The Seven Key Future Trends You Need to Know About - 2014

Those of you who have accessed the vault of information on the Essence website would know that we tend to outline relevant trends at different periods – and it is timely we do so again! Now, in 2014, what **are** the key macro global consumer trends we need to know about – and what are the implications for marketers?

We see seven trends of interest:

1. The continued rise of SOLOMO
2. Better use of Big Data
3. Building the Tribe
4. The integration of fashion and technology
5. The application of wearable technology
6. Gamification
7. The importance of The Experience

1. The continued rise of SOLOMO

SOLOMO (or, for the dyslexics amongst us, SOMOLO) is an obvious trend that cannot be ignored today – that of SOcial LOcal MObile. All three platforms are both powerful trends in their own right, but are increasingly integrated in how a consumer interacts with a device.

We need no introduction on the power of SOcial – rather, we see the more insightful discussion to be about which aspects of SOcial offer us the greatest possibilities for our brand or program? No longer can marketers just put exactly the same content out over various social media platforms – the name of the game now is tailored use of the vehicles. Consider these examples:

- LVL XIII a men's luxury sneaker brand has successfully leveraged the social media outlet Pinterest. Because Pinterest is an extremely visual medium it makes sense for LVL XIII to spend most of its time and energy posting photos of sneakers where its target market will see them
- A security company would be spinning its wheels on Facebook and Pinterest. LinkedIn makes much more sense for the company because it can easily identify the profiles of people with whom it wants to be in contact. A premium account on LinkedIn allows you to target even more specifically by demographic such as company size and location, allowing a business to develop relationships with the right people
- Some channels allow for excellent targeting. For example if you were a concierge company, targeting a network such as ASMALLWORLD (ASW) makes sense as it is focused exclusively on wealthy individuals from around the world. 80% of the people on ASW would be the target audience as opposed to Twitter where you have no idea who you are talking to.

So tailored use of the optimal channel is the bread and butter of marketers – social media is no exception. But the SO in SOLOMO is not just in reference to Social Media, it also reflects what we know about consumers today – they are ever more social in nature. Consumers no longer look to brands as the primary source of information (some might argue they never did) – but today they are more likely to consult third party resources and others in their social networks.

In fact, 62% of all online shoppers read product related comments from friends on Facebook – and 75% of those shoppers click through to the retailers site (Sociable Labs Social Impact Study). Now that's the influence of SO in SOLOMO.

Let's talk Local. 65 million Americans use location base services (Pew Research Centre) – and the proportion of smartphone owners using location based services grew almost 35% in less than a year, to 74% in February 2012 (Pew Internet and American Life Project). The idea that you could receive a text or email message on your phone or device on the basis of location is powerful, and 33% of consumers are open to receiving such messages (Consumer Perceptions of Mobile Marketing for Strongmail). This statistic reveals what an opportunity local marketing can be: local relevancy heightens consumer interest in receiving messages right where they are. And as technology increases so will the opportunity for highly targeted messaging opportunities (Apple has enabled their iphones with ibeacon for the last three years which will allow consumers to automatically receive messages on a product when they come within its position on a shelf, and including sending on the spot coupons or discount offers for purchase).

Of course, it is dependent on consumers opting in – and as soon as more marketers use it and the channel becomes crowded then it is likely the consumer will lose interest and become more choosy about who they want to interact with, even on the basis of location. So isn't that what marketing is all about? He or she who is most engaging – who offers the best value exchange with the consumer – wins?

And if we are not sure about how LOCAL will work for government campaigns, how about messages being safe around alcohol and driving being sent to individuals at concerts or pubs? Or time based (like New Years Eve). We do it already with text messages in the case of emergency (eg bushfires). Government could extend this opportunity to educate at a relevant time and or place into virtually every portfolio.

