

TEN TRENDS FOR THE NEAR FUTURE

We don't have to tell you that trends matter. They matter a lot—now more than ever—and they matter to the communications industry for countless reasons. Trends are the social, emotional and commercial currents that flow through the present to the future. They interact in complex ways, sometimes reinforcing one another and sometimes setting things off on new trajectories. Like ocean currents, air currents and currents in the earth's core, they're dynamic, they have momentum and trajectory, and they continually shape the world we live in.

Unlike natural currents, trends both shape our lives and are themselves shaped by our responses to them.

Without taking trends into account, business planning is likely to be a combination of "what we've always done," flavor-of-the-month ideas and ad hoc hunches. That kind of planning is now a non-starter. In this age of rapid change and dramatic convergence of marketing communications disciplines, competition is increasingly fierce for share of mind, share of stomach, emotional connectivity—everything that links brand to target and target to target. Consumer insight and foresight are the smartest strategic weapons in today's complex marketplace. This is where trends come in.

What follows is an examination of ten of the trends that are having the greatest effects in America today, and the impacts—cultural, social and especially economic—they are having now and will likely have in the near future.

1. THE PRIME CRISIS AND ITS IMPLICATIONS FOR EVERYTOWN, USA

The subprime mortgage mess is making headlines, but the real problem is what happens as home equity gets eaten away. The current crisis doesn't just affect the borrowers who may have been greedy, ill-advised or overly optimistic when they took mortgages with initial too-good-to-be-true interest rates that jumped up after a couple of years; it also hits a broad swath of prime borrowers who went by the book.

When homeowners began defaulting on their loans, the real estate bubble burst. In many markets, homes have lost 15% to 20% of their value in the past two years, which means that buyers who made a 10% down payment in 2006 now have negative equity—a mortgage bigger than the value of the property. Even for people who can still make those payments, this is unsettling.

Higher education could be an early casualty. Many homeowners counted on borrowing against the equity in their homes to pay their children's university tuition. But now, as property prices fall, many parents find themselves unable to qualify for that second mortgage. And they can't count on student loans to cover the gap, because the subprime mess has made lenders skittish. Many students are "taking a year off" as their families regroup. The Ivy League will likely weather this storm, but second-tier colleges may suffer because their enrollments are down. They may have to lay off staff. In some "college town" cities, where the school is a prime employer, the effects could be felt far beyond the quad.

Elder care also hangs in the balance. Recent decades have been a turbulent time for pensions, and more and more people are outliving their retirement accounts—sometimes needing expensive medical care in the process. For many people, cashing in the equity in their home looked like the safest bet for their retirement years. So much for that plan. Downsizing to a smaller home doesn't work if you're selling at a loss. At the extreme end, older people in particular were the unwitting victims of predatory lending; now some retirees are finding themselves not only without home equity, but even without a home.

As they're moving in with their adult children—and as those children's children are putting off college and living longer at home—the nuclear family is exploding. Now it's not uncommon for three generations to be sharing the dining room table and the

wireless router. Marketers will have to retool their messages to reach families living under these circumstances.

Finally, one of the simplest but also the most far-reaching effects of the prime crisis is that consumer confidence is plummeting. Whether because they have less cash, or just worry that they will have less cash soon, people are spending less. Brands will have to work harder, and smarter, to compete for a piece of this shrinking spending pie.

2. MILLENNIALS AND THE WORKPLACE

Today's youngest workers, who were born in the 1980s, bear little resemblance to their coworkers who are old enough to remember that decade's asymmetrical fashions and synth-pop music. Shared pop-culture references aside, this generational shift will have profound effects on the workplace. As *Human Resources Executive (HRE)* magazine recently put it, "Companies that do not recognize and handle the potential for age-related clashes are setting themselves up for misunderstandings, conflicts and failures in recruiting and retention."

A recent PN ConsumerStyles survey found that people ages 21 to 25 are considerably different from their counterparts aged 26 and up. Among other measures, they're more likely to see themselves as leaders and as competitive, and they consider themselves significantly more impractical than their older counterparts.

Millennials are often unwilling to start at the bottom and work their way up. They may feel that "grunt work" is something other people should do—paying dues isn't part of their plan. Channeling millennials' need for new, novel and more challenging assignments while teaching them about the importance of corporate credibility is one of the greatest challenges of managing this generation.

"Millennials have been exposed to a culture of dual-career families, downsizings and rightsizings," says a human resources professional quoted in the *HRE* article. "They've had more free time and more structured activities, used more time-saving devices and more creative comforts, than any other generation. They have a different perspective about work and the role it occupies in their lives than earlier generations. Most important, millennials have more choices than any other generation of workers. We should listen to them and learn how to develop attractive careers and job environments where they and the business can be mutually successful."

3. CHINDIAN POWER

China and India—whose combined population is more than 2 billion—are smart, hungry and very much poised to turn the U.S. into Old Europe. In the year 1500, the two countries represented almost half of the world’s GNP, and that could quite likely happen again. Trade has jumped from \$300 million to \$10 billion in only a decade. Cheap labor, smart labor: Whatever you need, you can find it here.

