

## What is coming next in Asia?: Implications for Future Research, Businesses, & Careers<sup>1</sup>

**Yong June Kim, Sang Yong Kim, & Jaihak Chung<sup>2</sup>**

As Asia becomes more attractive as a huge commercial market than ever, many companies would like to enter the Asian market and many young people would like to develop their careers in Asia. It would be very important to investigate what is happening and coming next in Asia, particularly in conjunction with the changes brought by the fourth industrial revolution. A deep understanding of what is coming next will lead us to prepare for the future in terms of our future careers, businesses, or research. For this important goal, three renowned academic leaders were invited to share their ideas on what is happening and coming next in Asia. Professor Yong June Kim, the Dean of Graduate School of China at Sungkyunkwan University, present the recent O2O development in China and Korea from the Socio-Political perspectives. Professor Sang Young Kim, the President of Korean Marketing Association and Professor of Korean Business School, will address on the topic of how to conduct impactful research in Asian marketing, focusing on two issues, research topic and data. Finally, Professor Jaihak Chung, the former editor-in-chief and also Professor of Sogang University, delivers interesting key findings about marketing research trend in Asia: who the active research scholars are and what types of topics are heavily studied in Asia. The article concludes with very insightful future ideas for readers who would like to prepare well for the upcoming phenomenal changes brought by artifacts such as mobile phones, internet, AI-equipped algorithm, and so on, as part of the fourth industrial revolution. Authors believe that readers can find very helpful information and ideas that developed in Asia.

**Keywords:** Asian Business, Asian Marketing, Marketing Research Trends, O2O Development, Socio-Political Perspectives, Chinese Unicorns.

<sup>1</sup> This article is based on the keynote panel presentation and discussion by three distinguished scholars, in the order of presentation, Yong June Kim (SKKU), Sang Yong Kim (Korea University), Jaihak Chung (Sogang University), at the AAB's international annual conference at Sungkyunkwan University in Seoul, on August 12, 21017.

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As Asia becomes more attractive as a huge commercial market than ever, many companies would like to enter the Asian market and many young people would like to develop their careers in Asia. A deep understanding of what is coming next will lead us to prepare for the future in terms of our future careers, businesses, or research.

For this important goal, three renowned academic leaders were invited to share their ideas on what is happening and coming next in Asia. First, Professor Yong June Kim addresses the key ideas of O2O business and explain how the O2O business has been influencing Asian markets and economy. In order to highlight important trends in this area, he introduces a variety of cases in China and Korea markets. In addition, he provides some insights on the recent O2O development in China and Korea from a socio-political perspective. Next, Professor Sang Yong Kim addresses key topics of how to conduct impactful research in Asian marketing. He discusses the importance of research topic and data. Next, Professor Jaihak Chung delivers interesting key findings about marketing research trend in Asia: who the active research scholars are and what types of topics are heavily studies in Asia. The article concludes with very insightful ideas for readers who would like to prepare well for the upcoming phenomenal changes brought by artifacts such as mobile phones, internet, AI-equipped algorithm, and so on, as part of the fourth industrial revolution.

## **Socio-Political Perspectives of O2O Development in Korea & China**

**Professor Yong June Kim  
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One of the most talked-about business issues in Asia is O2O. The O2O business refers to Online to Offline or Offline to Online business such as Uber, Airbnb, Didi and Tujia. Most of the articles and journalists are discussing the O2O business model and how this business model is developing over time. In this article, I look at O2O development in Asian market from a socio-political perspective, focusing on some interesting examples of American, Chinese, and Korean cases. Finally, I explain how they differ because of the socio-political context of each country.

First, let's examine today's O2O business leaders. Table 1 shows O2O businesses from around the world that have asset valuations higher than one hundred million dollars (USD). Such O2O business leaders are often referred to as "unicorns" and come from various countries such as USA, China, Europe, India and Singapore. As you see in this table, U.S.' top unicorn is Uber, followed by Airbnb, Palantir and Snapchat. In China, Xiaomi is the top unicorn. Didi and Kuaidi, which are offspring online O2O companies formed by parent companies, Alibaba and Tencent, have merged together. The merged company, Didi and Kuaidi, follows Xiaomi as China's number two company in terms of all asset valuation. Recently, an M&A war between Didi and Uber China occurred in the Chinese market. Uber USA tried to merge with Didi. However, before this could happen, Alibaba and Tencent's merged company Didi Kuaidi purchased Uber China. If you go to China, you cannot see any Uber logos, because Chinese company Didi Kuaidi purchased and became merged with Uber China. This is a recent development of what is going on in Chinese car-sharing O2O market.

