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SOUTHEAST ASIA

The State of AI in Customer Engagement

Moving From Fragmented AI Approach
to Unified Autonomous AI

Contents

Foreword

The 2026 AI Paradox

2025 was the year Southeast Asian brands found out what AI could actually do for them.

Not whether to use it. That debate is largely over. But whether what they have actually works, and whether the results justify the investment. For many, the honest answer is: not yet.

In this report we've surveyed 500 senior customer engagement and marketing leaders to help you examine why brands continue to struggle with achieving true one-to-one personalization and how brands can shift from 'babysitting' AI to a truly autonomous frontier. The mission is no longer just to use AI, but to make AI useful at scale and human.

Going into 2026, Southeast Asia is a market in transition. Only **11.5% of organizations have fully integrated AI as a core driver** of customer engagement. **35%** are still experimenting with basic tools, and **10%** are not using AI at all. The gap between the most advanced brands and the rest is wide and growing.

The blockers are real and varied. **46%** of Southeast Asian brands are held back by integration complexity and the high cost of tools. These brands are not just dealing with broken infrastructure; many are still building internal capabilities to use AI effectively.

63%

of digital marketing execs still struggle to deliver tailored experiences despite record AI investment (Gartner)

30%

of GenAI projects abandoned by the end of 2025 due to poor data & fragmented infrastructure (Gartner)

50%

of CMOs find it difficult to track AI-driven ROI across their fragmented tool stack

Brands that are pulling ahead share one thing in common. They have stopped treating AI as a separate tool and started connecting it to everything: their data, their channels, their customer decisions. That shift is what separates experimentation from execution.

That is what this report is about. The report examines where Southeast Asia stands, what is holding brands back, and what the path to unified, autonomous customer engagement looks like. The goal is no longer just to use AI; it is to make AI useful, measurable, and trusted.

Saurabh Madan

VICE PRESIDENT & GENERAL MANAGER – SEA & ANZ

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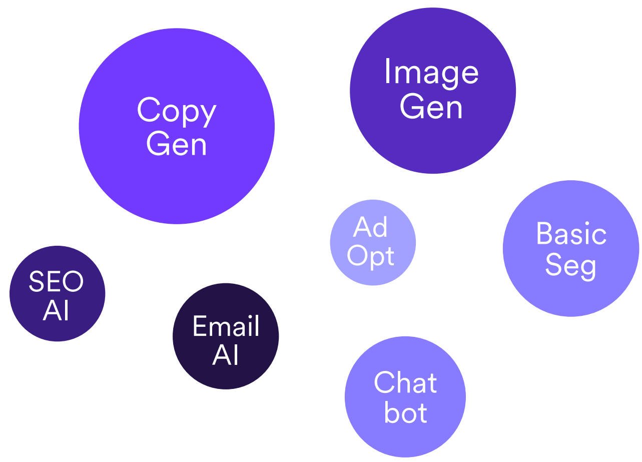
THE GREAT SHIFT

How AI evolves from fragmentation to integration

2024-25

THE HYPE & EXPERIMENT ERA

Scattered & Siloed



47+ Isolated tools

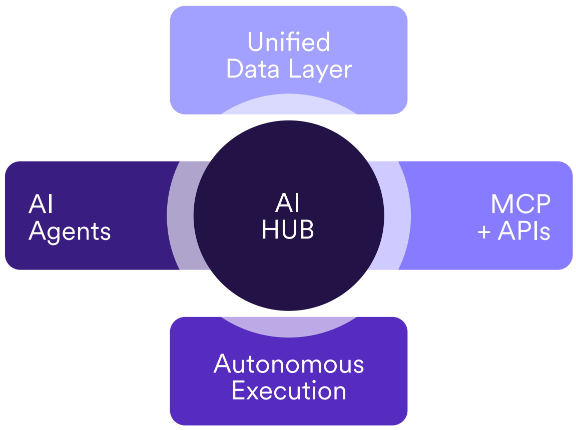
30% Adoption rate

Low ROI clarity

2026+

THE EFFICIENCY & INTEGRATION ERA

Connected & Orchestrated



1 Unified stack

3-5x Efficiency gain

High ROI clarity

Point solutions **The Shift** ⟶ AI-Native Platform Intelligence

The Current State

According to Gartner's 2026 Strategic Outlook, **74% of marketing organizations** now cite now cite Architectural Debt, the inability of legacy, siloed stacks to handle real-time agentic triggers, as the primary reason their AI initiatives fail to deliver measurable ROI.

