

The Six Key Future Trends You Need to Know About

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I have the great fortune to collaborate with some of Australia's leading futurists, and am lucky to hear them speak on the key trends affecting the world of business. I of course do a lot of research into global trends myself, and often find myself utilising content from various places. So I decided it was time to do an e-book covering six of the more fascinating trends I'm getting my head around, and which I believe will really affect the future world of business.

The six trends are:

1. Integration of Fashion and Technology
2. Dichotomy of Sales Volume Versus High End Fashion
3. Brand Partnerships
4. The Shopping Experience
5. Cause Related Marketing
6. Crowdsourcing

1. Integration of Fashion and Technology

Those of you who know me know that I am not at all a fashion junky. On top of that, I'm generally a luddite – which should mean that I'm equally disengaged about the opportunity this trend belies.

But the collision of fashion and technology is giving rise to some pretty interesting products and partnerships. Some of you may have already seen the Oakley glasses below that have an in-built MP3 player. This is clearly one of the many products to combine music and fashion that will hit our shelves pretty quickly. Whereas once high tech also represented high geek, these advances are making technology look good.

And what I find really fascinating is that it's not just that the technology people have finally realised that they are pretty geeky - but their consumers are now starting to appreciate form and function. It's coming from the other end too – the high fashion aficionados are starting to willingly integrate technology into their pieces. Below is the latest offering from Louis Vuitton, earrings or necklace embedded in gold, diamonds, ostrich feather 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 analogue 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 are the Swarovski Crystal USB devices for the fashion tragics. The ones below are actually the result of a joint venture with Philips who are keen to cement their fashion credentials – whilst Swarovski are 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?

I was a little.

Could these fashion brands really be up with technology? And could the technology people ever really look good? But check out the new Prada Phone (www.engadget.com) – by all accounts technically speaking it's a pretty good phone. And yes, 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. So I'm all for that - maybe I'll finally become both a fashion geek and tech head!

2. Dichotomy of Sales Volume Versus High End Fashion

For those of you who work in packaged goods, the push for greater and greater sales volume can be incredibly wearying. For so many companies, volume is the holy grail, and every marketing effort is oriented towards short-term sales results.

What is interesting is the divide that is opening between the top end and the bottom end. Whilst those that focus on high volume low price generally do quite well, we are also seeing strong growth in the luxury market. Estimated to be worth US\$150 billion world wide, the market for luxury goods grew an astonishing 20% in 2003/04 (a reaction to September 11?) and then a further 10% year on year since then. The forecast for 2008 is somewhere between 5-9% which suggests that whilst growth may be tapering off it is still pretty strong, given the general retail market is growing at 3-5%. (All figures quoted from The Luxury Institute and Telsey Advisory Group).

Have you noticed that where we used to have 'good better best' in many of our markets in Australia, there is now compression in the middle and you are either good (doing heaps of volume at low prices) or best (full on luxury - the market for \$3,000 watches is flying in Australia). There is no 'better' any more – the implication being you better know which one you are and faithfully deliver. Because if you get stuck in the middle, you will end up standing for nothing.

3. Brand Partnerships

The partnership area is fascinating to me - I have already referred to a number of brand partnerships, Philips and Swarovski are but one example. Ten years ago marketers would never have seen the value in co-branding, and in fact the competitive nature of organisations – even those not competing in the same category – overwhelmed many opportunities to try. Then again, ten years ago we probably would never have accepted buying petrol from a supermarket store either.

So things change! Joint ventures are generally proving more successful than one company trying to demonstrate entrance into a new market. Demonstration continues to prove more successful than claiming proficiency – which is why so many companies are seeing the value.

My futurist friend Craig Rispin calls these 'mashed-up brands' (a technical term). Mashed up brands are becoming more prolific, and despite plenty of examples of consumer scepticism, upon experience they quite often deliver.

The most obvious example of a shining success would be the Nike + iPod. I confess I have one of these and what a sensational product! After years of jogging (badly) around the suburbs and then jumping in my car to try and replicate a course largely dominated by parks to calculate what distance I ran – I now have an excellent lightweight gizmo that can tell me exactly how far I'm running, (graphed if

I want it!), my average speed and whether I'm quicker or slower than my previous times. All whilst playing my very favourite handpicked songs. Including a special pre-programmed 'power song' for when I'm tackling a hill and need a bit of extra oomph. And of course, inspirational messages from Nike athletes at the end of every workout.

Brand partnerships are even popping up in non-traditional places. The recent partnership between chef Neil Perry and Qantas to enhance the inflight menu was a stroke of genius I think. Airline food is hardly known for culinary expertise, so to partner with Brand Perry was an excellent mash up. And I think the food has actually improved!

Makes you wonder who your brand might partner with for enhanced appeal...

4. The Shopping Experience

The wonderful Craig Rispin (see more of him at futuretrendsgroup.com, he's sensational) tells me that the most profitable store in the world does US\$4000 per square foot! How's that for inventory management? Speaking of inventory, the amount of stock they keep is 25% less than their competitors. What's the store?

The Apple Store.

Think about your local computer store. I can tell you what mine looks like – it's absolutely jam packed with boxes of stuff, just everywhere. I don't know how the staff even know what's there, it's a mess! You wait for ages, with seemingly no order to who gets served when, with generally unhelpful sales people who mutter and have 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 these Apple stores:

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.

How many stores do you visit that couldn't make the experience any more boring if they tried?

