

2038

SIX TRENDS FOR THE NEXT 25 YEARS

ZenithOptimedia
The ROI Agency

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INTRODUCTION

On the 30th October 2013, ZenithOptimedia celebrated a very important date in its history – 25 years since the launch of Zenith Media. We have grown from our origins as a small buying agency in London, and an equally small agency in Paris – Optimedia launched a year later – to become the world’s third largest media network. Since the merger in 2001, ZenithOptimedia has gone from strength to strength.

To mark the anniversary, we have developed a future-facing report to look at trends that are going to shape marketing communications over the next 25 years. The ‘2038’ report is intended to help marketers understand and prepare for the future. We have come up with six key trends that we believe will help brands better engage with consumers over the next 25 years.

Our vision for the next 25 years has been shaped by a careful assessment of the future in four key areas: economy, society, technology and entertainment. In order to do this, we reviewed the major trends that evolved over the past 25 years to understand what influenced these trends and how they might shape the trends of the future.

Not all trends are linear, making it difficult to predict even a few years ahead. Technology trends move very fast and some key technological advancements happen through trial and error.

Other areas we can predict with some level of confidence, for example, demographics and economic growth. Analysing how these trends evolved and how they inter-connect with one another helps us see the bigger picture.

Technology has evolved at a faster pace in the past two decades than in any other time in history. We believe the next 25 years will be even better. The global digital revolution has had a significant influence on many of the trends of the past 25 years and will continue to shape what is to come over the next 25 years. The internet has changed our lives in so many ways that through greater use of personal data in technology, we can expect more convenience, individual empowerment and personalisation. Over the next 25 years the world will go truly mobile – we will expect to do just about anything, anywhere and anytime.

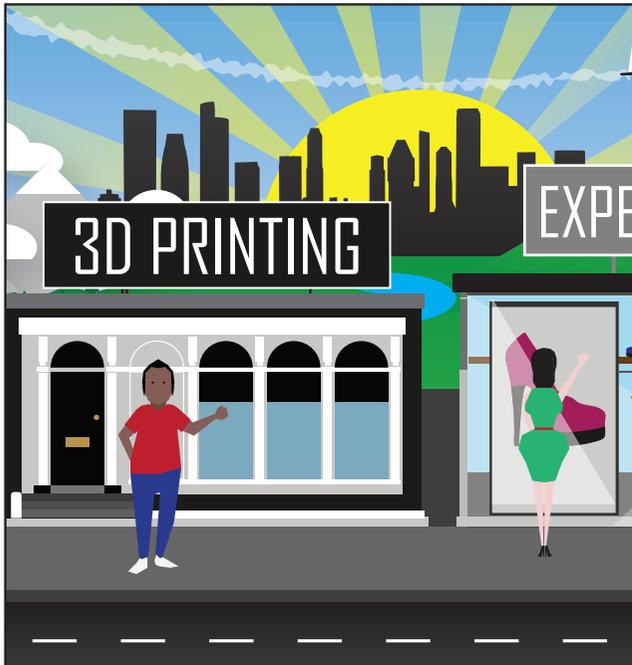
For the first time in history, more than 50% of the world’s population live in an urban area. The World Health Organisation projects 70% of the world’s population will be living in towns and cities by 2050. We can expect all of these cities to be fully connected online. These connected cities of the future will be able to offer better services and efficient infrastructure as more data is produced and processed.

The internet has been a major driver of globalisation since its launch. It has made us more aware of what is happening around the world and

of our role in making it a better place. We believe the next 25 years will only bring the world closer. As global citizens, we have learnt to embrace the diversity of cultures, collaborate with other nations for mutual benefit and to be responsible for the wellbeing of the planet we live in. Consumer values will shift from looking inwards to looking outwards as people become more aware of how their actions affect other people.