The region's AI problem in 2026 is not access. Most brands have tried AI in some form. The problem is that most of what they have tried has not moved beyond basic tasks. The tools they are using do not connect to their core customer data.

THE CURRENT LANDSCAPE

47.5%

AI WORK REMAINS AT THE SURFACE

Agentic tasks account for just **25.6%.** Southeast Asia is predominantly using AI to produce content, not to make decisions.

CONSTANT SUPERVISION

37.6%

STUCK REVIEWING EVERY AI OUTPUT

SEA brands are fixing errors and increasing oversight due to accuracy concerns. Shopping carries a heavier burden at 40.3% compared to banking at **36.4%.**

THE BIGGEST OBSTACLE

46%

HELD BACK BY INFRASTRUCTURE

Integration complexity **(23%)** and expensive AI tools **(23%)** are the core blockers. Add privacy concerns, and **68.5%** face problems their marketing teams can't fix alone.

CHAPTER 1

Maturity & Adoption

A Divided Landscape

THE INSIGHT

Southeast Asia's AI market is at an earlier stage. Only **11.5%** of brands have made AI the core driver of their customer engagement. **35%** are still experimenting with basic off-the-shelf tools. **10%** are not using AI at all.

The dividing line is not the budget. It is how deeply AI is woven into day-to-day operations.

The Leaders - 11.5%

AI runs their entire customer engagement operation. Not a separate tool or team. The central engine.

CORE CAPABILITIES

- Unified real-time customer data layer
- AI as a central decision-making engine
- One-to-one omnichannel cross-channel personalization at scale
- Zero manual AI babysitting overhead
- Autonomous brand-compliant content

COMPOUNDING ADVANTAGE

Every campaign makes the brand's AI smarter. Every data point deepens the feedback loop. Laggards cannot replicate this; the gap is structural, not tactical.

The Scalers - 23.5%

Moving past one-off automation into personalization and predictive insights across channels.

CORE CAPABILITIES

- Dynamic personalization in active use
- Predictive analytics deployed
- Moving beyond basic automation
- Some cross-channel AI however (not yet unified)
- Moderate manual oversight is still required

THE CRITICAL WINDOW

Scalers are close, but without native architecture, they risk becoming permanently stuck in the "messy middle" as AI agents demand real-time data they don't have.

The Experimenters - 54%

The largest group by a significant margin. Using AI for isolated tasks like copy drafting or image generation. Without a unified data strategy, they are getting limited value from the investment.

CORE CAPABILITIES

- Subject-line optimizers and basic copy tools
- No unified customer data foundation
- Cannot orchestrate in real time
- Failing to capture the behavioral data value
- High integration tax, low AI ROI

THE CONTENT TRAP

Producing more content faster, but failing to improve relevance. Volume without intelligence leads directly to engagement fatigue and declining CLV.

RETAIL

The sector furthest behind

42.6%

are still in early experimentation

7.4%

fully integrated with AI

BANKING

More advanced, still moving

25.8%

actively scaling

13.6%

fully integrated

31.1%

still experimenting with basic tools

THE IMPLICATION

Southeast Asia's AI market is still finding its footing. The brands pulling ahead are the ones that have moved from using AI for tasks to using it as a connected system. For the majority, that shift has not happened yet. The window to close the gap is open, but not indefinitely.

CASE IN POINT

Thomas Cook

The AI Advantage

CHALLENGE

Thomas Cook, a major Indian travel and financial services brand, sends over five holiday packages daily, each requiring custom visuals that took designers **up to 3 hours to create.** This manual process caused significant delays, and many opportunities were lost before campaigns could even launch.

IMPACT

By using Merlin AI Designer to generate visuals via prompts, Thomas Cook cut production time from hours to just **10 minutes.** This **90% reduction in launch time** improved click rates while allowing the team to produce brand-complian assets instantly.