**TABLE 1**  
**China's Unicorns vs U.S. Unicorns**

China's Unicorns	Valuation (Billion US D)	U.S. Unicorns	Valuation (Billion USD)
Xiaomi Tech	46	Uber	62
Didi Kuaidi	16	Airbnb	25
China Internet Plus	15	Palantir	20
Lufax	10	Snapchat	16
Zhong An	8	SpaceX	12
DJI	8	Pinteres	11
Ucar	3.6	WeWork	10
Meizu	3.3	Dropbox	10
Vancl	3	Theranos	9
Sogou	3	Stripe	5

Source: Maekyung Global Conference (2015)

Let me summarize briefly the socio-political climate of O2O businesses in the Asian market. O2O usually referred to offline to online transitions of business channels in the early 2000s. Back then, numerous brick-and-mortar companies tried to change into an online company. From about 2015, O2O took on a new meaning, that of an online to offline transition in business. Online companies tried to purchase offline companies to provide more integrated services and value to

customers. In China, Alibaba and Tencent purchased many offline companies and transformed into online company. The reason why many offline to online transitions failed, while online to offline transitions thrived is due to the role of corporate culture. If you are an offline company business, you still believe you got to well in real, physical business. But if you go to online company, you do not have to really give a lot of value in an offline stream. You try to create the value out of the virtuality of offline business. In the section below, I share some successful cases in different countries which may be promising in the near future.

Since 2015, we observed more online companies operating in online of offline. Let's see some cases of U.S.' O2O business leaders in the global market, Uber and Airbnb. Uber and Airbnb are from USA, and they are extremely rapidly growing and their current value is about sixty billion dollars. They have more than enough money to globalize. When they tried to globalize, they found out that O2O, which is very common in the US is not always common in other countries. For example, Uber taxi solution, is not applicable to India, Korea or China. This is because the majority of non-Uber taxi drivers in India, Korea, and China have a very strong and powerful union to protect against Uber to come into their market place. They have a hard time to get it in. Furthermore, India had some security accidents.

In China, DiDi Chuxing and Tujia are very good examples of successful O2O businesses. Didi Chuxing used to be valued as \$28 billion USD. After they merged with Uber China, they become \$70 billion USD. They became big enough to compete against Uber USA. Didi has their own global strategies to get into India and Korea. Now let's look at Korea. Korean cases are very interesting. Korea is very famous for IT infrastructure and you can enjoy very fast wifi in anywhere in Korea. However, O2O businesses in Korea have not yet met much substantial success. In the last ten years, no Korean O2O business saw much success within and outside of Korea. This may be because Korea has heavy regulations such as the Positive Regulatory System. In this system, the government does not allow any of the new operations, unless it is written as legal. In contrast, China has a Negative Regulatory System. A Negative Regulatory System allows virtually all kinds of businesses to operate unless the law explicitly states it as illegal. There are huge socio-political legal system differences between China and Korea. Even though Korea has a world class IT infrastructure, Korea does not have a good environment for O2O businesses. Kakao Taxi, a Korean app system that allows app users to request taxi rides could not become as successful as Uber. This may be because Kakao taxi is not a sharing system and does not allow non-taxi drivers to become drivers. Due to strict governmental regulations, Kakao Taxi could only let licensed taxi drivers to provide taxi service online via the app. Also due to strict regulations,

it is illegal for Koreans to use Airbnb or other online lodging rental service in Korea. Korean customers can use Airbnb outside of Korea, and foreigners can use it in Korea. Thus, one of the key reasons why Korea does not have a unicorn-level O2O business is Korean government regulation. Korean government agency of Korea Tourism Corporation developed an online service similar to the Airbnb model. However, Korean government's online service has not become successful in the Korean market.

**TABLE 2**  
**O2O Cases**

American Cases (Uber & AirBnB)	
	
Chinese Cases (Didi Chuxing & TuJia)	
	
Korean Cases (Kakao Taxi & Yanolja)	
	

Let's compare two advertisement videos between Korea and China. The first advertisement features a food delivery company, which is a very famous Korean food delivery company, "Delivery People". The second advertisement features a Chinese company, "Elema", (which means 'Are you hungry?') a Chinese food delivery O2O system. If you watch these two advertisements, you can see there are

big cultural differences, even in food delivery services.