And the final MO in SOLOMO is MObile. In the last quarter of 2013 for the first time ever tablets outsold laptops. Laptops still sold – but decreased by 15% year on year in Australia. It is a mobile revolution – forget the web! Many organisations when thinking about their digital strategy think 'Mobile First' – they design their consumer interaction to suit a mobile device and worry about the other devices later. There is a strong cross over between LOCAL and MOBILE – but that's what makes the concept of LOCAL so appealing. The penetration of mobile into the Australian community came at the highest rate of anywhere in the world. We are lapping it up, and geared to interact with organisations on our own terms, where and when we want to.

We better have something compelling to say.

2. Better use of Big Data

Marketers in the grocery trade would say the single biggest change in consumerism was the invention of the barcode – not because of the impact it would make on consumers, but because of the vast amount of information about buying habits that it made available to manufacturers and retailers. 'Big Data' is probably the single greatest trend to understand when we think about future impact.

So what is it and what does it mean? The premise is that knowing every detail of what consumers buy and when, how they behave and interact – means that often you are able to predict how consumers will behave in the future. And for marketers, this means you will be able to place more relevant messages at more relevant times to engage, influence or disrupt. Before we comment on the commercial application of big data, let's talk about how else Big Data is used.

For example, geologists cannot predict when an earthquake is going to happen – but once it has happened they can predict with some accuracy when aftershocks will occur and where. So there is a growing evidence base that clearly has significant application in disaster management, not to mention citizen safety.

One article we read quoted a study where appropriately trained psychiatrists analysed a stack of data about patients including what specific drugs they had taken, and over what period of time. And on the basis of the data together with an understanding of behavioural psychology were able to identify which individuals were at higher risk of suicide.

Many global security organisations are using Big Data right now to better understand terrorism, including the identification of potential terrorists. Terrorist individuals demonstrate certain behaviours – they buy certain things and they mix with certain groups. If that information is known then it becomes easier to identify and predict what they may do next.

A recent documentary on SBS 'Big Data' outlined how data is actively used in policing in the US right now. There is a trial being undertaken in a number of US cities with a databank of 13 million crimes over 8 years. The volume of these crimes is at the petty end – but it turns out that once a petty thief has been successful and decides to strike again, unsurprisingly they demonstrate the same behaviours and commit the same offences at the same times in similar scenarios. So if there is a databank of previous crimes then it provides a strongly accurate predictor of future behaviour. Police on the beat are instructed by the Big Data program where exactly to go and when – and whilst many police find it uncomfortable to be directed by a computer, at the same time they do not deny the effectiveness of the outcome.

And so the marketing implications become clear. If we know how consumers have interacted in the past, would it be helpful in framing up future messages? And whether the intention be commercial profit, or social behaviour change, would the ability to predict current behaviour be useful?

Of course there are significant issues with Big Data too, not the least of which is privacy and consumer backlash. Target in the US found themselves in serious hot water early in 2012. Target assigns every customer a Guest ID number tied to their credit card, name or email address that becomes a significant history of anything they have bought plus any other demographic information it can glean from the individual or other sources. Using that, Target Analyst Andrew Pole analysed the historical buying data of women signed up for the Target Baby Registries in the past.

> '[Pole] ran test after test analysing the data and before long some useful patterns emerged. Lotions for example. Lots of people buy lotion, but one of Pole's colleagues noticed that women on the baby registry were buying larger quantities of unscented lotion around the beginning of their second trimester. Another analyst noted that sometimes in the first 20 weeks, pregnant women loaded up on supplements like calcium, magnesium and zinc. Many shoppers purchase soap and cotton balls but when someone suddenly starts buying lots of scent free soap and extra big bags of cotton balls, in addition to hand sanitisers and washcloths it signals they could be getting close to their delivery date….. As Pole's computers crawled through the data he was able to identify about 25 products that when analysed together allowed him to assign each shopper with a 'pregnancy prediction' score. More importantly, he could also estimate her due date to within a small window, so Target could send coupons timed to very specific stages of her pregnancy' (New York Times)

So Target did indeed start sending coupons for baby items to customers according to their pregnancy scores. All went well until an angry man in Minneapolis went into a Target store with the coupon offers in hand complaining his daughter (still in high school) had been receiving inappropriate material from Target that he felt was encouraging her to get pregnant, as the offers contained advertisements for maternity clothing and nursery furniture. Of course, in due course the father spoke to his daughter and eventually apologised to Target – it emerges that Target knew she was pregnant before he did.