READ THE FULL STORY

CHAPTER 2

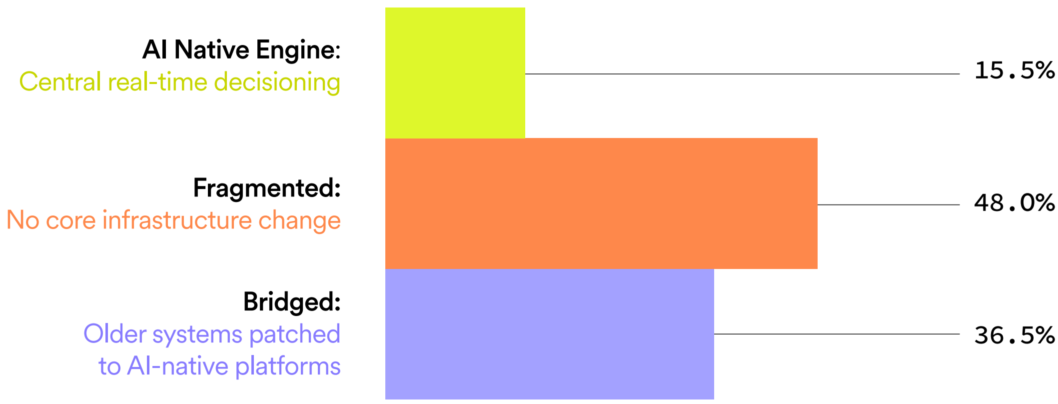
The Integration Cost

Beyond the Add-on

THE INSIGHT

Most Southeast Asian brands are not struggling with AI because the technology doesn't work. They are struggling because the tools do not connect. Every disconnected platform creates manual work. Someone has to move the data, check the output, and sync the results. That is where the efficiency gains quietly disappear.

How AI is actually wired into the tech stack.



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The Fragmented Approach

By treating AI as a peripheral feature and not a native component of their engagement infrastructure, these organizations create intelligence silos that cannot communicate with the core customer data layer in real-time. This essentially leads to brands not being able to accurately personalize their engagement and ultimately losing customers.

THE FRAGMENTED APPROACH	AI-NATIVE ARCHITECTURE
Every step requires human intervention. Data doesn't flow seamlessly. Context is always lost.	**Data, AI, and delivery in one unified layer. Context is never lost. Execution is instant.**
• DATA SILO Isolated, unsynced customer data	• UNIFIED CUSTOMER DATA Real-time, 360° profile
• MANUAL CSV EXPORT — HUMAN INTERVENTION	• NATIVE AI ENGINE Decides + Generates natively — AUTO
• GENERATIVE AI TOOL No brand context, no history	• BRAND COMPLIANCE CHECK Autonomous, no human needed — AUTO
• MANUAL REVIEW & EDIT — HUMAN INTERVENTION	• OPTIMAL CHANNEL SELECTED Web / App / Email / Push — AUTO
• ESP / SEND PLATFORM Siloed channel - no sync	• REAL-TIME SEND Milliseconds after trigger
• MESSAGE SENT Hours or days after trigger	
HIGH INTEGRATION TAX & SLOW EXECUTION	**ZERO INTEGRATION TAX & REAL-TIME SCALE**

The Fragmented Approach

SEA AVERAGE

48%

Treat AI as a standalone tool outside their core marketing stack. Neither sector has made meaningful progress toward a connected approach.

RETAIL

48.5%

BANKING

47.7%

The Supervision Tax

The real cost shows up in hours, not software bills.

SEA AVERAGE

72%

of brands are stuck in constant AI supervision. Reviewing every output, catching errors, and signing off before anything reaches a customer.

BY RETAIL

77.9%

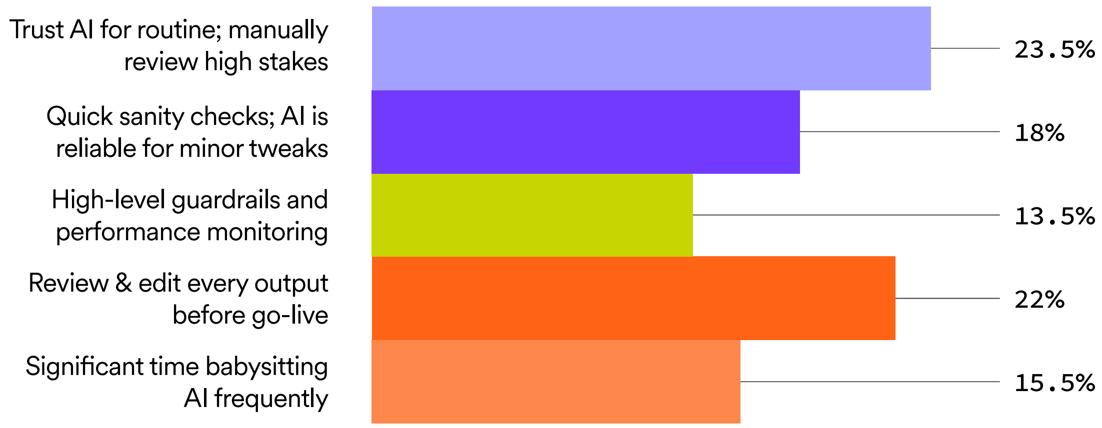
of shopping brands are stuck in constant AI supervision. Reviewing every output, catching errors, and signing off before anything reaches a customer.

