FORESIGHT ALLIANCE

BRANDS 2030: TEN FORECASTS ON THE FUTURE OF BRANDS AND BRANDING

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Brands 2030

Brands that create themselves … brands that know what you want before you need it … brands that respond to consumer aspirations … Welcome to brands and branding in 2030!

Brands 2030 is ten forecasts that provide a provocative look at ideas and trends that could shape the future of brands and their interactions with consumers over the next 15 years. This report from Foresight Alliance looks at everything from "DRM houses"—homes that accept only certain branded products—to a gamified consumer environment that offers near-continuous brand touchpoints. In exploring the possible futures of brands and branding our goal is to educate our clients on the opportunities—and risks—that will emerge.

Careful readers will note that some of these forecasts and ideas are contradictory. The report offers a range of brand futures, some positive, some negative, but all possible.

We would be remiss not to offer a word of thanks to our friends at Brandimation, a leading design-based brand innovation firm serving consumer packaged goods companies. Brands 2030 grows out of research we conducted jointly with Brandimation for a presentation to the **BRAND**PACKAGING Conference.

If you'd like to learn more about this report, or any of our ongoing projects, visit www.foresightalliance.com or email us at info@foresightalliance.com to ***See What's Possible***.

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See What's Possible

Forecasts in Brands 2030 include:

1. The AI Brand. Intelligent, customizable brands seek out consumers.

2. Ultragamified. Brands and consumers play well together.

3. Self-Generating Brands. Brands create themselves based on automated analysis of consumer demand.

4. Brands Are Fluid. Though we think of brands as fairly consistent over time, in 2030 "always changing" might be the new brand image.

5. Actualizing Brands. By 2030, brand evolution is driven bottom-up by consumer aspirations.

6. Ethical Spending in Emerging Markets. Personal values steer a rising percentage of consumer spending in emerging markets.

7. Crowd-Defined Brands. In 2030, crowds define brands.

8. Brand Relationships Won't Matter. In 2030, brand awareness, salience, and presence are still what drive sales.

9. Post-Retail Brands. The era of automated logistics changes branding.

10. Brand Ecosystems. In 2030, exclusive ecosystems may be delivering benefits to users and premiums to producers.

Brands 2030

1. The AI Brand

Intelligent, customizable brands seek out consumers.

With the influx of data analytics about consumer needs, sentiment, and lifestyle choices, by 2030 brands are seeking out users, rather than users seeking brands. Consumers no longer pay attention to brands because AI brands now know what consumers need, and present them with appropriate, individualized choices at the right time, in their preferred way. As a result, brands are able to reach niche audiences and individuals even as media continues to fragment and more information is delivered on individual devices.

What's driving this forecast…

- **Branding through interaction, not advertising.** By 2020 advertising will no longer be the primary tool for branding, but instead will be a channel for driving transactions with consumers.
- **The always-on brand.** With the transparency created by social media, the Internet, and mobile, brands are always-on—not just tied to one product.
- **Consumer/brand interactions are digital.** Increasingly, consumer interactions with brands are digital first; human/personal only second.

What this means for companies…

Who knows, wins. Analysis of data around consumer mood, behavior, brand interactions, etc., will require increasingly sophisticated programs to accurately identify user needs. Just as delivery companies were the unsexy backbone of online retail, data analysts will function in the same way for AI brands.

Whither marketers? As brands become smarter and independently active, traditional marketing departments will need to transform or perish.

The end of traditional retail. Subscription services and home delivery will be boosted by use of AI brands, resulting in a decline in traditional retail sales. With brands already knowing what you need and when you need it, going to a store becomes superfluous.

Busted! As brands learn more about users and respond appropriately, users will face increased risk of their secrets being accidentally revealed by a brand to their friends or family against their wishes.

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2. Ultragamified

Brands and consumers play well together.

