

5 TRENDS FOR 2018

Time to get in gear.

Regular readers know the score. Below, you'll find 5 trends that need to be on the radar of every switched-on business professional in 2018:

1. A-COMMERCE

Here's what comes after e-commerce and m-commerce.

2. ASSISTED DEVELOPMENT

Post-demographic consumers are crafting new narratives of adulthood. In 2018, they'll look to brands to help.

3. VIRTUAL COMPANIONS

Virtual entities make the leap from assistants to companions.

4. FORGIVING BY DESIGN

Post-purchase forgiveness is 2018's must-have feature.

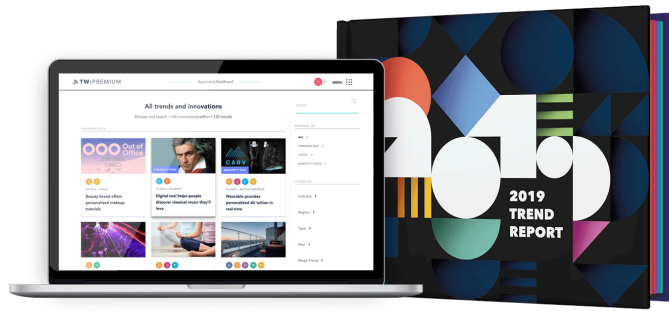
5. GLASS BOX WRECKING BALLS

A revolution in transparency is just getting started.

You're about to discover a selection of innovations that are (re)defining the expectations of customers around the world. These innovations - and the 5 big consumer trends they represent - offer you insights into what your customers will want next.

We hope this edition inspires and empowers you. Okay, and maybe also scares the 🤖 out of you. But hang in there. Understand these trends, and you'll be able to stay ahead of customer expectations and your competitors.

Read, think, discuss. Then start DOING.



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1. A-COMMERCE

In 2018, consumers outsource their retail behaviors.
Are you ready for AUTOMATED COMMERCE?

Where are you focused when it comes to the impact of AI and automation on your business in 2018? Maybe, like China's JD.com, you're thinking about epic efficiency gains. That business is building automated warehouses, drone technology and AI route planning systems to deliver 92% of purchases same or next day to most of China.

But here at TrendWatching we're focused on another powerful outcome of these technologies. That is, the profound impact they're set to have on the way consumers behave, and what they expect of brands. And in 2018, nowhere is that impact more visible than in the retail industry.

Because in 2018, shoppers with more important things to do - and that's all of them - will embrace the outsourcing of certain retail experiences to algorithms and smart devices. That means the automation of hunting, negotiating, purchasing, delivery arrangements and more.

So much has happened to prime (!) this trend. Amazon Dash buttons accustomed millions to the idea of one touch auto-ordering. Meanwhile, millions are already outsourcing financial decisions to services such as **Digit**, the auto-saving app that moves small amounts of money to a savings account whenever it sees the chance. As of March 2017 it had saved USD 500 million for its users. That kind of financial outsourcing is a now a global phenomenon: think **Neat**, the AI-fueled payment card and app from Hong Kong, **SusuAI** in Nigeria, or **Plum** in the UK.

The natural next step? True A-COMMERCE. And yes, AI-fueled personal assistants, and all the expectations they give rise to, are key here. Alexa, show me some inspirational examples of A-COMMERCE...

matured innovations



FINERY – Launched in October 2017, Finery allows consumers to outsource much of their fashion retail. The app syncs to an email account and automatically adds fashion purchases to a 'wardrobe', organized by designer, color and type. Meanwhile, users can save items to a wishlist and receive notifications of price changes, discount sales and more. Before the app launched, the online service saved shoppers USD 209,000 through sale notifications.

AMAZON, TABAO, HYPERCITY – Another powerful take on A-COMMERCE? The emergence of staffless, smartphone-fueled physical stores. While Amazon's cashierless store in Seattle still hasn't opened to the public, in July 2017 Chinese retail giant Taobao debuted the Tao Cafe: users scan their smartphone at the door, grab what they need and go – they receive the bill via their phone. Meanwhile leading Indian supermarket chain HyperCity launched two cashier-free stores in Hyderabad.