BY BFSI

68.9%

of banking brands are stuck in constant AI supervision. Reviewing every output, catching errors, and signing off, with compliance requirements adding another layer on top.

How much time does your team spend supervising AI?



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THE IMPLICATION

The Integration Cost negates the primary promise of AI: efficiency. When marketers spend their time exporting files, checking copy, and connecting tools, they are not doing strategy. AI promised to free up that time. A fragmented stack takes it right back. The result is that brands cannot respond to customers in the moment that actually matters.

CASE IN POINT

The AI Advantage

CHALLENGE

A leading general insurance powerhouse managing complex policy lifecycles was held back by a babysitting economy. Their marketing team was tethered to IT; launching a single campaign required manual data stitching, resulting in fragmented profiles and sluggish performance.

IMPACT

Transitioning to an integrated platform **reduced manual effort** by **90% and go-live time by 93%**, enabling the team to launch multi-channel journeys in hours rather than weeks.

CHAPTER 3

Barriers to Scale

What's Actually Getting in the Way

THE INSIGHT

Southeast Asia’s barriers to scaling AI are more evenly distributed. There is no single dominant blocker.

46%

of brands are blocked by integration complexity **(23%)** and expensive AI tools **(23%)**. In shopping brands, this rises to **48.5%**. Almost half the sector is fighting its own tech stack before a single campaign goes live.

22.5%

are held back by privacy and ethical concerns.

24%

cite skills as their main challenge, almost equivalent to privacy.

Two Sectors, Two Different Blockers

RETAIL

27.9%

skills barrier

BFSI

44.6%

infrastructure & cost barrier

Shopping brands are worried about having AI skills. Banking brands are fighting their own infrastructure.

THE IMPLICATION

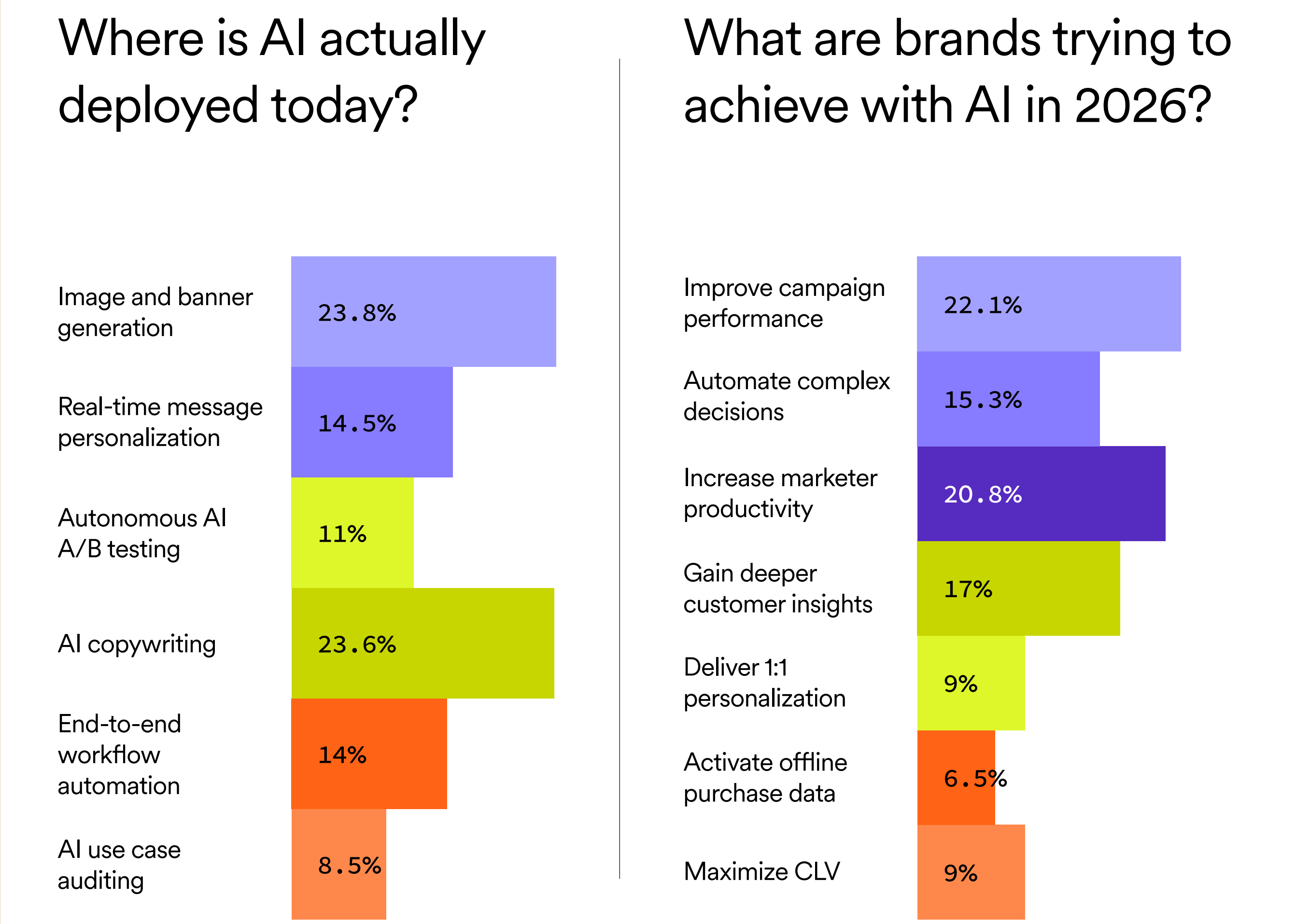
68.5% of SEA brands are blocked by infrastructure, cost, or trust. Add the skills gap, and the picture gets more complex. A connected tech stack solves the infrastructure problem. It does not solve the capability problem. The brands need both, and most are working on it but not in a coordinated way.

