

CUCKOO International (MAL) Sdn Bhd
Recognized for

2021

Competitive Strategy Leadership

Malaysian Home Air Purifier Industry

Excellence in Best Practices

CUCKOO

Strategic Imperatives

Frost & Sullivan identifies three key strategic imperatives that impact the building services and technologies industry: disruptive technologies, new business models, and transformative mega trends. Every company that is competing in the building services and technologies space is obligated to address these imperatives proactively; failing to do so will almost certainly lead to stagnation or decline. Successful companies overcome the challenges posed by these imperatives and leverage them to drive innovation and growth. Frost & Sullivan’s recognition of CUCKOO International is a reflection of how well it is performing against the backdrop of these imperatives.



Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. CUCKOO International (MAL) Sdn Bhd excels in many of the criteria in the Malaysian home air purifier space.

AWARD CRITERIA	
<i>Strategy Innovation</i>	<i>Customer Impact</i>
Strategy Effectiveness	Price/Performance Value
Strategy Execution	Customer Purchase Experience
Competitive Differentiation	Customer Ownership Experience
Executive Team Alignment	Customer Service Experience
Stakeholder Integration	Brand Equity

Strategy Execution

After the world was struck with COVID-19, an airborne disease, most of the world’s population has been confined to the walls of their homes. The development has sparked consumer interest in providing cleaner residential air as going out for fresh air may no longer be an option.

Last year, a market study examining Malaysians’ awareness of the importance and benefits of owning their own air purifier revealed that more than 40% of Malaysians plan on investing in an air purifier in the foreseeable future, compared to only 20% in 2019. Moreover, the pandemic introduced new challenges that have allowed CUCKOO to expand its portfolio and prove its ability to successfully pivot to address emerging market requirements. For example, the pandemic affected the continuity of the delivery of CUCKOO’s air purifiers when Malaysia’s movement control order (MCO) was imposed. Air purifier deliveries were previously performed by CUCKOO’s service specialists, who would also assist customers with setting up the devices. However, the enactment of the MCO no longer made that possible.

CUCKOO turned this challenge into an opportunity for growth by immediately offering contactless delivery, cashless and paperless systems, and a comprehensive video guide to help customers set up their new air purifiers or install filters without the risk of contracting or spreading COVID-19. Such strategies position the company for continuous market growth, even in these unprecedented times. Moreover, the company’s quick response to changing norms, such as implementing disinfection services

to ensure the safety of both customers and staff, has allowed CUCKOO to continue providing support during the MCO period.

CUCKOO has also established a local air purifier assembly line in Malaysia, strengthened its position in Southeast Asia and allowing it to efficiently distribute its assembled CUCKOO air purifiers to countries such as Singapore, Brunei, Indonesia, Australia, India, and China. Moreover, each CUCKOO air purifier is tagged with a QR code to provide customers a more comprehensive and detailed product guide and support services, including checking payment history, making payments, obtaining service history, and accessing a channel to make reports. A disinfection service was also made available to customers who purchased an air purifier. Overall, unlike competitors, CUCKOO is working toward providing a more holistic customer experience approach that ensures greater product ownership.

To that end, the company recently introduced its new “healthy home” pillar in conjunction with its WonderKlean brand. WonderKlean offers a variety of professional home care services, including indoor disinfection, to meet rising demand since the pandemic. Free WonderKlean disinfection services are also available to CUCKOO air purifier customers during periodic servicing appointments. Known as CUCKOO Natural Care Service, the free service disinfects customers’ living spaces, safeguarding the wellbeing of service personnel, customers, and their family members.

“CUCKOO’s quick response to changing norms, such as implementing disinfection services to ensure the safety of customers and staff, has allowed the company to continue providing its services during the MCO period. Moreover, it offers contactless delivery and installation options.”

- Azza Fazar, Research Associate

To minimize direct contact as much as possible without compromising service quality, the company began offering an option for contactless filter replacement. As contactless filter replacement means customers would have to do it themselves, CUCKOO has made it an easy and straightforward process. The new filter is delivered straight to customers’ homes and left outside. Subsequently, a video tutorial on how to replace the filter is sent to the customer electronically. A CUCKOO customer service representative is on standby throughout the process to assist customers via a video call. Upon successful filter replacement, the customer can leave the old filter outside their homes for CUCKOO service personnel to collect.