Chindian influence will have profound impact on everyday Americans. As the economies of both nations develop, they will have enormous need for industrial, agricultural and other natural resources—increasing competition for these things and driving up prices for everyone. As Jagdish Sheth, author of *Chindia Rising: How China and India Will Benefit Your Business*, pointed out in a recent lecture at Emory University’s Goizueta Business School, “The impact can already be felt with Chindia leading the growth of the largest consumer markets, [for products and services] including cell phones, steel and education.” Sheth went on to point out another major influence on the U.S. economy—the fact that China is one of the largest holders of U.S. government bonds. “But,” he added, “there is still a high level of economic, diplomatic and military mistrust and fear between the two countries.”

It will be interesting to see how the new China’s big debut plays out this summer when Beijing hosts the Olympics. Many U.S. companies are viewing the Games as an opportunity to build their brand in this enormous and fast-growing market. Whether China is able to sell itself to Americans is another story. Although officials hope the spotlight will be forgiving, if the protests surrounding the torch procession are any indication, it may not be. There are real concerns about China’s human rights record, role in Tibet, product safety, environmental laxity, trade surplus and assertive foreign policy, and activists may capitalize on the international attention during the Olympics. All of this presents significant risks to Olympic organizers and sponsors. Who knows what “Made in China” labels will mean to American consumers this fall.

Meanwhile, India is truly becoming an outsource destination for everything—it’s not just call centers anymore. Enticed by low cost and high quality, American companies are relocating more and more job functions, from credit and collections to online tutoring. A recent *Economist* blog post even reported that India is “emerging as a major supplier of ‘back bedroom jobs’ as an infant outsourcing hub” as “couples from the United States and Europe are asking Indian women to serve as surrogate mothers.”

4. BRAND PROMISCUITY

Until recently, the typical marketing mind-set was that once consumers bought into a brand and formed an emotional bond, they would stay with it—a lifetime marriage. That may have been the case when there were a limited number of brands—and a limited number of channels for consumers to find out about them—but now the choice is huge and competition is fierce.

Monogamous consumers are a dying breed, and really, who can blame them? Brands themselves aren't loyal to their suppliers—they source wherever they can, based on who is offering the best deal. So too are a growing group of savvy consumers. These “brand sluts” play the field and flit from brand to brand based on which one is making the best offer that day.

There are five key trends driving brand promiscuity:

- Most products are being commoditized. Few things stay special for long. Today's market quickly finds a way of making a similar product that is cheaper and does more.
- Brands are outsourcing production to places where labor is cheaper, and consumers know that brands aren't faithful to their workforce.
- Brand inflation is creating a lot of brand noise: new brands, brand extensions, brand cross-overs.... Markets are full of brands that make similar moves using similar techniques.
- Rapid innovation is the new norm. In certain product areas, particularly technology, it may make no sense to stick with a brand—especially when competitors' products are newer and better.
- Access to information has increased enormously. The wealth of information available online—product reviews, expert evaluations, specialist blogs—allows consumers to see past branding spin.

Some strong brands are more than commodities; they have a real story to tell, and fans who follow the story identify with the brand. Apple, Fender, Harley-Davidson, Virgin Airlines, Jack Daniels and Google are all prime examples. But for the rest, the realistic objective of brand marketing must be to attain higher awareness and higher preference among brand sluts—whether by giving brands a compelling story that's rooted in truth, or by turning away from the feel-good halo of branding altogether and focusing on product news instead.

5. COMPLEXITY IS NOW

Life is much more complex today than it was 10 years ago, let alone 20 or 30. Smart people have stopped kidding themselves that any part of it is simple; today there are far too many variables and possible permutations.

People now have many more options than ever before. We all make hundreds of choices a day, and each choice takes a little bit of attention and effort. In the U.S. alone, with just 5 percent of the world's population, more than 300 million people have an average of 104 TV channels at home, a choice of 5,000 niche magazines and 2,700 consumer titles, 41,000 items to choose from at the average supermarket, and 189,520 possible permutations of choice at Starbucks.

Consumers are feeling overwhelmed by choice; research has shown that what they want is a limited range of choices—as long as the range includes the specific option they desire. The challenge for both businesses and consumers is this: As the world continues to get more complex, how do we find the stuff we want, ignore the stuff we don't and generally avoid complexity overload?

The challenge for marketers is making sense of chaotic systems that are highly dynamic and interactive. The smart strategy is to help consumers master complexity and learn to enjoy surfing over its contours. Just as science looks for patterns amid a mass of complexity, brands must seek solutions that make complex things simpler for consumers. Elegant solutions score: Think Ikea, Google's search engine, the iPod and iPhone.

Helping consumers streamline their lives should be a mantra. Consider the remarkable success of *Real Simple* magazine. Since its introduction in 2000, its subscription base has more than quadrupled to 1.9 million. With its slogan of "Life made easier" the publication clearly fills a fundamental and still largely unmet need to control the ever-increasing complexity of life today.