Does this not strike fear into the very heart of how powerful big data can be? And what happens if it is used for evil, not good? And this is where the nexus of the Big Data debate rests. There is no doubt that the power is there – the issue is whether it will be able to be used. Clearly there are privacy issues, and many governments are already looking at how to limit the insidious nature of data collection. The biggest data collector is of course google – collecting all manner of data about you on the basis of where you have searched, interacted and purchased in the past. In Europe some of Google's operations have been ruled illegal in countries like France, Germany, Spain and the Netherlands. In the US Google has been hit with millions of dollars of fines for some of its actions – the heart of which is the issue of informed consent.

But even if we could put privacy issues aside, there are some other barriers to the predictive powers of Big Data. Clearly it requires a sufficient database of the past, and also some pretty clever analysts. But Nate Silver for examples argues that the growth of Big Data will make predicting behaviour harder not easier. There are some IT packages that claim to do the analysis and predicting for you (Lattice, Leadspace, Infer) but which can only predict if nothing interesting in the

environment changes. Few of them are able to predict what happens when new products launch, when the weather changes or when the competition does something new.

Then there is the question of availability of the data itself. Generally speaking, if you are not using an array of servers to spread computational processing workloads then your data probably isn't big. You may even have millions of customer records in a data warehouse – that probably isn't big either. The reality is that most organisations have a relatively small amount of data in terms of size, and this is a good thing because this information can easily be analysed using desktop or laptop computers.

Sounds great, but am I not doing this already? I hear you ask. You might be, but possibly not well enough. We read recently in a blog on the topic that organisations face a range of data analysis difficulties grouped into three key areas:

Knowledge

- Identifying cost saving and revenue growth opportunities by using data in a smarter manner
- Understanding what external data is important to collect and how to collect it
- Understanding the usefulness of internal data that is captured in different parts of the organisation

Implementation

- Bringing data from various parts of the organisation together in one place
- Knowing where to start and mapping an analysis journey
- Investing organisational resources to facilitate action

Translation and Action

- Translating the information gained through analysis into actionable recommendations for the organisation
- Knowing when to stop analysing, and when to begin action
- Communicating the recommendations to the organisation and making sure they are actioned

Measurement and Continuous Improvement

- Measuring the outcomes of recommendations implemented as a result of data
- Cleaning and maintaining quality data
- Ensuring data analysis is consistently used to its full potential in all market conditions.

https://metrixconsulting.com.au/2013-big-data-by-big-brad/

It says that overcoming these issues is much easier than you might expect with some careful planning, a sense of purpose and an understanding of the cost savings and revenue opportunities that are within reach.

So what does it mean for us as marketers? As always, it's about getting the balance right. If we want to inspire someone to do something different tomorrow than they did yesterday then we have a variety of tools and processes at our disposal.

We need to understand our consumers and know their perceptions and habits – but not cross the 'creepy' line in how we manage our interaction with them in pursuit of our outcome. As a marketer, walking the fine line between intrusion and being seen to be acting in the interests of the consumer is a huge opportunity. It's a matter of figuring out what the data is telling you, analysing, anticipating and intervening to make things easier/quicker/better for our audiences.

3. Building the Tribe

A key trend that has been identified for some time is the growing connection consumers and the public are seeking with the organisations and governments with whom they interact. Consumers want to know what it is the organisation stands for – what they believe in. No longer do they embrace the cause of consumerism to the detriment of all else. Rather, they want to know what else the organisation is doing, what else it believes in, what type of corporate citizenry exists before they do business with you.

This movement is often expressed as an internal culture piece, or employer value proposition (EVP) that seeks to inspire those who work at an organisation. Check out Simon Sinek's piece on ted.com, 'Start With Why'. No doubt there is a movement to better articulating for employees what they are there for, beyond the pursuit of working 9-5 and drawing a wage. But this trend is now clearly expressed to external customers who are hungry for a better understanding of the companies with whom they do business.