Let's see the Korean Delivery People ad.<sup>3</sup> As you see the advertisement of Delivery People, you can see a food delivery O2O business. It is local Korean style, but they have tried to have some American style. 'Delivery People' did very good at the starting and fundraising. But they could not penetrate into the small mom and pop food delivery stores in Korea. A socio-political demonstration erupted against Delivery People because the mom and pop stores in small village felt they were threaten by big online businesses coming into Korean local markets. Korea government made a new regulation for food delivery industries that Delivery People cannot diversify into other businesses areas. They could only do food delivery business, which is not scalable business of O2O operation. The key success factor of O2O is scalability. After you build millions of members, you could use big data analysis to extend food business to clothing business, cosmetics business, or to any of daily-life businesses. That is scalability advantage of O2O. Online business has a huge advantage of scalability over offline businesses. However, Korean government limits O2O businesses' scalability by basically stating, "No, you cannot do any other businesses except the business you started out with (e.g., food delivery business)." So, Delivery People could not expand their business model. Without any strategic moves, they were forced into the chicken and beer delivery services!

Now, let's see Chinese case Eleme.<sup>4</sup> Eleme focuses on Chinese domestic market. They have started from Shanghai and Guangzhou and expanded to other Chinese cities. They have earned over one hundred million members. With those one hundred million members, they expanded from food delivery to clothing, and from food to cosmetics products by utilizing big data. Thus in contrast with Korean food delivery company, Delivery People, Eleme was able to take advantage of their original food delivery system's scalability. Chinese government allowed Eleme to get into new business. I predict many successful O2O business models to arise in the Chinese market, due to its less regulated business environments.

What's coming next in Asian business, especially for the young generation who prepare for the future? I think what is coming next in Asian business is Mobile Commerce with Fintech. Good example is from Tmall with Alipay. If you go to Shanghai or Beijing, convenient stores do not accept any cash or credit. They only accept Alipay. If you do not have mobile phone with Alipay, you cannot purchase

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<sup>3</sup> The video link for this ad: <https://youtu.be/EYLoxXC81jU>

<sup>4</sup> The video link for this ad: [http://v.youku.com/v\\_show/id\\_XOTQ00TQyMzEy.html?spm=a2h0k.8191407.0.0&from=s1.8-1-1.2#paction](http://v.youku.com/v_show/id_XOTQ00TQyMzEy.html?spm=a2h0k.8191407.0.0&from=s1.8-1-1.2#paction)

any of the products. I predict Tmall with Alipay business model will spread throughout the Asia and global marketplaces. They have technology, business model, capital to get into global business market. If you go to any of the Chinese restaurant around this campus of SKKU, they accept Alipay because we have 2000 Chinese students who stay near in the SKKU University campus. You will see this kind of phenomena in most of Asian countries. I went to Laos last month, and they set the Tmall's Alipay system in the country because they expect that more than one million of Chinese visitors will use this mobile commerce system. If you ask me to pick one thing that is upcoming for Asian business, I conjecture Mobile Commerce equipped with Fintech technology.

Let me present implications to finish my talk. If you do want to do O2O business in your country, you have to analyze first the socio-political climate. If your government somehow restricts scalability of O2O, then your business may be less sustainable in that market place. America is kind of in the middle between maximum restriction and complete deregulation. The American government always first examine whether a new type of business model is good or bad to society, then they set certain regulations accordingly. If bad comes in, they enforce negative control. Korea has a positive legal system. Unless government says it is okay, you are not allowed to try new business models. China is the opposite. China has a negative legal system that you can do whatever kinds of business models to do offline to online, unless there are big troubles coming into the market place. In conclusion, if you do business, especially O2O business in global markets, you have to investigate the country's socio-political factors to evaluate whether those business is scalable and sustainable.

## **Roads to Research in Asian Marketing**

**Professor Sang Yong Kim**  
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Today, my topic is about research in Asian Marketing and all of you have participated here to present Asian cases competitions and some of you will become scholars, students of graduate school, or Ph.D. program. So, I hope to give you guides for studying Asian Marketing. So, the topic is 'Roads to Research in Asian Marketing.' There are so many ways to get to Asian Marketing, but I would like to talk about two things. I thought about these and then come up with these two topics.

