a multitude of clients, visit www.apconnections.com

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Where Did My Savings Go?

How much can change in just three short years.

An international AT Kearney survey of 147 companies around the world found that only 8%, rated as e-procurement ýleaders," have reaped substantial savings by applying initiatives across significant segments of their business. In 1999, a similar survey rated one-quarter of respondents as standouts.

Half of the companies surveyed say they have failed to achieve the cost savings they expected in adopting Internet-based procurement technology. Problems cited included a lack of integration with existing systems; the inability of a new system to provide useful analytical information; and implementation that took longer than planned.

Pointing to Australia as an example, AT Kearney's Eugene Carey maintained that, ``Much of the e-procurement technology has a manufacturing bias which is poorly suited to service economies dependent on tourism, financial services and telecommunications."

That may explain why previous supply chain and e-procurement initiatives have foundered Down Under. In 2001, the Telstra Business eXchange, an e-marketplace service for small to medium- sized businesses, closed shop. Telstra also shut the doors on the mySAP.com site, the business-to-business trading hub it launched with software supplier SAP Australia. And Australian B2B e-commerce developer Streamlink Holdings went into voluntary bankruptcy.

But, as the international nature of the study shows, this difficulty isn't confined to Australia: Software suppliers such as i2 Technologies have also seen revenues plummet as customers around the world put major projects on hold.

Part of the problem lies in the suppliers themselves, maintains Mr. Carey. "Technology suppliers in this area have tried to be all things to all people," he says. "Once you understand the breadth of what you are dealing with, from transacting an order to getting engineers together online to design a product, it's clear that a traditional product will not be able to be meet all requirements across all industries."

First, The Good News

The world of online marketing received some good news recently ý and one development that will cause confusion for some time to come.

In the former category:

- Pop-up ads continue to prove that they're as effective as they are annoying. The ubiquitous X10 Wireless Technology ads made the company's site one of the most visited on the Web. According to Jupiter Media Metrix, one-third of people online visited the site during a one-month period last year. Orbitz, a travel company whose pop-ups are familiar to many Internet visitors, finds click-through rates have jumped 10 to 20 times from their traditional banner ads.

- A study of the Internet as a brand-building tool showed that a campaign for Unilever's Dove soap using the Web was 35% more cost-effective than one using TV and print alone. The study ý done by research firm Market Evolution in association with the Internet Advertising Bureau and MSN ý revealed that 14.2% of consumers who saw the Web ads declared themselves likely to buy, as compared to 11.5% who saw only TV or print. Unprompted awareness and brand recall were 8% higher for online viewers, as well.
- British media agency Eyeconomy reports that many online marketing budgets have doubled year-on-year in 2002, as companies grow more comfortable with the new medium and accept audience figures as verified. In other English news, research firm Continental Research finds that 40% of UK companies now offer e-commerce facilities, with nearly 750,000 firms having access to the Internet. It also found that 60% of businesses use the Internet for banking, supplies and ordering goods.

And now the kicker:

- The European Union has approved a value-added tax on downloaded products sold by non-EU companies. Aside from the social implications, the decision presents serious technology challenges.
- Non-EU firms will have to register with one of the 15 EU member nations and pay taxes to that country, which would distribute the money to the countries where sales originated. EU companies already face a similar tax, so in one sense the move levels the playing field. But a spokesman for the Information Technology Association of America foresees small companies pulling out of the EU market or raising prices to cover the cost of handling the tax.

The Next Big Thing

Every few years, an idea is introduced to the technology market that dramatically changes the way people conduct business. The analysts at Giga Information Group have some ideas about where this exceptional idea ý known as "The Next Big Thing" ý may arise in several product categories. To learn more about this far- seeing report, go to http://www.informationweek.com/reports/IWK20020418S0023

Doing Business in Brazil: Ten Tips

Here are a few points to keep in mind if you're soon to visit Brazil on business.

1. What They're Talking About: The World Cup, of course. France leads the rankings going into the tourney, but Brazil and Argentina are right behind in second place. On other fronts, the business and financial community are casting a wary eye on the commanding lead that Workers' Party candidate Lula currently enjoys in the race for president.

2. Be Patient: If you're on time everywhere else in the world, lighten up here. Become accustomed to waiting for that appointment to actually take place.

3. How Does That Make You Feel?: Feelings are apt to take precedence over objective facts when it comes to making a decision. Feelings about family trump everything.

4. Be In It for the Long Haul: Expect to commit large amounts of time and money to build solid, long-term relationships if you want to succeed.

5. Get Personal: In line with the above, it's important you have personal introductions to get the ball rolling. Before you arrive, hire a despechante ý a local contact from your industry who has built relationships you can leverage.

6. Don't Talk with Your Mouth Full: Business is discussed after a meal, never during one.

7. Expect to Be Touched: Brazilians are apt to talk in close proximity and touch often. This can be disconcerting at first to people from more formal cultures, but it's simply a reflection of Brazilian effusiveness.

8. Small Talk: Stick to soccer and Brazilian music (one of the country's greatest contributions to the world's popular culture), and you'll never go wrong.

9. Enjoy Your Trip: For a comprehensive resource of travel information, including scores of city- and area-specific Web links, go to http://www.budgettravel.com/brazil.htm.

10.You're Still in America: Don't forget that Brazil is an American country, too. To avoid giving offense, remember that the large country up north is the United States, not America.

Upcoming Opportunities

Save on Spain

BYTE-SPAIN gives you total coverage of Spanish decision makers, including managers and professionals in business, computing, telecommunications and programming. A circulation of 25,000 provides advertisers the highest market penetration available, as readers come to each issue looking for the product news and in- depth articles they can't find elsewhere. Now, you can reach them for less
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Cost:	$14,358
Value:	$20,208
Savings:	$5,850

For more information, contact your sales rep today or go to www.cmpworldwide.com

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Blaze a Trail With Asia Computer Weekly

In its August 12 issue, ACW brings you "Technology Trailblazers 2002/2003."

Over the past five years, this 100-page supplement has become an eagerly anticipated reference tool on the top players in Asia's IT industry for senior managers. "Trailblazersý explores why the foremost IT vendors in Asia have been so successful by presenting their most significant developments and biggest achievements in the past year. Editorial coverage will feature companies systems, enterprise software, communications, digital imaging, services, security and storage.

Bonus Distribution

20,000 copies will be mailed to ACW readers.

20,000 copies will be distributed at various exhibitions and conferences from August 2002 to July 2003.

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