And in governments all over the world, people are disillusioned at how similar political parties have become, that one cannot actually understand the WHY of political belief, or see how it translates to policies and programs for the community.

And so commercial organisations are getting in on the act, starting with the biggest in town. Nike for example is joining with NASA, the US Agency for International Development and the US Department of State to identify 10 'Game Changing' innovations that transform waste systems in both developed and developing countries. It's a group of seemingly strange bedfellows – at least until you understand the motive behind their methods.

The initiative is the fourth by Launch, a not-for-profit whose mission is to 'identify and support the innovative work, poised to contribute to a sustainable future and accelerate solutions to meet urgent challenges facing our society'. The 10 winners don't get cash or other prizes – but the chance to engage in a collaborative process with some of the world's smartest and most connected people.

The 10 winners will travel to Pasadena for 3 days where they will go through an intensive collaborative process with a diverse group of high level thoughtleaders, across a spectrum of expertise, to identify the key challenges to take their ideas and technologies to market. And why is Nike involved? Because one of their objectives is to showcase and support transformative innovations that can address global challenges. Will that sell them one more sneaker? They think so – and so do we.

More and more consumers are looking for the back story – and the implication for marketers is the opportunity to build the tribe, build the community and foster the likeminded spirit. As with other trends, the implications of getting it wrong are significant – and Nike has learned that by experience. Disappoint the tribe and you will lose them. They have had to work extra hard for a significant period to rebalance after the 'Asian sweatshop' reality – and they use initiatives like Launch as evidential proof points of what they believe in.

4. The integration of fashion and technology

We commented on this trend in our last ebook on trends but it is an enduring one, so worth noting again. In days gone by, technology was often quite ugly, devoid of any fashion credentials. But fashion houses are making their presence felt and technology is now as much about form as it is function.

Here is a standard offering from Louis Vuitton, earrings or necklace embedded in gold, diamonds, ostrich leather and more. It is a memory drive that looks like a luxury fashion accessory. Louis will create it out of white or yellow gold, with a digital watch or an analog watch. A design highlight is the lock and key that appears to actually lock the cap on but is a symbol of the fact that you secure your data on the device.

Then there's the Swarovski Crystal USB devices for the fashion tragics, the result of a joint venture with Philips who were keen to cement their fashion credentials – whilst Swarovski were keen to shrug off the imagery of a ridiculously large range of little crystal animals, and graduate to the twentieth century.

The main thing the fashion people want from their technology is for it to be invisible. There is nothing sexy about technology visually – so hide it and allow the fashion focus to be uninterrupted.

Dubious? Fair enough. Could these fashion brands really be up with technology? And could the technology people ever really look good? But check out the PradaPhone – by all accounts technically speaking it's a pretty good phone. And yup, in line with the Prada brand it looks damn good. Proving yet again that you don't have to do everything yourself in this world – there is room for partnerships that can be a win win for everyone.

5. The application of wearable technology

So from the integration of fashion and technology it is only a small step to the next trend – the rise of wearable technology. At the largest Consumer Electrics show in the world in Vegas, a key theme was wearable technology and the move from niche to mainstream. A number of companies announced partnerships with the fashion industry (as above) in an attempt to make their products less dorky. Wearable products in health and fitness have been around for a while – glasses or jackets that can measure heart rate, calories burned for example. Something like 20% of all products sold in the Apple store resemble wearable technology.

But the technology is extending. Wearable products relate to notions of 'quantified self' and 'life-logging', and can range from tshirts that measure your heartbeat and temperature to earpieces that can quantify alertness levels. Would not road safety bodies be interested in that kind of technology?

Google strikes again in this space, with the Google Glasses product sitting on consumers face recording what they see, and instantly feeding them information. For example when they see someone through the Google Glasses (whether they know them or not) they could instantly be told their name, title, and how many followers they have on LinkedIn.

As with Big Data, the opportunity is there – the question is how best to use it to make our consumers lives easier or better.