First one is research topic. For studying marketing in Asia, I think it is best for you to pick up the Asian topics which will be recognized worldwide. Otherwise, Asian topic is limited to Asian areas and Asian marketing only. But, what I suggest you do is to try to study or research the topic that can be worldwide. The example is Psy's Gangnam Style. Everyone knows Gangnam Styles, right? He looks like an average Korean guy but how did he become a world famous star? Recently, a very interesting research from MIT done by Hungarian professors, analyzed the data. It's interesting Hungary is not in Asia, but is in Europe, picked Asian marketing topic. They realized that the reason for Gangnam Style's success is Youtube's accessibility and universality. All of you probably looked at Gangnam Style video on Youtube. Initially, Gangnam Style's popularity was limited to Asian areas, because the song is mostly in Korean with some English verses. Research on Gangnam Style found out that the catalyst for its worldwide fame were fans in from the Philippines. Research showed the singer Psy became very popular among Filipinos and Filipinos made many self-made flash mob videos featuring the fans dancing to Gangnam Style dances. These videos were then shared among friends and became viral until it reached people across countries. Filipinos used English, and so thanks to them, the videos were able to easily spread all around the world. Like this, some topics which can be easily translated or communicated in English can become a world topic. So, that's one example. I recommend that you try pick up Asian topics that can be worldwide, then you can be a center of the big research.

Another one is about the data. Even today, if you look at the top ten journals in marketing such as Journal of Marketing Research, Journal of Marketing, or Marketing Science, then you find that most of the research data used are American data or European data, but not Asian data. Not many works published used Asian data. But, this is the era of big data, you can easily access to Google or Naver



(Korean search engine). Yes, each country has own portal or search engine so you can easily access to big data. So, I think you can analyze more of Asian data and try to publish Asian research towards other countries. Here is one of my example. Exactly, one week ago, I got the Best Paper Award from 2017 Summer American Marketing Association Conference. My paper was based on Korean company data. I think two things worked for me fortunately. One is the topic which is cross-selling. As said in the example of selling beer with diapers, we call it cross-selling when we sell fried chicken and beer together, a very popular pair in Korea. And we looked at the cross-selling, everyone and every company believed that cross-selling is profitable marketing strategy. However, our research focuses on different perspective, what if there are any chances that this cross-selling is not profitable for company. That is a starting point for the paper. It is topic-wise applicable to United States and any other countries. It can be a Korean topic, but it is also a worldwide topic.

And, we looked at the loyalty program. Any of you has a mileage program to analyze. You save points and you get free chicken and we call it single vendor loyalty program. In these days, there are more and more mileage loyalty programs that have shaped multi-vendor loyalty program. In Korea, the typical one is 'Ok cash-bag' where you accumulate points or mileages and you can spend those points for anything you want among those that participate the program. So, we analyzed the data and we find out that depending upon customers, some of you accumulate the points from time to time frequently and then buy small things and some of you may not buy anything at all, but accumulate those points quite a lot to redeem at once. For examples, multi-vendor programs, you get points from company A and spend points in company B, then company B did not make any profit and just give products to customers for free. That case is not profitable for company B. So, that is our research topic and approach.

As I said two things for researching Asian marketing, first one is that Asian topic could be worldwide one and second one is national marketing data analysis. I think that choosing a good topic and also more using Asian marketing data analysis are one way of doing marketing research in Asia. This effort should be increased a lot.

If I am asked to say what is coming next, the next one will be more 'Co-work' among Asian scholars than before. So far, many top journals were published by one Asian scholar co-worked with U.S. scholars. I love to see increasing many 'Co-work' among Asian scholars that will make more Asian marketing to another center or unique area in marketing research. As I mention about information of Korean Marketing Association of which I am charge as a president, we will have the International Conference of Asian Marketing Associations as known as

ICAMA which will be the fourth one, next April 20 to 22, 2018, in Thailand. We had first one in Seoul, second one in Tokyo, third one in Beijing, and fourth one will be Thailand, which hopefully becomes for many Asian scholars to work together for the issues of Asian marketing. So, I think that is the way we should go.

## **Marketing Research Trends in Asia**

**Professor Jaihak Chung,  
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I have been communicating about what the main research topics are in each Asian country with many scholars in China, Japan, Indonesia, Thailand, and Vietnam, since I started to work as the chief-in editor of an international journal, Asia Marketing Journal. This editorship has given me a chance to read so many research papers on Asian markets and consumers for the last three years. I have noticed that there has been not enough research to address what topics major Asian scholars have been studied in Asia, which is a little bit surprising to Asian researchers. Unlike academic researchers in Europe and the USA, Asian research are not aware of what have been studied about our markets and customers by Asian researchers. In order to share Asian scholars' valuable findings and knowledge on Asian markets, it is critical for someone to collect their research outcomes and introduce their research trends. I started to conduct two research projects to find major research papers written by research-active scholars in major Asian business schools since 2015.

I would like to share some findings on what topics have been actively studied by Asian researchers based on these research (Chung 2016, Chung 2017) and suggest some research directions to the researchers in Asia. The main purposes of these researches are two fold; I would like to address who the most active researchers are in Asia and what marketing topics have been researched by them. Why are these questions worthy of researching? This information would be helpful for researchers who are interested in Asian markets to find their research colleagues and people for their research advices, or to find the more relevant research topics for their research.