WESWAP – help them community in September user will spend WeSwap estimates about a us

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The implications of this trend are truly endless! But take these to your team as some thought starters:

When consumers start using tools such as Finery to outsource and automate aspects of their retail behaviors (or even when they simply *see* those tools), what new expectations will they bring to their engagements with you? How can you meet those new expectations? By integrating an existing A-COMMERCE tool? By building one?

As millions of consumers come to expect their online retail to be truly AUTOMATED, they'll bring heightened expectations of convenience with them to your physical locations. The pressure will be on *you* to ensure a joined-up experience.

In the end, this trend is about a shift that's about as deep as it gets: towards a world in which you'll be selling to algorithms as well as humans. The implications - for your pricing strategy, your entire approach to marketing and messaging, and more - are endless. In 2018, it's time to start thinking about them!

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2. ASSISTED DEVELOPMENT

Post-demographic consumers – of all ages! – are crafting new narratives of adulthood. In 2018, they'll look to brands to help.

Transgender catwalk models. Entrepreneur classes for seniors. A luxury brand launching a product line with a street artist. Look around and signs of the POST-DEMOGRAPHIC world – a world of more diverse and complex consumer lifestyles – are everywhere.

One consequence?

Changing social attitudes, converging economic pressures and endless choice have scrambled the way millions of people think about, attain – or avoid! – traditional markers of adult life. **Now, post-demographic consumers will look to brands to teach them life skills, let them outsource daily tasks, or help them realize personal life goals.** After all, in 2018 adulting is hard work 😞.

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We're all familiar with the longterm drivers here. For millions around the world, soaring asset prices, stagnant wages and high youth unemployment have put the traditional staging posts of adulthood – buying a house, starting a proper career – out of reach until they are in their 30s and beyond. A full 15% of US 25 to 35-year-olds now live at home; in 2000 it was 10% (Pew Research, September 2017).

Meanwhile, attitudes on what constitutes proper adulthood are undergoing massive shifts, fueled by underlying social forces and a ton of adulting memes. Nearly 20% of 28 to 37-year-old men in Shanghai are unmarried; in 2005 the figure was 12%. Meanwhile, 40% of Shanghainese in this age group say they have cohabited before marriage (Fudan University, June 2017).

That's just a glimpse at how notions of adulthood are changing in two of the world's largest markets – we're sure you could add your own local data points!

So far, so long-term. What's fueling this trend now? The answer lies in the new ways of living that millions of consumers are now deeply immersed in: think digital superpowers, the sharing economy, co-working spaces, on-demand lifestyles and more. In 2018, those consumers will expect brands to leverage all that to help them craft the narratives of adulthood that suit them.

So, ready to offer some ASSISTED DEVELOPMENT?

Featured innovations



LOFTIUM – The cost of urban living is spiralling out of reach for many. Loftium's innovative new business model loans home buyers a deposit of as much as USD 50,000, in return for them continuously listing a bedroom on Airbnb for up to three years. Launched in September 2017, the company also offers hosting support services such as pricing guidance, a digital lock, and hosting supplies.

BUZZFEED & GE – Shipping in November 2017, the Tasty One Top is a smart cooking appliance from BuzzFeed, in partnership with GE. Priced from USD 149, the Bluetooth-enabled multi-function induction cooktop is aimed at aspiring cooks. It also integrates with the Tasty mobile app, meaning video recipes sync with the cooktop, auto-adjusting the function and temperature at each stage of the recipe. Holy smokes...or not?!

SK-II – A Japanese skincare brand, SK-II, explained how they encourage women to marry by using their marketing to encourage women to think again about marriage.