A few years back I worked on Lotto. It was a really interesting project because essentially you were 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. It really focussed on the 'what might be' to draw consumers in – and quite right too. But have you ever watched a Lotto draw live? Poor old John Deeks or whoever 'calls' the eight individual balls dropping from a huge container – could they make the thing any more boring? And what about when they cut to the 'government representatives' who sit at a trestle table looking suitably official and like they'd rather be watching paint dry. The most boring people on earth. So just remind me again – what are we doing here? That's right, we're giving away A MILLION DOLLARS!!!!!!

Contrast with that the old Hey Hey It's Saturday segment of Plucka

Duck (showing my age now). 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, and it was an experience. It wasn't a million dollars – but it sure was more fun to be involved with.

I think that retailing in the future will be focussed on the customer experience, and those stores that continue to think it's about selling merchandise will lose positioning – both in sales, and in the hearts and minds of consumers.

5. Cause Related Marketing

A few of my marketing friends and I have been banging on about the value of cause related marketing for what seems like an eternity (Sue Peden, come on down). It is abundantly clear that customer expectations are higher than ever, and includes expectations way beyond that of just buying a product. Customers want to know what sort of a corporate citizen this vast organisation is that they choose to grace their cash upon, and want to know their purchase is doing more than just lining the pockets of the seller.

The Cavill and Co study 'Heart and Sold' undertaken in Australia in 2001 suggested that 54% of the Australia population would switch brands for one that supports a good cause (provided quality and price are equal). And that was seven years ago! Cause related marketing is now big business, with the International Events Group suggesting that the cause related market has grown by over 500% since 1990, and is estimated to be worth more than \$700m. Cavill and Co suggest the top 100 companies spent \$121 million in the 2000-01 financial year which equates to 0.6 cents from every dollar of their combined \$19.46 billion profit figure after tax.

Their research also suggested that Australians are now expecting companies to be involved with good causes as a matter of course.

- **58%** of Australians have a more favourable view of companies that support a good cause.
- **67%** believe cause related marketing should be a standard part of business practice.
- **85%** think more highly of companies that support charities.
- **74%** consider it important to purchase products that support social causes.

Of course the big issue with cause related marketing is relevance. Australians have extremely finely tuned bullshit metres, and can sniff a mile off a partnership that is merely commercial in nature.

So get behind a cause – but do it with authenticity, integrate it completely into your marketing effort, and do it because you are genuine about the cause and the outcomes you want to generate. If you don't think you can do that – abandon the idea of cause related marketing altogether. Better not to try it at all.

6. Crowdsourcing

Craig Rispin was the first person to introduce me to the concept of Crowdsourcing. He describes it as the ultimate interactive relationship where customers get to call the shots on how they want their product.

The example he uses most is Threadless, which is a company set up by a couple of teenagers to design T- shirts. Check out threadless.com and you'll find you can completely design your own t-shirt and they will make it for you. They describe themselves as a 'community based t-shirt company with an ongoing open call for tee design submissions'. Their IP? Nothing, they bring customers designs to fruition – and they're making a fortune. And they pay you for your design!

Empowerment and tailored product is what sits behind the crowdsourcing notion. It says that rather than you design the product to sell to a customer, you let the customer wherever possible interact with the design and production process, and even have a say in it completely (like threadless).

Levis will now scan you with an Infrared scanner and match your body.

For only US \$10 more you can get completely customised Levis for a perfect fit. How else can we tailor the experience, give up control and allow customers to determine methods and practises for what we sell?

I was pretty much a virgin to the online world when both Craig and rockstar Peter Sheahan told me about Second Life. For the uninitiated, Second Life is owned and operated by Linden Lab and it offers a virtual second world, which is designed to actually operate like the real world. Those who play on Second Life create an avatar through which they can live their second life on line including buying and selling property, building houses and trading in Linden dollars. The crazy thing is that you can actually exchange Linden dollars for US dollars in the real world. Weird, huh? Just for niche geeks, huh?

In his latest book, Flip (a must read by the way) – Peter Sheahan quotes that in early 2007 US\$655,000 was traded on Second Life every MONTH! There are Americans who actually earn their real world living by designing virtual products and selling them to users who want to spruce up their avatars homes and businesses. As Peter says, the top ten Second life entrepreneurs have an average annual income of US\$200,000. Real money, not Linden dollars. So what is behind this kooky 'only in America' craze?

The desire of consumers to control the experience. And it's not only for the nutters. Peter goes on to point out that in 2006, Toyota launched their Scion range with a virtual Scion City on Second Life, where all of its Scion range could be bought and importantly, customised, with linden dollars. Other major companies with a presence on Second Life include Adidas, Sears and Sun Microsystems. Dutch banking giant ABN Ambro have set up a financial consultancy on Second Life.

And Peter Yellowlees, a psychologist at the University of California has built a practice and hospital environment on Second Life where he takes his students to help them understand what it is like to be schizophrenic. He has created an experience filled with the type of hallucinations schizophrenics suffer. After he opened it, 73% of visitors to the virtual hospital said that it improve their understanding of schizophrenia.

I guess the real question is what opportunities do we as marketers have to really open up the design and production of the product or service we sell and allow our customers to truly dictate what they get to buy. Because many of these trends suggest that success in the future lies with creating an experience that the customer themselves get to design and share. A company that can 'crowd source' will attract a crowd that is more committed, more loyal and will likely pay more than the average for the experience