For the study, maximum ten major business schools from each twelve countries (China, Hong Kong, Japan, Indonesia, Mongolia, Malaysia, Russia, Taiwan, Singapore, South Korea, Thailand, and Vietnam) were selected as the major business schools in Asia, according to the two criteria: whether the school has been accredited by AACSB, EQUIS or AMBA or ranked at least one of major university ranking studies such as QS Global 200 MBA Rankings Asia Pacific (<http://www.topmba.com/mba-rankings/region/asia>) in 2015 or Eduniversal Business School Ranking (<http://www.eduniversal-ranking.com>). Sixty one business schools in Asia were selected for our study universities (Chung 2017). From the websites of these schools, 435 researchers and professors were identified in total. We collected information on their research papers published from 2011 to

2016 from each school's websites and the two most popular research networks: ResearchGate and Google Scholar. Only the papers written in English and published in international journals have been included in our dataset because the publications in local journals significantly vary in their quality according to their journals and nationality. There are at least two major measures for the impacts of research publications: IF(Impact Factor) and H-index. H-index was used as the measures of the impacts of their publications since publications in Asian journals are likely devaluated by the IF.

With these dataset, we evaluated the academic performances of researchers in each country in terms of the H index. The empirical study shows that researchers in Hong Kong have outperformed in research publications according to the H-index. Korean researchers were the second best active and researchers in Singapore were the third best group in H-index. Business schools in Singapore are well known for the quality of their research but Korean researchers have been more active in research. We selected top one hundred most research-active scholars in publications. 39 out of 100 from Hong Kong, 19 from Korea, 15 from Singapore, 11 from Taiwan and 9 from China were listed as the most research-active scholars (Please refer to the following site for the details <https://jaihak.blogspot.kr/2017/03/amjmarketing-research-trends-and-top.html>).

The empirical study shows that researchers in mainland China have been not so active in research but their academic performances seems to be under-estimated due to the lack of information on their academic performances due to the lack of information on their academic publications. Not much information on their publication are available on their school websites and the global research networks.

What are the popular research subjects in Asia? We analyzed the frequency of each word contained in the titles of their publications. The empirical results show that researchers in Eastern Asia (Korea, Japan, and China) have been interested in Chinese customers. Not only Chinese researchers but also many foreign scholars, especially in Korea and Japan, have studied a variety of topics on Chinese customers, maybe because Chinese markets have been getting more important in Asia. However, interestingly, Chinese consumers have not attracted researchers in South Asia. Little research has been conducted about Chinese customers. They are more interested in Malaysian customers than Chinese customers.

Regarding the research topics, researchers in East Asia have studied topics on product and social network. In South Asia, researchers have paid more attention on service, customer satisfaction, quality, and loyalty. Researchers in Hong Kong, Singapore, Macau and Taiwan, have more studies on service, brand and social network. Korean researchers seem to have similar interests in their research topics.

Then, the last research question is what types of topics among STP and 4Ps have been popular for research in Asia. Overall, little research has dealt with topics on Segmentation, Targeting, and Positioning, while many research papers address a variety of issues on new product development and communication. Product and communication are usually most popular topics across countries in Asia. Researchers in some countries are interested in retail, but not many researchers have published research papers on Price.

## Discussion and Conclusion

Several interesting topics have been presented about what is happening and what issues have been more important in Asia. One of the important points for successful Asian business is to know the importance of regulations which have significant impacts on the shapes of new business like O2O business in Asian countries. For instance, a start-up starting their new delivery services with beers via O2O mobile applications had to give up their business recently, because Korean government does not allow any business for delivering beers, while the existing companies in Chicken industry have been delivering beers with their chickens without any legal problems. How could this happen? The firms delivering other products like fried chickens as the main product are allowed to deliver beers but the beer delivery services as the main one are illegal by law. Although it sounds like a joke, this kind of unreasonable regulations are everywhere in Asian countries.

The three different but important topics addressed by the discussants can be helpful particularly for young researchers and industry practitioners who are looking for their research or business areas in Asia. As we are fully aware, there are so many different career directions for young researchers. Every time you decide what to do for your career, you may have to make a decision without complete information and extensive working experience. In this case, what we have discussed in this conference would be very helpful for your research decisions. By discussing any research topics interesting researchers in different Asian countries, we are able to find the same trends across multiple countries. That is the main reason why we participate in the international conferences for Asian researchers.

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