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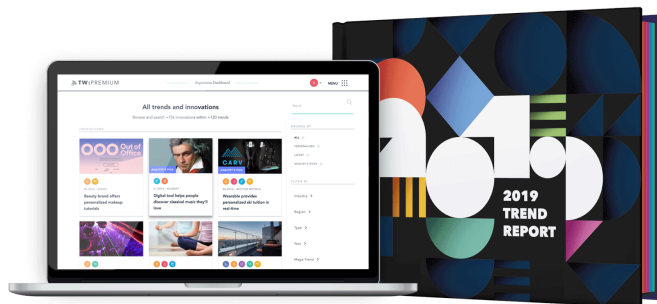
One way to start the new year with purpose? Gather your team and ask how you can offer some ASSISTED DEVELOPMENT to your customers in 2018.

It might come in the form of an unexpected product that syncs with your broader offering, as with BuzzFeed and the Tasty One Top.

It could be about helping consumers leverage new ownership and access models, as with Loftium and their innovative play on home ownership.

Or it could simply be about reflecting the new narratives of adulthood that consumers around the world are crafting for themselves, as SK-II did with their campaign.

Start by asking: how are those narratives changing for the people we serve? What life goals and life staging posts would they look to us to help achieve?



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Consumer-focused professionals from adidas, Netflix, Nissan, Virgin, Samsung, Sephora, ING, Orange, Fujitsu, Spotify and many, many more have gained 2019 access to our Premium Service.

In the coming weeks and months, they'll be using the platform to ensure their plans remain deeply aligned with what their customers want next.

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3. VIRTUAL COMPANIONS

Virtual entities make the leap from assistants to companions.

Regular readers will know that we've been tracking the ongoing evolution of human connection since, well, pretty much ever. But in 2018, that story takes a

radical turn. **Because this is the year that millions of consumers start to feel it is possible to have a meaningful conversation (💖 a relationship, even 💖) with virtual entities that entertain, educate, heal and even befriend.**

No, we haven't lost our minds. This shift may sound more sci-fi than reality, but it's grounded in deep shifts, both technological and social. After all, tech firm Gartner has long been predicting that by 2020 the average person will have **more conversations with bots than with their spouse.**

And while it's AI and machine learning (again!) that make it ever more possible to realistically model human conversation, millions of consumers are already deeply immersed in behaviors that make VIRTUAL COMPANIONS the natural next step in 2018. We're not just talking the staggering 394% increase in time spent on social and messaging apps in 2016 (Yahoo, June 2017). We're talking about relationships with personal assistants that already extend beyond the merely functional (don't pretend you've never got deep and meaningful with Siri!). No wonder Apple is hiring software engineers with a psychology background to **'help Siri have serious conversations'.**

Throw in the dawning realization that traditional social media can increase feelings of isolation, and the final piece of the consumer demand puzzle is in place. A recent study found that among users aged 19 to 32, those who spend more than two hours a day on social media have twice the risk of feeling socially isolated against people who spend less than 30 minutes a day on the same platforms (American Journal of Preventative Medicine, July 2017).

So, how will you meet rising consumer expectation for virtual entities that become true companions? Take inspiration from these examples.

matured innovations



REPLIKA – What does true VIRTUAL COMPANIONSHIP look like? Replika is an AI chatbot intended to become a mirror image of the user's personality. The bot learns about users through questions about their values, aspirations and more, and over time it becomes an ever-closer approximation of the user's deep self. Replika was created by US-based technology firm Luka. Launched in

KLM – Where does this trend start? With innovations that have one foot firmly planted in functionality and assistance, but offer an innovative short of brand companionship, too. In September 2017 Dutch airline KLM introduced the KLM Care Tag for visitors to Amsterdam. The GPS-enabled tag works without an internet connection to deliver location-based city tips

by KDDI leading. In partnered experience Each table

March 2017, the app reached 100,000 sessions in May. from KLM crew members on restaurants, navigation and device use
more. Hatsune M

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It would be easy to look at the examples above and dismiss this trend as a Black Mirror episode come to life. But it would also be a big mistake. Need more evidence? Witness the delight in reviews for the 'magic AI friend' [Uni](#). Those are real (not virtual) feelings.