Fostered by Millennial interests, in 2030 game-playing is the leading form of entertainment among crucial consumer demographics. Brand managers respond by embedding their brands into gaming experiences that mix the virtual with the real. Ubiquitous adoption of augmented reality has made brand-oriented gaming as common as playing Angry Birds was in 2013. Consumers engage in branded scavenger hunts, for instance, competing and cooperating with friends and family. Branded games have opened up new avenues for consumer-brand interaction, trading entertainment and competition for special discounts, promotions, and elite service.

What's driving this forecast…

- **Augmented reality and brands**. Brands are exploring innovative uses of augmented reality to develop new consumer touchpoints.
- **Brands in gaming**. Gaming is an increasingly dominant media form, and offers opportunities for in-game branding and product promotion.

What this means for companies…

Gameplay brand manager. Brand managers will need to expand their skillsets to encompass expertise in game design and game experiences that enhance brand identity.

Branding the world. Smartphones and augmented reality enable brand content to be digitally overlaid on any real-world environment. Any location or experience can be used as a platform for brand development.

From consumer to player. Gamification offers brands the opportunity to turn consumers into teammates. Purchase behavior could be influenced by a team mentality and the competitive urge to win.

Entertainment and beyond. Gamification already goes well beyond entertainment. Companies can use game formats to deliver new experiences, new learning, and new opportunities for socialization that are relevant to brand identity.

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3. Self-Generating Brands

Brands create themselves based on analysis of consumer demand.

By or before 2030, consumer data is so rich and deep that brands essentially create themselves based on detected patterns of consumer need, rapidly filling an identified brand niche. Systems detect gaps in brands through methods such as social media monitoring, click-through rates, or A/B testing. They also look outside the immediate product space for changes in the broader environment and use this to anticipate need.

What's driving this forecast…

- **Big data on consumers.** Massive amounts of data are becoming available on what and how consumers buy, and how they live minute to minute.
- **Predictive computing.** Improving AI combined with big data is allowing algorithmic prediction of more aspects of business and consumer life.
- **From passive to active brands.** Consumer–brand engagement is shifting from passive exposure to brand messages to active interaction.
- **Consumer co-creation.** Marketing firms are working directly with consumers to build products and brands.

What this means for companies…

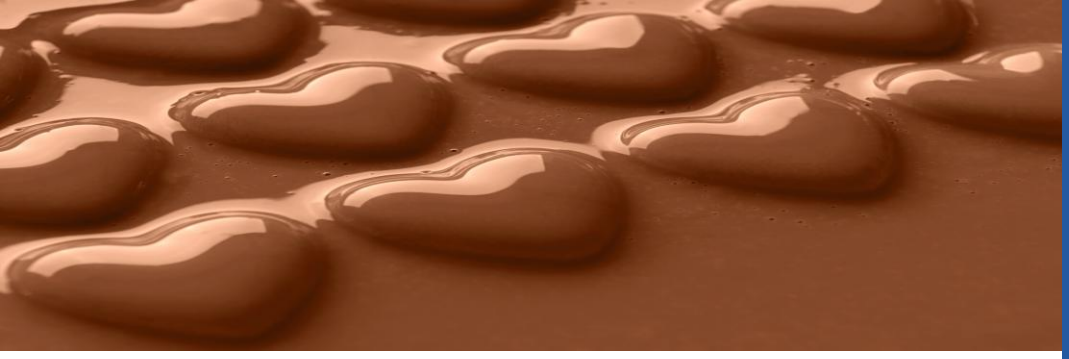
Responsiveness. This approach could allow rapid response to changing market conditions.

Anticipatory brands. By looking outside the immediate product space, new brand ideas could be anticipated, filling a void that consumers haven't even recognized yet.

Speed. Self-generating brands may appear rapidly to fill a temporary need, with many having a relatively short shelf-life. A small percentage will have long-term staying power.

Complements crowdsourced branding. Self-creating brands complement approaches that let consumers contribute to brand creation. Some of the techniques will overlap.

Monitoring for downsides. Algorithmic creation will need to be kept in check to see that it does not deviate too far from core brands, company values, or public standards of taste.