6. Gamification

The sixth trend is one which most people who work in the field believe is incorrectly named – that of Gamification. Whilst it sounds like it is all about fun and games, it is actually using the science of motivation with the power of game design to shift behaviour. And gamification is key not because of the fun element – but because of the captivating nature of engagement. Why is it that grown men will spend so much time playing on-line games such as eveonline which effectively mirrors the life they actually lead (with some scarier fanciful elements thrown in)?

Check out the ted.com talk 'Gaming can make a better world' by Dr Jane McGonigal in which she shares some of the amazing stats published by Carnegie Mellon University on gaming. "The average young person today in a country with a srtong gamer culture will have spent 10,000 hours playing online games by the time they're 21! McGonigal says 'Now 10,000 hours is a really interesting number…. for children in the United States 10,080 hours is the exact amount of time you will spend in school from the fifth grade to high school graduation if you have perfect attendance'.

So that's a scary statistic. But even moreso, don't be thinking that games are just for young people. Right now more than 500 million people spend more than 5 *billion* hours each week playing online video games. Most of these are adults. In Australia, the average gamer is 32 years old (Compared with an average age of 36 globally).

And 43% of gamers are aged over 51, while 47% are female. In fact, there are more adult female gamers than there are teenage boy gamers. (The Game Changer, Dr Jason Fox). So that's one major myth busted – gaming is not just kids, and not just teenage boys.

And of course in Australia, if we are not gaming – we are watching games by way of sport. Sports games and reality TV Game shows consistently rate amongst the highest viewership in Australia. Games – from chess in the west to mahjong in the east are not unique to any culture. They have been with us since the dawn of civilisation. Surely there must be some value to bringing the same principles into daily behaviours?

Gamification is now a huge business. Try to apply the principles inside an organisation. For example, instead of orgnisations just measuring KPIs (eg Lost Time to Injuries etc) where the amount relative to the target is promoted throughout the business, gamification principles would suggest that employees participate in an incentivised 'game' where they are rewarded with points for demonstrating safe behaviours and deducted points for unsafe ones. Interestingly, the evidence suggests that the most motivating factors are not the chance to win money (in fact money can *decrease* participation) – but profile and recognition are the key motivators.

Gamification experts agree there are three key aspects to a motivating 'game' –

      a. A quest or challenge of some sort
      b. Rules – boundaries within which the scheme operates
      c. Feedback – a critical part of the process, otherwise the scheme dies

And within those elements, a game could be run on any aspect of organisational delivery. There is application to government programs also – in Switzerland they recently ran a trial where a designated area of highway known for speedsters was targeted. It was promoted that those who sped were fined as per the norm – but those that didn't speed went into the draw for a share of the money gained from those who sped. The results were astounding in terms of the decrease in speed overall.

Of course some have issues with the theory behind gamification. Should further motivation be required for example to slow down to 40 kmph around schools? Is not the presence of young children enough of a motivator to do the right thing, and what sort of message does it send to incentivise? But the supporters of gamification simply point to the behavioural outcomes which they say is the ultimate determinant of success. And for those of us who spend so much time in social change communications, there is certainly food for thought.

7. The importance of 'The Experience'

In the last ebook we did on future trends we talked about the importance of the customer experience. And we gave an example - the most profitable store in the world does US$4000 per square foot with 25% less inventory than their competitors. What's the store?

The Apple Store.

We reminisced about the old local computer store – absolutely jam packed with boxes of stuff, just everywhere and even the staff not knowing what's there! You waited for ages, with seemingly no order to who got served when, with generally unhelpful sales people who muttered and had socialisation issues.

And then Apple realised that they're not actually selling computers and hardware (such an attractive word) – they're selling an experience! They're creating customer touchpoints for products that are fun, revolutionary and exciting. Not jamming cardboard boxes into large shops. Check out a few of the Apple stores below;

Apple Store, Fifth Avenue

Apple Store, San Francisco

Apple Store, Regent Street

How much fun do they look?

Interestingly, the guy who designed the flagship store was not a computer store outfitter (you think?!). His background was Gap Clothing and he understood that shopping is an experience, and that was what was missing from the whole computer category. So now they carry less stock and make significantly more money – more money per foot than any other store in the world. Phenomenal.