Apple is already responding to the expectation that personal assistants become companions. But that expectation extends far beyond the tech giants. A full 72% of regular voice technology users say 'I think brands should have unique voices and personalities for their apps/skills and not just use the assistant on my phone' (JWT, April 2017).

Still, this trend does come with a warning: it's emphatically *not* one for *every* brand to embrace wholeheartedly. Consumers don't want many of the brands they deal with to be true companions - virtual or otherwise - and that's okay! You don't have to jump on every new trend, even if your dev team tell you they can have something ready after the next sprint.

So first, ask yourself: are we one of those brands that should make a true VIRTUAL COMPANION? Or should we stick to creating or improving a highly *functional* chatbot - and meet the expectations this trend is generating by adding a hint of playfulness and personality (think Slackbot)?

If you think a true VIRTUAL COMPANION is part of your destiny, you have an exciting challenge ahead. Start by asking: if our brand came to life, what kind of personality would it have? What kind of companion should it be to our customers?

4. FORGIVING BY DESIGN

Post-purchase forgiveness is 2018's must-have feature.

Customers now 'need' a **choice of pillows**. *On a plane*. And yes, they'll turn to a *virtual digital assistant* to feel **confident about what they're wearing**. As 2017 draws to a close, you could be forgiven for thinking that we've collectively passed the customer service event horizon.

So where next?

Consumers are already sky high on expectations – fueled in part by their digital lives – of constant service upgrades and seamless personalization. One consequence? **In 2018 they'll expect all kinds of products and services to *forgive them when their past – the product they selected, the size they chose, the service they wanted – doesn't match their future. How? By near-magically adapt around their changing needs, wants and whims.***

Remember, consumers don't have to experience the most innovative forms of digital adaptation to have their expectations reconfigured. They just have to know about them. 'The Apple HomePod reconfigures its sound depending on where it's placed in a room. Why doesn't my new car adapt around the changing weather!?'

Meanwhile, 78% of consumers say they retract loyalty faster today than they did just three years ago (Accenture, February 2017). Hardly surprising given customers are constantly beset by offers of free trials, slashed prices and seductive perks. One way to swim in these waters?

🙏 Design forgiving offerings that adapt to changing needs before your customer switches to a competitor 🙏.

Across the coming 12 months smart brands will do just that. Even if it means crafting products and services that seem to defy the laws of space and time. Ready, set, adapt!

Featured innovations



CURVE AND MASTERCARD – One way to be forgiving? Let consumers travel back in time and change past decisions. July 2017 saw UK-based financial tool Curve partner with Mastercard to allow customers to switch the credit or debit card used for transactions up to two weeks after the event.

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VISIT OSLO – Offer forgiveness via a playful alternative to a previous purchase. After a couple posted online about crowds blocking their view of the Mona Lisa, tourist association Visit Oslo 'rescued' them with an all-expenses-paid trip to Oslo, Norway. Over 48 hours in September 2017, the travelers toured the city, met with Norway's prime minister and viewed Edvard Munch's 'The Scream'. The video received over 1 million views.

TESLA – Is it helped people a free soft cars in the 40 miles to

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If you're offering an online service or a connected object, there are no excuses: start thinking about near-magical post-purchase adaptation now! Take inspiration from the way Tesla automatically upgraded cars in the wake of Hurricane Irma.

But the examples above are proof that in 2018 expectations of FORGIVENESS will apply to all kinds of businesses.

How about crafting an experience that lets consumers travel back in time, advantageously changing decisions long after they have made them? Mastercard partnered with Curve to do just that. How about forgiving consumers for choosing a competitor over you? See Visit Oslo's subversive stunt!

Need a shot of motivation to persuade colleagues? Ask them: what's the opposite of a product or service that is FORGIVING BY DESIGN? The answer: rigid and inflexible. Not a good look.



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5. GLASS BOX WRECKING BALLS

A revolution in transparency is just getting started.
How will you respond in 2018?

If you're a regular reader, you'll know that we've spent a lot of time in 2017 talking about glass boxes.

The core argument?