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4. Brands Are Fluid

Though we think of brands as fairly consistent over time, in 2030 "always changing" might be the new brand image.

By the end of the next decade, as the pace of consumer change accelerates and social media matures, a stronger, deeper linkage between consumers and brands has driven brands to change more quickly too. For example, brands have shifted their messaging or morphed key attributes to compete effectively in a world of viral memes. Some new brands grow über-fast but are ultra-short-lived.

What's driving this forecast…

- **Brand interactions are conversations.** Brand interaction is evolving past simple message bombardment to productive interactions.
- **Big experiences.** Brands will leverage big data to design and deliver engaging experiences.
- **Consumers as co-branders.** Consumers are effectively partnering with marketers in establishing and promoting brands.
- **Consumers set terms.** Customers, not brands, will increasingly direct the consumer-brand interaction.

What this means for companies…

Becoming brand-nimble. If brands change more quickly, brand management decisions that were once earth-shaking will become more routine, and management processes will need to change to provide greater flexibility at lower management levels.

From brand-as-asset to…? Brands have been core company assets, often stable for decades. As brands become more fluid, companies will need to find other ways to measure (and account for) their intangible assets.

Pop-up brands. A "pop-up brand" could use customized advertising and finely honed social media techniques to go viral with its target audiences.

Dynamic competition. Fluid individual brands will create a rapidly shifting, even dizzying competitive landscape, challenging companies to navigate complex, ever-shifting terrain.

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5. Actualizing Brands

By 2030, brand evolution is driven bottom-up by consumer aspirations.

While many brands were already values-driven in the early 21st century, by 2030 more brands have made consumer values central to their journey toward the future. Brand evolution is directed bottom-up by their customers' aspirations, rather than top-down—co-evolving in sync with consumers' advancing values and dreams.

What's driving this forecast…

- **Branding is evolving.** Standardized branding is being replaced by meaningful, socially minded, authentic, and experiential approaches.
- **Emotion is the killer app.** Studies reveal that consumers are downgrading brands to commodity status if the brand fails to connect emotionally.
- **Clean-slate brands.** Brands with little or no heritage are finding appeal by infusing aspirational business values—fair labor, transparency, co-creation, etc.—deeply into their business models and practices.
- **Values importance varies by generation.** Boomers and Millennials make values-based purchases more than Gen Xers or Matures.

What this means for companies…

Engagement is everything. Brand interaction will move past message bombardment to productive interactions. Deep engagement, both directly with consumers and indirectly with their data trails, will be the rule through 2030.

Beyond CSR. Companies will need to truly walk their talk—going beyond CSR and embodying their brands' values in their own practices and policies. Transparency and peer-to-peer communication will reinforce this need for values integrity, as consumers both seek out brands that understand and personify their evolving values, and communicate about them to their circles.

The great divide. By aligning with one set of evolving consumer values, brands may have to alienate others. Chik-fil-a's association with anti-gay marriage forces in 2012 drew legions of traditionally minded customers, but provoked wrath in many others.

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6. Ethical Spending in Emerging Markets

In this forecast, personal values steer a rising percentage of consumer spending in emerging markets.

Through 2030, values-based consumption rises among the increasingly prosperous middle classes of emerging markets, and they look to brands for cues. Ethical and ideological concerns carry more weight in brand choice, partially edging out value-for-money and conspicuous consumption as drivers.

What's driving this forecast…

- **Growing middle classes**. Global middle classes are adding hundreds of millions of increasingly wealthy and educated people.
- **Brands as status.** Brands convey status for millions in the world's emerging middle classes.
- **Ethical consumers.** Consumers around the world view themselves as socially responsible and want to reflect this in their purchases—and they can afford to do so.
- **Rising transparency.** Companies' activities are increasingly transparent in a networked world connected by mobile phones and social media.

What this means for companies…

Rising role for CSR. This trend will extend the reach of corporate social responsibility (CSR) as it expands in high-growth markets. Brands tied to culturally aligned values may get a boost.