Price/Performance Value

The pandemic’s economic impact on Malaysia is apparent even after a year since it first hit the country. Specifically, the rising cost of living that occurred in 2019 carried on into 2020. Taking this into account, CUCKOO works hard to ensure customers can continue enjoying its Beyond Standards approach (“Beyond Standards” is a philosophy and tagline used by CUCKOO to describe products and services that do not compromise on quality.) To that end, CUCKOO engages in a variety of promotions, including value-added services or attractive offerings, once consumers purchase their air purifiers, helping boost pride of ownership.

A value-added air purifier service that stands out from competitors’ offerings is CUCKOO’s GOOD Plan. The plan is carefully formulated to provide customers with the flexibility to pay according to the monthly amount they can afford. Frost & Sullivan notes the plan is as low as RM75.47 per month, an affordable

rate that enables ownership of an air purifier while lessening the financial burden on customers. A better quality of life is, therefore, more attainable.

Competitive Differentiation

Many companies in the air purifier market strive to provide the best service and products to consumers. However, CUCKOO still remains a market leader due to its industry-leading characteristics. For example, CUCKOO places utmost importance on its after-sales services. To that end, CUCKOO incorporates its “Beyond Standards” philosophy to consistently deliver an exceptional customer service experience. Moreover, the CUCKOO+ Service Team is solely dedicated to customer service, unlike many brands whose service team also engages in sales. The nationwide CUCKOO+ Service Team strives to offer the best service possible, including supporting customers at off-road premises up to 30 kilometers from their respective service centers.

The price of CUCKOO’s air purifiers is competitive. Moreover, its CUCKOO GOOOD Plan allows a range of consumers to own a CUCKOO air purifier. With its affordability and flexible payment options, consumers can purchase company products that have been refined and optimized through research and development (R&D). CUCKOO is known for its inventive solutions, including introducing a locally-developed air filter, the CUCKOO Ultra PM2.5 Filter, and CUCKOO Plasma Ionizer to effectively eliminate dust particles, bacteria, and viruses. Lastly, Malaysia’s CUCKOO management team is fully operated by locals. As a result, the company can understand and directly cater to Malaysians’ wants and needs. By introducing targeted products, services, and initiatives that spur customer engagement and connection, CUCKOO fosters stronger client relationships in the local market.

Customer Purchase Experience

Innovation is CUCKOO’s key differentiator. Within the Malaysian air purifier market, the company is known for its original solutions and thought leadership. For example, the development of the CUCKOO Ultra PM2.5 Filter, tested and certified by researchers at the Universiti Putra Malaysia, can detect and eliminate dust particles as small as 2.5 micrometers, nearly 3.6% the diameter of a strand of human hair. The filter can eliminate approximately 99.7% to 99.95% of the dust in the air, and has proven so effective that the product was installed in temporary hospitals erected at Malaysia Agro Exposition Park Serdang’s quarantine centre. The temporary hospital’s deputy director, along with a public health specialist for the Malaysian Armed Forces, conducted a round of tests indicating the CUCKOO Ultra PM2.5 Filter has effectively minimized the risk of COVID-19 infections.

CUCKOO’s air purifiers also come with a plasma ionizer that generates oxygen and hydrogen molecules to absorb and eliminate toxic substances. The process produces purified air by effectively tackling and filtering 99.8% to 99.9% of bacteria, including salmonella, pneumonia, MRSA, staphylococcus, and pseudomonal toxins. The technology’s proven efficiency has enabled it to receive the CA Mark certification from the Korea Air Cleaning Association. Moreover, owners of CUCKOO’s air purifiers can be assured of the quality of surrounding air as the devices are equipped with their own air quality indicator. The light indicator covers 6 levels ranging from Level 1: Good (Blue) to Level 6: Very Bad (Red). Such advanced functionalities, along with the devices’ affordability, assure customers they are receiving the best solutions for their needs and differentiate CUCKOO’s air purifiers from the rest in the market.

Customer Service Experience

In 2019, a third-party research firm conducted a survey delving into CUCKOO's customer satisfaction rates. The survey indicated 97% of customers were satisfied with CUCKOO's after-sales services; 91% were satisfied with the company's products and services, and 98% indicated they would continue using CUCKOO products in the future. Another survey conducted in 2020 demonstrated that 98% of CUCKOO customers were satisfied with their purchase, 96% were happy with CUCKOO's products and services, and 97% of customers rated CUCKOO's product quality as excellent. Frost & Sullivan finds that it is clear that CUCKOO's commitment to offering "Beyond Standards" products and services is a consumer reality, especially considering the care CUCKOO puts into its after-sales support.