6. FOOD ANXIETY

There was a time when people's main concern about food was having enough from one harvest to the next, but things have become much more complicated. Now, all over the world, people are eating too much and paying the price in obesity—nearly a third of Americans meet the clinical definition of obesity, and many more are overweight. Our old ability to pack on the pounds against lean times has become a liability, and we're seeing staggering increases in weight- and diet-related illnesses.

In the West, we have limitless food options, increasingly available around the clock. And billions in marketing dollars are enticing us to consume them, especially fast food and packaged foods made with high-fructose corn syrup and artificial ingredients. In the developing world, multinational corporations are reshaping eating habits—and importing health problems like heart disease and cancer right along with them. Trading up to Starbucks is an obvious status symbol, but it comes at a cost, as antioxidant-rich black tea is replaced by a sugary, high-fat latte.

People are stressing about food in all sorts of ways: Does it contain enough good things? Too many bad things? Is it ethical? Is there too much packaging? Is it too processed? Too much trouble? Look at the marketing power of “organic” and “green,” and the burgeoning “locavore” movement as people have started paying attention to the food miles and carbon footprint of their Chilean grapes and chosen to shop at the local farmer’s market instead.

7. VALUE VS. COST

The more globalization and interactive technology work their way through, the easier it becomes for consumers and businesses to seek value and reduce costs. Even as financial costs are being driven down by scale efficiencies, technology, outsourcing and competitive pressure, consumers are measuring costs in other ways: not just in money but also in time, effort and attention—things that are “paid” or “spent.” They’re also considering the cost to the wider world, and making buying choices based on their moral compass, supporting brands that are socially and environmentally responsible.

Marketers can earn sustainable preference and profits by identifying all the things that are valuable to consumers and businesses, and then delivering them. “What’s cost?” and “What’s value?” are the unspoken factors in every transaction, and it’s all too easy for consumers to get the answers. Value—whether it’s ethical value, time-saving value or old-fashioned dollars-and-cents value—must always outweigh cost.

8. THE RISE OF INTANGIBLES

More and more transactions these days are for “things” that aren’t manufactured and can’t be touched. It’s not just the products of digitization (Nicholas Negroponte’s “bits rather than atoms”). It’s also buying experiences (e.g., vacations, entertainment, courses) and paying for expertise (e.g., coaching, financial advice, image consultancy).

The longer societies are prosperous, the more physical “stuff” people accumulate and the less space, need and desire they have for even more “stuff.” “Intangibles” is the answer to the old question: “What do you give someone who already has everything he needs?” Hence the rise of the experience economy, capitalizing on consumers’ willingness to spend on memorable vacations and meals, and the ascendancy of mass customization and personalization—tailored, one-of-a-kind services and experiences.

9. THE POWER OF SMALL AND LOCAL

Thanks to the backlash against the homogenizing effects of globalization, declining trust in multinational organizations, increased environmental concerns and anxiety over safety, the world is turning local. There is now increased power in small entities united by personal connections, shared purpose or specific identification.

In the information age, however, these niches are being redefined. Communities are no longer defined as a geographical neighborhood, but as a social world. For many of us, the deepest personal connections are forged with people we’ve never met, living thousands of miles away, who share a common purpose, interest or belief. This means project teams, lobby and advocacy groups, gadfly startups, cities and small nation-states have power that’s disproportionate to their size—look at the global importance of places like Hong Kong and Singapore. The downside is that the same applies to terrorist organizations, which wreak massive amounts of havoc with a small number of people.

10. LIFE IMITATING DIGITAL

The more consumers interact through computer, PDA, cell phone and console screens, the more they experience “reality” through digital technology. As “24/7” defines the way the average person lives, those with whom we work and socialize expect nothing less. It becomes impossible to unplug. Immediate gratification used to be a somewhat derogatory notion, but today it’s an entry-level credential. Anyone who hopes to compete cannot provide anything less.

In the golden era of Hollywood, movies had a huge influence on social behavior and people’s view of the world. Through the postwar years, TV filled that role. Now, our preferred media is interactive and digital. We upload our photos to Flickr, we download music from iTunes, we chat with our friends on Facebook, and we blog. Who has time for TV anymore? In this new world of user-generated content, online communities and proliferating social networks, word of mouth is amplified and authenticity rules.

FINAL THOUGHTS: WHAT IT ALL MEANS

The marketing landscape is radically different than it was even a decade ago, and the old model of trumpeting, “Brand, brand, brand” doesn’t cut it anymore. In light of these trends, reaching 21st-century consumers requires a more nuanced, intelligent approach. Today’s consumers are inundated with advertising messages—and have learned to tune them out. Marketers must find new ways of getting their brands onto consumers’ radars. Striking products that get people talking are only a starting point; marketers must reinvent their game plan to keep up with this shifting landscape, continually in flux as trends course through it.