Regionally distinct causes. The standard causes of CSR for developed-world consumers (such as labor conditions or rainforest preservation) may not be the ones that take precedence in emerging markets. For instance, corruption might be a more prominent concern.

New tokens of status. "Ethical consumption" offers new approaches to status that can replace or augment traditional luxury categories.

Clashing values. Values-based buying may be at odds across markets, with consumers in one market wedded to values that upset those in another, potentially putting companies in the middle. For instance, cultural conservation might clash with animal rights.

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7. Crowd-Defined Brands

In 2030, crowds define brands.

Consumers in this future use a spectrum of venues and social media to voice their wants and define spaces that need new brands. The fastest and most innovative companies respond to this crowd expression with tailored products. This amplifies a trend that began in the early 2010s, in which companies used social media to test and promote new products and marketing (such as Oreo's Twitter account or H&M's previews of new fashions).

What's driving this forecast…

- **Consumers set the terms.** Consumers increasingly set the terms of consumer–brand interactions.
- **Crowdfunded development**. Consumers have a growing number of avenues to fund the products and services they want to see developed.
- **Consumers as co-branders.** Consumers are effectively becoming partners with marketers in the life of a brand.
- **Opt-in marketing.** Consumers are choosing which marketing messages they want to receive.
- **Brand as friend**. Social media provides platforms on which consumers can engage with brands as they do with other social media friends.

What this means for companies…

Engage consumers early and often. Traditional research and development will be augmented where possible with consumer engagement throughout the lifecycle of brand design and development.

Storytelling. Each brand might have a "story" that evolves with the consumers who help define it. Marketing can share the continuing story of the brand.

Beyond data analytics. Data analytics can help reveal where consumers are asking for brands/products in non-traditional venues—helping to detect consumer "wish-lists" in all their forms.

Brand evolution. Expect brands to change and be refined as consumers provide feedback on an ongoing basis.

Micro brands. Competition may come from lots of small entrants that can efficiently use social media and digital manufacturing to develop and produce new brand ideas.

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8. Brand Relationships Won't Matter

In 2030, brand awareness, salience, and presence are still what drive sales.

It's popular to talk of deepening consumers' relationships with a brand. But most consumers just aren't that into brands. Marketing guru Martin Weigel argues that savvy marketers will realize they can best boost sales by extending their brand's reach—making more consumers more aware of the brand—rather than by building loyal fans.

What's driving this forecast…

- **Everything you know about brands is wrong.** Weigel points out that most brand consumers are light users, not fans.
- **Consumers long for quiet.** After years of being pummeled by brand messages, consumers are opting for simpler brand engagement.
- **Pragmatic Millennials.** Some studies suggest that Millennials take a pragmatic approach to brands—or that they are not brand-loyal at all.
- **Generics rising.** Post-recession consumers know that generics can offer both quality and savings.

What this means for companies…

Personalization even more important. In this future, brand engagement won't go away entirely but will skew toward greater consumer control over what their products and services look like and do.

Purpose of social media. The best use of social media channels may be to spread the word about the brand via engaging content, rather than to build deep relationships with frequent users.

Wide and often. Communication strategy needs to maximize the number of consumers reached and the frequency of interaction.

Multiply touch points. Fragmenting media channels and preferences mean that reaching many consumers will require many channels.

Loyalty programs. If most consumers are light users, loyalty programs should reward light and first-time users.

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9. Post-Retail Brands

The era of automated logistics changes branding.

In 2030, the retail environment sees ubiquitous same-day delivery of online goods and autonomous-vehicle pickup and delivery of store purchases. Consolidation across e-commerce and retail industries has left only a handful of players that can combine logistical sophistication with a national footprint. Convenience and availability, not impulse, drive consumer purchasing in this future, making branded goods an exclusive differentiator between sales conduits. Strong brand identity is needed to motivate consumers to make purchases beyond their convenience threshold.