CHAPTER 4

From Content to Prediction

THE INSIGHT

Southeast Asia is using predictive AI more than its investment priorities suggest. **83.1%** of brands are already running at least one predictive model. The predictive infrastructure is already in place across most of the market.



Investment priorities and day-to-day usage tell a different story. GenAI for content is still the #1 investment priority for the next 12 months **47.6%** of AI work is still surface-level content generation.

TOP PRIORITY

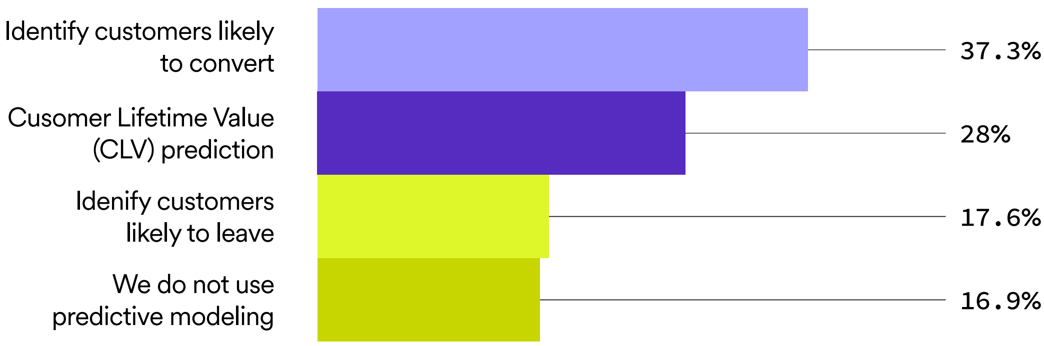
29.5% Generative AI for content

The Rise of the Autonomous Agent

PRODUCT CATEGORY	DESCRIPTION	PERCENTAGE
Autonomous AI Decisioning Agents	Independently orchestrate full customer journey - real-time consistency & offer parity across Web & App.	24.5%
Predictive Analytics	Advanced segmentation, churn modeling, CLV forecasting.	20%
Generative AI for Content	Scaling creative assets, copywriting & image generation - now baseline, no longer a differentiator.	29.5%
Conversational AI Agents	Goal-oriented chatbots & voice assistants for end-to-end customer resolution.	17.5%
Real-Time Automation	Rule-based triggers & automated campaign delivery - table stakes, not a growth lever.	8.5%

SEA brands have the predictive tools. Shifting investment and attention toward using them at the center of engagement strategy is the next step.

Which predictive model is actively being used to target campaigns?



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The two sectors are moving toward the same destination but for different reasons.

RETAIL

38.2%

are prioritizing generative AI for content, chasing speed to get the right message to the right customer faster.

BFSI

49.2%

are prioritizing decisioning and orchestration across complex, regulated customer journeys, making it their top investment focus.

THE IMPLICATION

SEA brands have predictive tools. What most have not done is shift investment and attention toward using them at the center of their engagement strategy. Content will remain important. Brands that keep it as their primary AI focus will find themselves producing more while moving less.