To ensure CUCKOO is aware of customers' thoughts, feelings, wants, and expectations, the company employs a variety of feedback mechanisms. For example, CUCKOO conducts service quality checks (SQC) after every appointment. During the SQCs, CUCKOO's service personnel ask customers to provide feedback or rate the service through a QR code. Such an approach ensures the quality of CUCKOO's services is up to par, allowing it to keep its "Beyond Standards" promise.

In 2020, the SQC QR codes were included in each newly produced CUCKOO air purifier, providing a fast and effective means of gathering customer data. Such data is subsequently used to develop customer acquisition and retention strategies. Moreover, to ensure two-way communication, CUCKOO's

representatives are readily available to connect with customers and prospects via its official customer service channel (located on the company's website).

"Through its fully local management team, CUCKOO can introduce targeted products and services that directly cater to Malaysians' wants and needs. Moreover, such an approach allows the company to support initiatives that spur customer engagement and connection, fostering stronger client relationships in the local market."

- Azza Fazar, Best Research Associate

In 2020, CUCKOO launched an AI chatbot to provide greater convenience to customers by ensuring shorter response times and the ability to provide more information regarding solutions or queries 24/7. CUCKOO puts a lot of effort into making sure consumers are equipped with the information they need to make informed decisions regarding an air purifier purchase. It also ensures ongoing support for existing CUCKOO air purifier customers.

Stakeholder Integration

CUCKOO understands that it requires a plan and win-win proposition for a company to reach optimum growth within a given market. Every executive decision made by CUCKOO does not only benefit the company but its stakeholders, an equation essential for promoting growth. CUCKOO's goals in 2021 include achieving 34.7% revenue growth, maintaining a customer satisfaction rate of more than 90%, generating more innovative products, and, lastly, being a publically-listed company.

CUCKOO has become Malaysia's number-one "healthy home" creator through its holistic and innovative solutions. To that end, the company offers brands that, in turn, support four "healthy home" pillars. Specifically, the:

- Healthy Appliances Pillar (locally developed to meet community needs)

- Healthy Living Pillar
- Healthy Lifestyle Pillar (including WonderLab-branded beauty care solutions)
- Healthy Home Care Pillar (including the WonderKlean brand to provide a variety of professional home cleaning services)

Moreover, CUCKOO engages in brand advocacy through its #SAMASAMA (togetherness) tagline. #SAMASAMA is essentially a unifying theme that has helped connect customers with the brand during the pandemic. CUCKOO has dedicated funds to support R&D, ensuring ongoing innovation and the market's most advanced and high-quality air purifiers. Frost & Sullivan notes CUCKOO is highly aware of the strategies required to optimize market growth and ensure a product line that does not compromise quality and innovation.

Conclusion

In light of the challenges associated with the COVID-19 pandemic, CUCKOO International (CUCKOO) is successfully re-defining its air purifier offerings. Aside from its uniquely customer-centric approach, versatility, and commitment to quality product, CUCKOO places utmost importance on after-sales services. Moreover, its customer acquisition strategies position the company for significant growth. Coupled with its ongoing innovation and out-of-the-box thinking, CUCKOO's solutions can uniquely address customers' most pressing needs, especially during the pandemic. As a result, the company will experience continued growth and heightened brand awareness in Malaysia.

With its strong overall performance, CUCKOO International earns Frost & Sullivan's 2021 Competitive Strategy Leadership Award in the Malaysian home air purifier industry.

What You Need to Know about the Competitive Strategy Leadership Recognition

Frost & Sullivan's Competitive Strategy Leadership Award recognizes the company with a stand-out approach to achieving top-line growth and a superior customer experience.

Best Practices Award Analysis

For the Competitive Strategy Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Strategy Innovation

Strategy Effectiveness: Effective strategy balances short-term performance needs with long-term aspirations and overall company vision

Strategy Execution: Company strategy utilizes Best Practices to support consistent and efficient processes

Competitive Differentiation: Solutions or products articulate and display unique competitive advantages

Executive Team Alignment: Executive team focuses on staying ahead of key competitors via a unified execution of its organization's mission, vision, and strategy

Stakeholder Integration: Company strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

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- **Growth Pipeline:** Continuous flow of Growth opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our six analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- Mega Trend (MT)
- Business Model (BM)
- Technology (TE)
- Industries (IN)
- Customer (CU)
- Geographies (GE)