What's driving this forecast…

- **It's not e-commerce, it's just commerce.** The boundaries between online and physical retail are blurring due to online ordering and in-store pickup.
- **Automation advances.** Drone, truck, and vehicle technologies are rapidly becoming capable of real-world autonomous operation.
- **Inventory on demand.** Stores are giving consumers real-time access to product availability in nearby stores.

What this means for companies…

Low-friction transactions. Amazon Prime removes the friction from transactions and locks customers into its storefronts. Other industries must innovate to remove friction and create customer lock-in.

Packaging peril. Declining in-store purchasing changes product packaging. Online appeal in images, and the "unboxing" experience, are elevated in importance.

Brand deal-breakers. The most successful brands are those that motivate consumers to make the extra effort to avoid the convenience of store brands, generics, or competing brands.

Clerks become pickers. With the point-of-sale increasingly disintermediated by app and online purchasing, store staff will shift from checking out customers to picking products to fulfill orders.

Big data convenience. Companies can use consumer purchase histories to streamline the purchase of future items.

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10. Brand Ecosystems

In 2030, exclusive ecosystems may be delivering benefits to users and premiums to producers.

In this future, the "walled garden" approach to product ecosystems, popularized by tech firms such as Amazon and Apple, has migrated to non-tech sectors. Many brands operate inside closed ecosystems. For companies, this locks in consumers; for consumers, the efficacy or benefits of the products they buy are amplified by other brands in the ecosystem. Some consumers even opt to become a company home, using RFID, smart-home technologies, and geofencing to "set" or "tune" their homes to accept only specific brands or products, in exchange for significant discounts.

What's driving this forecast…

- **The tug of the supply chain.** Brands are increasingly responsible for everything that happens in their supply chains.
- **Consumers expect more.** Consumers want brands to offer better and faster service and more personal recognition. They also expect brands to make better use of the personal data they share with them.

What this means for companies…

DRM products. In this case, companies would increasingly be able to control the usage rights of their products and charge a premium to use them. For example, only certain coffee might be used in a particular coffee machine, or one brand of soap in a dishwasher. Or same-branded detergents and bleach could be formulated to work best together.

Rewarding loyalty. A brand ecosystem approach could support an expanded customer-loyalty program, in which the user is rewarded for the number of ecosystem products she buys.

Better living through brand partnerships. Increased efficacy is a key benefit to consumers in a brand ecosystem. For example, food company meal systems could offer customized meal plans, automatic ordering, and synergistic nutritional benefits across offerings.

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About Foresight Alliance

Foresight Alliance is a rigorous, creative, futures-oriented consulting company. We help our clients understand how the future might unfold and what they need to do now to anticipate and shape it.

Our foresight methodologies deliver:

- Actionable results
- Potent new organizational opportunities
- More robust strategies
- Wiser decisions

… for our clients at Fortune 500 companies, government agencies, and nonprofits.

We excel at making information about the future relevant to our clients through:

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And we especially enjoy helping our clients build their own internal foresight capability.

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What our clients say:

I've had the pleasure of working with Foresight Alliance on two strategic foresights projects in the last few years. The first was for PepsiCo and investigated what would be driving consumers' food and beverage choices ten years from now. The second project, IRI2038, was for the Industrial Research Institute and asked what research and technology management might look like 25 years in the future. In both cases, we asked Foresight Alliance to provide us with weak signals of possible emerging trends that could disrupt the consensus view of the future. In both cases, they delivered a wide variety of "off the radar" early signals which, when combined with the consensus view, created several provocative yet plausible views of the future in which we may find ourselves. Both studies are highly regarded and I would definitely work with Terry and her team again.

—Ted Farrington, Sr. Director, PepsiCo Advanced Research

Thank you for your strong interest and enthusiasm during the project. Your approach and deliverables were exactly what we needed to identify a range of strategic opportunities. We would welcome the chance to work together again should the opportunity arise.

—Vicky Yobp, CAE, Managing Director, Professional Community, AIHA