In 2017, a business is a glass box. Outsiders can easily see inside. They can see the people, the processes and the values. Sure, not always with 20/20 vision. But if something happens inside the box that will be of interest to those outside, eventually it will be seen 🕵️.

That shift is thanks to the radical transparency made possible by a connected world. And it brings with it an equally radical implication: your internal culture is becoming part of your brand.

But when we published our Glass Box Brands briefing back in September, we couldn't know what was about to happen.

In a word: Weinstein. In a hashtag? #MeToo.

But as extensive and horrifying as the Weinstein allegations are, it would be a mistake to think that this is a story about one person and his crimes.

Be in no doubt: 2017 heralded the start of a seismic shift when it comes to transparency. One that's set to expose a whole lot of toxic behavior, and slew of ugly internal cultures.

Connectivity has not only turned every business into a glass box. It has also vastly magnified the power of those who have been wronged by malign individuals or organizations. It's done that in two ways.

First, because it enables those who have been mistreated to find others who

share their story, to corroborate and organize in new ways, and then move in unison as a righteous transparency WRECKING BALL. Second, it is allowing a broader cultural movement that is seeing toxic cultures of secrecy and disbelief torn down.

For any business, the key question is clear. What kind of transparency WRECKING BALL is heading your way in 2018?

Sober up with these examples. After that, we'll start thinking about how you need to respond.

Featured examples



FACEBOOK & GOOGLE – In 2017, no industry felt the emergence of a glass box world more intensely than big tech. Two companies? Uber's culture of sexism and bullying was exposed when employee Susan Fowler's blog post went viral; CEO Travis Kalanick subsequently left the business. Meanwhile an 'anti-diversity manifesto' by a Google employee shone new light on the issue of gender diversity in tech companies.

#METOO – One powerful signal of this watershed moment for transparency? In October 2017 the New York Times revealed multiple sexual abuse allegations against film producer Harvey Weinstein. Soon women around the world began to share their own stories of harassment and abuse under the #MeToo hashtag, sparking a global conversation about patriarchy, gender and a new culture of transparency.

STATE STREET – The hypocrisy of services firms with 5 million tech employees installed the iconic Chase symbol of

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Persuaded that we're at a watershed moment for transparency?

So how is this going to impact you – your business, your department, your team, whatever – in 2018? After all, you don't seriously think that there's been no wrongdoing inside your four walls?

Want to deal with this the right way? The first step is to create – or reinforce – a culture that tells staff that it is safe to speak up if they have been wronged. They will be heard. Their story will be respected. Action will be taken.

And if a WRECKING BALL does hit you in 2018, take prompt action and be totally transparent about what you're doing to put things right.

It's the right thing to do. And in a glass box world, it's the only viable way ahead.

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THE BIGGER PICTURE

The 5 trends featured here are important, but they represent just a small fraction of the consumer landscape.

Clients of our [Premium Service](#) have an instant global Trend Department at their fingertips. They have access to our entire Trend Framework, built around the 16 mega-trends that define modern consumerism. Beneath these sit 120+ actionable trends (the trends featured here, along with a host of others we continue to track), all illustrated with 15,000+ hand-curated, best practice innovations. If you're serious about trends, it's a no-brainer.

OVER TO YOU

As always, we wrap up these annual Trend Briefings with a call to action...

While it's our job just to watch trends, ambitious business professionals should read this Briefing with only one thing in mind: how to *apply* these trends to create compelling new innovations that will delight your customers (and win new ones!).

If you want some tips on how to do that, then our [Consumer Trend Canvas](#) can help. It's an easy-to-follow, one-page guide to analyzing and then applying a trend.

So, what are you waiting for? Time to make 2018 your best year yet!

Cheers! Proost! 干杯! Salud! Skål! 건배! Santé! Prost! Şerefe! Mabuhay! Saúde! Chok dee!









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IT TAKES A TEAM

This Trend Briefing has many hands on it. A huge thanks to the team that pulled this together with such positivity and enthusiasm, especially: Acacia

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