And related to the trend on Building the Tribe, we see the emergence of stores such as Merchants on Long in Capetown South Africa. Created by Hanneli Rupert, the 25 year old heir to luxury goods giant Richemont (owners of brands such as Cartier and Dunhill), she wanted a retail store that was different to what her parents developed. In Merchants on Long, all merchandise is made in Africa, everything from bowls made out of discarded telephone wire to bikinis, and all certified under the ethical trade standards. And of course, in the back of the store is a fair trade coffee shop, where people can just come, sit and catch up. And it's going gangbusters – for two reasons, because they have successfully built the tribe and the tribe wants to get together. And secondly, because the tribe wants to have an experience when they get together! And not just an experience that is funky and new – but in this case, one that makes them feel like they are giving back.

So are retail stores the only marketers that understand how important the experience is for customers? Not at all! A few years back we worked on Lotto - a really interesting project selling the opportunity to win a million dollars – pretty easy, huh?! So all the advertising was about dreams and imagining where you might go, what you might do if you won. It really focussed on the 'what might be' to draw consumers in – and quite right too. But remember the old LIVE Lotto draw? Poor old John Deeks or whoever 'called' the eight individual balls dropping from a huge container one by one…. It was like watching paint dry. Could they have made the thing any more boring? And what about when they cut to the 'government representatives' who sat at a trestle table looking suitably bored? So just a reminder again – what are we doing here? That's right, we're giving away A MILLION DOLLARS!!! Where was the experience in that – something that rightly deserved to be one of the all time experiences?

Contrast with that the old Hey Hey It's Saturday segment of Plucka Duck. This night-time television show had a segment with a traditional wheel and a crazed duck that span the wheel. The lucky contestant got to pluck a stuffed duck off a wheel or some other weird contraption, wherein the duck's number corresponded to a prize. Now you could win a car – but more often than not, the prize was a ride on lawn mower, or new wallpaper for the house, or a fondue set. But you know what, it didn't matter, and every contestant had a great time. It was fun, it was entertainment, it was an experience. It wasn't a million dollars – but it sure was more fun to be involved with.

So it's not just retail stores, and it's not just the chance to win a million dollars. Have a look at the below billboard that suddenly appeared – just one billboard – in Silcon Valley in the US:

So this billboard just appeared with no other supporting detail and posed a complex mathematical question that most commuters on Highway 101 would need Google to crack. Turns out Google -which was behind the anonymous, stark-white ad with black lettering--only wanted to lure the math-minded who wouldn't need Google's database in the first place, and give them a job. In a kind of geek "Jeopardy," the billboard read:"{first 10-digit prime found in consecutive digits e}.com." The answer, 7427466391.com, would lead a puzzle-sleuth to a Web page with yet another equation to solve, with still no sign it was hosted by Google.

Mastering that equation would lead someone to a page on Google Labs, the company's research and development department, which read: "One thing we learned while building Google is that it's easier to find what you're looking for if it comes looking for you. What we're looking for are the best engineers in the world. And here you are. As you can imagine, we get many, many resumes every day, so we developed this little process to increase the signal-to-noise ratio. Please send us your resume."

Does that sound like an experience in the recruitment market to you?

And finally we turn our attention to government. Do we think people want to have an amazing experience with government? Maybe not amazing – but certainly they want clear, easy to navigate pathways and advice as to what they need to do next. Whether it be by web, phone or face to face, the general public consistently feedback to us that government is too hard to work with, too hard to understand. There are so many policies and programs that are of benefit to the public – but the public are largely unaware because we have not been sufficiently engaged or made aware of them. And if they are aware, navigating their way through the bureaucracy is too hard, and they give up.

This final trend is perhaps not so much a new trend in terms of it offering insight into recent activity and requiring a new focus for the future, but it reflects the complexity of the current communication environment. With the abovementioned technological advances in communication, in receiving information that consumers want, where and when they want it, there are much greater expectations for simple and relevant messaging delivered in a more intuitive way. Our challenge is to deliver that to them – give the people what they want!