CHAPTER 5

The Autonomous Frontier

Unified Decisioning

THE INSIGHT

27% of Southeast Asian brands use AI to deliver personalized offers to individual customers in real time. Banking leads at **30.3%**. Shopping trails at 20.6%. For a market where **83%** are already running predictive models, the gap between having the data and acting on it in real time is significant.

CURRENT REALITY

SEA brands are treating customers as segments, not individuals. Every manual or rule-based approach systematically underperforms against AI-driven 1:1 decisioning.

73%

Still using manual or rule-based offer logic

27.5%

Manual A/B tests to determine a winner for segments

24.5%

Same offer shown to large segments, no optimization

21%

Rule-based logic (if VIP, show Offer A; else show Offer B)

THE OPPORTUNITY

Real-time AI selects the optimal offer for each individual, not a segment, not a rule. Every interaction is uniquely optimized.

27%

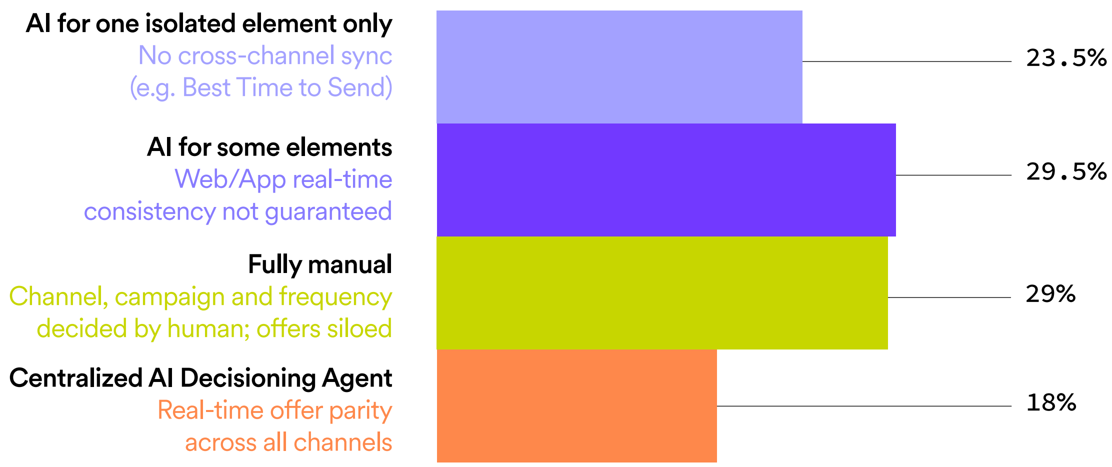
Using AI decisioning engine for 1:1 offers

- AI analyzes purchase history, behavioral signals, and context in real time
- Selects optimal channel, timing, and offer per individual
- Continuously learns from outcomes, improving with every interaction

82% of brands cannot guarantee that a customer sees the same offer on their phone as they do on their laptop. The moment someone switches devices, the experience breaks.

CROSS-CHANNEL AI CONSISTENCY

Is the same real-time offer reflected across every touchpoint?



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82%

of SEA brands lack cross-channel AI consistency

RETAIL

30.3%

make all channel and campaign decisions manually

More than half of shopping brands have no AI in decisioning, channel, campaign, and frequency are all human-decided.

BFSI

53.8%

use AI in a fragmented way across channels

Nearly two thirds of banking brands use AI for isolated elements only, no real-time consistency across web and app.

THE IMPLICATION

When decisioning is unified across web, app, and email, brands stop running manual tests to figure out the next best action for each customer. The system figures it out and acts. Most SEA brands are still a few steps away from that. The ones investing in decisioning infrastructure now will be the hardest to catch in 18 months.

CAPABILITY	FRAGMENTED – 48%	BRIDGED – 36.5%	AI NATIVE – 15.5%
Data Freshness	Stale - periodic syncs	Semi real-time	Always real-time
Brand Alignment	Manual tone checks	Partial automation	Autonomous governance
Cross-channel Parity	Siloed by channel	Partial sync	Unified decisioning
AI Learning Loop	Broken - no feedback	Delayed	Continuous & real-time
Marketer Overhead	Very high	Moderate	Minimal
Compounding Advantage	None	Limited	Exponential

CASE IN POINT

POSHMARK

The AI Advantage

CHALLENGE

Poshmark, a leading social commerce marketplace for fashion, needed to move away from "batch and blast" emails. With a complex ecosystem of both buyers and sellers, they required a way to deliver hyper-personalized, visually dynamic content that reflected real-time price drops and seller streaks.

