

Title: The Second Mountain in Taiwanese Society and Consumption

For the seventh lectures of Eurasia Foundation International Lectures, we invited Mr. Paul Tsai (蔡鴻賢), the Chief Executive Officer (CEO) of Eastern Online Co., Ltd, a research company specializing in consumer survey. CEO mentions that Eastern Online Co., Ltd is a company established by Mr. Hung-Tze Jan (詹宏志) and him and the goal of this company is to interpret the future trend of Taiwanese society. The speech includes several parts: Taiwan’s new type, the observation of the changes under COVID-19, the imagination on Taiwanese consumer in the future, and Taiwan’s second mountain.

1. Taiwan’s new type

- (1) Taiwanese society faces challenges: three new types. The first new type is the reconstruction of Taiwanese system. The second is the capability of creating value. The third is the collaboration across generations.
- (2) Concatenation across platforms defies the structure of consumption values: Brand / Service not only provide values, but also increase values of other services. Each consumption may create a new value. Making changes like cashless, purchase Journey.
- (3) Digital Transformation in the next five years will accelerate generation contradiction: Although the new generation is more sensitive to digital technology to cope with new economic challenges, the new generation has comparatively limited resources to conduct a long-term plan.

2. The observation of the changes under COVID-19

- (1) the preference of social group influence changes: The trend of Taiwanese consumer’s preference changed. We may observe three characteristics in these changes: “Stickiness to youtuber declines,” “Youtube star decreases,” and “the attentions are divided into limited targets.” Plus, the coming wave of Podcast.
- (2) 85% of family will face multiple pressures: Because of COVID-19, some people worry about that not able to go to work will bring negative impacts to their income. Some feel bored with life. Some consider the increasing interaction with family causes pressures.
- (3) The return of “a little happiness (小確幸)”: feeling of well-being and at ease bounced back; more discussion on food and shopping. Improve living environment and refine functions.
- (4) The improvement of applied technology targeting at aging consumers

- (5) More than 50% consumers indicate that they use cash for less than 50% of their total purchases.

3. The imagination on Taiwanese consumer in the future

- (1) Globalization: there are critical changes to globalization. For example, the problem of bubble economy and geoeconomics emerged. The concept of price-performance ratio changes and people start to value friendly international brand and clean telecommunication alliance. The changes in the evaluation of social credit score.
- (2) The new “working poor class” emerged: Incapability to cope with digital technology makes one person comparatively poor. Time becomes wealth. The concept of home and work social environment changes: new generation might play at the office and work at coffee shops. Thus, whoever can place oneself in an environment with more opportunities can maximize one’s market value.
- (3) New communication style: From social distance to digital touch. Digital capability brings new way of communication.
- (4) The concept of price-performance ratio changes: Emphasize the value of using instead of the value of owning. Placing importance to “Immediacy” and “sustainability.” The concept of Environmental, Social, and Corporate Governance (ESG), i.e. the concept of developing and governing the sustainability of environment and society, urges to reexamine the value of brand. The price-performance ratio is less about the problem of real price but more about how the product fit in line with the future of society and whether the product can enrich life as a whole.
- (5) Meal Culture: Pursuing clean food (less additives, clean food), healthy food (food that strengthens health, immune system), super food (high micronutrients)
- (6) Entertainment type: Consumers care more about audiovisual equipment which might limit their thoughts, for example, not to surpass platform, and might lead to the result that they are not able to produce deconstructive creative work.

Regarding reexamination of the value of consumption, CEO analyzes from four dimensions: special experience, put emphasis on living style, pursue brand, and emphasize brand. He thinks that Taiwan has explored its own way. Taiwan has been highly influenced by Japan and the United States and it seemed that China also brought some impacts in 2018. However, under COVID-19, there is an increasing tendency that Taiwanese people changes their view from emphasizing price-performance ratio to emphasizing living style.

In regard to the future relations between consumer and brand, CEO lists seven

points.

1. Future brand must be a platform. For example, the brand, *Patagonia*, emphasizes environmental protection, recycle, and revamp.
2. Brand must respect multi-culture. For example, plagiarism of totem might bring public relations crisis.
3. Cross-industry concatenation service will customize according to consumers' need and movement: for example, the brand *Whoscall*, due to its API concatenation, it provides information related to fitness and losing weight.
4. Wherever people can communicate shapes a business area. Traditionally business areas are those places that people get together; however, now business area involves with a concept of connection. Moreover, consumers transform from product-consumers to behavior-consumers.
5. Consumers purchase an experience of using product service. From purchase journey to value journey.
6. The capability to provide surprise and uncertainty will earn higher willingness-to-pay price and participation rate.
7. More cases reflect the saying, "If you cannot catch the TREND in time, then you got no time"¹ in the future. For example, we used to chew gums because we got bored while waiting in line, but now we are busy with reading line message while waiting. Future consumers learn a skill or habit rapidly and discard them rapidly as well.

CEO concludes the speech with the description on Taiwan's second mountain.

1. Taiwan's three main trends: regrouping, dynamic co-opetition, new creation integrating artificial intelligence (AI).
2. Consumers pursue different view of achievement (get "click like" on the Internet), view of love (not love between man and woman, but love between people and people, virtual interaction), view of life (freedom and flexibility), view of consumption.
3. More imagination is necessary and we must create empathy and connection. Thus, we need to equip ourselves with strong agenda-setting ability, thinking ability to surpass platform. We must stay hungry, stay brave, to pursue changes.

CEO concludes that Taiwan's second mountain is a "brave new world," an experiment field, a sci-fi film that exists virtually and in the real world, will be an amusement park.

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¹ (Note from translator) The original Chinese sentence was "你跟我無關，但我消滅了你" which can be directly translated to "I will destroy you, which has nothing to do with you."

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