IMPACT

By integrating behavioral data with dynamic content modules, they achieved an **11% uplift** in email click-through rates and significantly improved conversion rates through gamified seller campaigns. They also deployed Smart Recommendations for personalized messaging, influenced by AI and user behavior data. They implemented Flow Versioning to guide "Listers" to become "Sellers," and provided helpful hints and suggestions at relevant points in the customer journey to nudge users towards conversions.

READ THE FULL STORY

CHAPTER 6

Privacy and Ethics

What's Slowing Autonomous AI Down

THE INSIGHT

As AI moves from generating content to making autonomous decisions about customers, the stakes around data governance go up. In Southeast Asia, that shift is happening across a diverse regulatory environment with varying levels of data protection maturity across markets. Privacy is a real concern, but it is not the primary deployment brake, as it is in some other markets.

DATA PRIVACY AND AUTONOMOUS AI

SAY PRIVACY LIMITS THEM

73%

of SEA brands say data privacy regulations limit their ability to deploy autonomous AI to some degree

CALL IT SIGNIFICANT

32.5%

call it a significant constraint on autonomous AI deployment

SEA brands are cautious about autonomous AI and privacy. They are not paralyzed by it.

THE TRUST GAP (BY SECTOR)

Banking and shopping feel this pressure differently.

BFSI

32.6%

Rate privacy as a maximum concern. Autonomous AI touching customer data across disconnected third-party tools is a compliance risk, not just an operational one.

RETAIL

32.3%

Name privacy as their top overall barrier. Their concern is customer trust. Every data point collected needs to translate into a better, less intrusive experience. Under PDPA, privacy is no longer a legal formality, it's a deployment decision.

THE IMPLICATION

22.5% of brands say privacy is already slowing down their autonomous AI plans. That number will grow as AI moves further into decisioning and away from content generation. The brands building clean, consented, first-party data infrastructure now are the ones that will be able to move fast when the regulatory environment tightens.

The Privacy and Utility Matrix: Where Does Your Stack Sit?

CHAPTER 7

Strategic Roadmap

The AI-native Customer Data and Engagement Platform (CDEP) Framework

The data points to one imperative: move from fragmented AI experimentation to a unified, AI-native Customer Engagement Platform (CEP). Every capability that closes each gap this survey uncovered is built in, not bolted on. This requires brands to view AI not as a feature but as the operating system for their entire customer engagement strategy, unified data, purpose-built intelligence, and omnichannel delivery, all in a single platform. The mission is no longer just to use AI.
It's to make AI useful, measurable, and autonomous.

DATA

REAL-TIME DATA. PRIMED FOR ACTION

Unified, intelligent, instant. A single customer data layer that ingests, unifies, and segments in real time, giving AI the complete context it needs to make informed decisions that actually improve engagement. No sync delays. No stale profiles. No broken feedback loops.

AI

PURPOSE-BUILT AI FOR ENGAGEMENT TEAMS

Not generic AI bolted on a legacy stack, but AI designed specifically for customer engagement: brand-aware content, predictive decisioning, autonomous A/B orchestration, and natural language journey building for non-technical marketers.

ENGAGEMENT

ENGAGE EVERY CUSTOMER. EVERY CHANNEL.

Owned channels, connected channels, and every touchpoint in between, orchestrated by a single AI layer ensuring offer parity, timing optimization, and message consistency across web, app, email, and push. Always right. Always on.

CASE IN POINT

The AI Advantage

CHALLENGE

A renowned international hotel chain was missing the "concierge opportunity." Post-booking communication was purely functional, failing to engage guests with high-value add-ons like room upgrades or breakfast packages during the golden window before arrival.

IMPACT

Using AI to optimize post-booking recommendations led to a 354% year-over-year increase in email revenue and a **640%** increase in breakfast sign-ups.

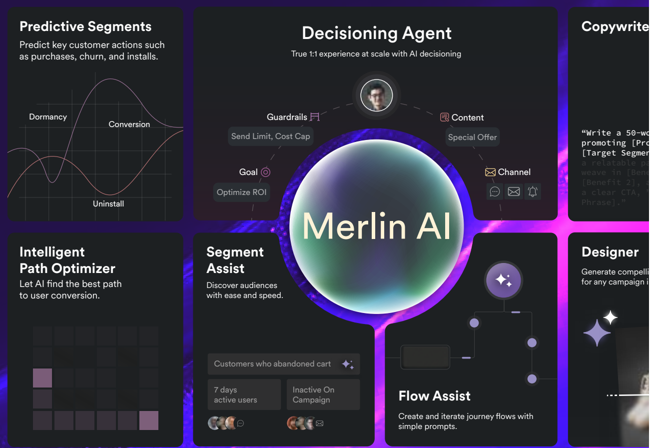
CHAPTER 8

The Solution

From Integration Tax to Zero Tax AI-Native Engagement

The MoEngage Merlin AI solution

Merlin AI is purpose-built for marketers, organized across three layers that together eliminate every gap identified in this survey, from the content creation bottleneck to the cross-channel decisioning deficit.



NATIVE INTELLIGENCE

Built directly into the MoEngage CDEP, Merlin solves the data fragmentation cited by

60% of BFSI and 52% of Retail brands

by analyzing a single, real-time, 360-degree customer view.

AGENTIC ORCHESTRATION

Merlin's Decisioning Agents move beyond basic copy generation to autonomously predict and optimize the "Next Best Channel," "Optimal Time," and "Most Relevant Offer" for every customer.

BRIDGING THE SKILLS GAP

Merlin AI Flow Assist uses natural language processing (NLP), allowing non-technical marketers to build complex, cross-channel journeys using simple prompts (e.g., "Re-engage high-value customers who haven't opened the app in 7 days").

BUILD	DECIDE	PREDICT
Generative agents that produce brand-compliant creative, from copy to images to dynamic personalization code, without the manual review bottleneck.	Autonomous decisioning agents that replace manual A/B tests, rule-based offer logic, and siloed channel decisions with real-time, individual-level optimization.	Predictive intelligence that surfaces behavioral signals before a customer acts, turning churn risk, purchase intent, and CLV forecasts into automated real-time triggers.
COPYWRITER Conversion-optimized copy for subject lines, push notifications, banners, and in-app messages. Brand-aware from the start. LEARN MORE →	OFFER DECISIONING AGENT Delivers the best 1:1 offer to each customer on Web, App, Email, and beyond, simultaneously, with real-time parity. AI Auto Optimize, Custom Policy, and Priority Ranking are built in. LEARN MORE →	PREDICTIVE SEGMENTS Predict any customer behavior: conversion likelihood, churn risk, renewal propensity, uninstall probability. Segments auto-update in real time as signals change. LEARN MORE →
DESIGNER On-brand product images, banners, and campaign creatives generated from a text prompt. No designer bottleneck. LEARN MORE →	CAMPAIGN DECISIONING AGENT Goal-based agents that autonomously select the right campaign, value proposition, creative, channel, frequency, and timing for every customer. Churn Prevention, Acquisition, Cross-sell, and Repeat Purchase agents, all running simultaneously. LEARN MORE →	PRODUCT RECOMMENDATIONS Recommend the most relevant products to each customer on any channel, powered by real-time behavioral data and purchase history. LEARN MORE →
SEGMENT ASSIST Build precise audience segments from natural language. "High-value users who haven't purchased in 30 days" becomes a live segment instantly. LEARN MORE →		BEST TIME TO SEND Communicates with each customer at the moment they're most likely to engage, individually calculated, continuously updated based on behavioral patterns. LEARN MORE →
FLOW ASSIST Build complex, cross-channel customer journeys from a single prompt. No technical expertise required. Full journey in minutes. LEARN MORE →		INTELLIGENT PATH OPTIMIZER Multi-armed bandit experiments that determine the optimal journey path, channels, and timing for each customer, continuously self-optimizing without manual A/B setup. LEARN MORE →
JINJA ASSIST AI-generated dynamic personalization code blocks, making 1:1 content variables accessible to non-technical marketers. LEARN MORE →		NEXT BEST CHANNEL AI identifies each customer's preferred channel and routes communications accordingly, Email, SMS, Push, WhatsApp, or in-app. Always on their terms. LEARN MORE →

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Asia's #1 CDEP

MoEngage is an insights-led customer engagement platform, trusted by over 1,350 global consumer brands, including Kredivo, Alfamart, Blibli, 7-Eleven, Adidas, Coca-Cola, Starbucks, XL Axiata, Trust Bank, Citibank, Dominos, Samsung, GoTyme, Vidio, Yesstyle, RupaRupa, Atome, Home Credit, and CIMB Bank. MoEngage empowers marketers and product owners with insights into customer behavior, enabling them to act on those insights and engage customers across web, mobile, email, social, and messaging channels. Consumer brands across 75 countries utilize MoEngage to deliver digital experiences to over 2 billion consumers every month.

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