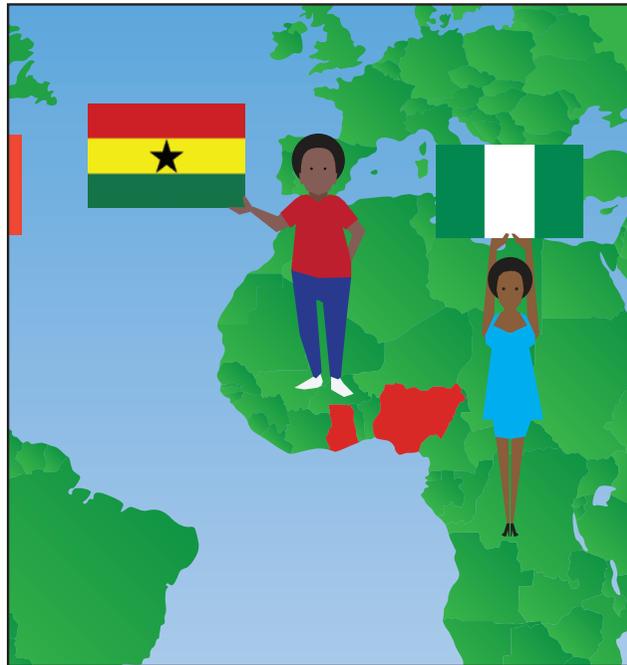
The rise in social networking sites has extended our social circle, going beyond our family and friends and now including like-minded individuals who share similar interests and experiences. We believe the collective mentality is going to empower individuals to be in control and make things happen for themselves.

Through technological advancements, demographic change, internet convergence, and the growing power of social networking and social collaboration, the next 25 years will drive us to optimise the opportunities to lead a more meaningful life. Based on these scenarios, we have developed six key trends leading to 2038.



TREND 1: THE AGE OF THE I-STREET

New technologies are going to revolutionise how products are manufactured, distributed, marketed and sold. We believe the high street will transform into the 'i-Street' where digital technology converges with physical stores to provide personalised and unique experiences.



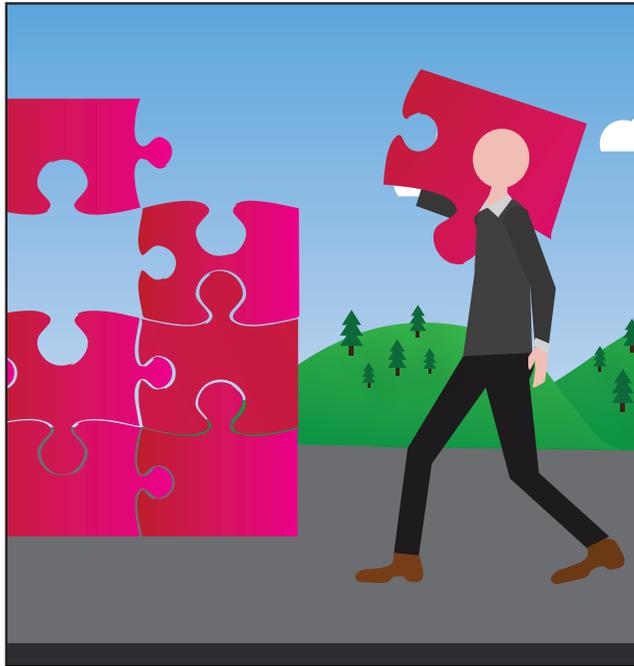
TREND 2: THE RISING MARKETS PHENOMENON

Over the next 25 years, the current emerging markets will rise to be major economic players of the world. They will account for 50% of the world's consumption. As such, we believe the term emerging markets will be outdated by 2038. We coined the term 'Rising Markets' as these markets have reached the stage where they jostle with developed markets to control the world economy.



TREND 3: COLLECTIVELY RESPONSIBLE CONSUMERISM

We are now more aware of the consequences of our consumption habits on the wellbeing of society and the environment. Over the next 25 years, we will see a new movement, which we are calling 'Collectively Responsible Consumerism' - people, business and governments working together to protect our health, wellbeing and the environment.



TREND 4: WELCOME TO THE SOCIAL COOPERATIVE

The rise of social media has revolutionised the way we connect with people. Consumers are increasingly turning to their network of friends to gain collective retail bargaining power and to collaborate on new initiatives. Companies will need to work with consumers in a more integrated and collaborative approach for mutual benefit. We are calling this phenomenon 'The Social Cooperative'.



TREND 5: THE INTERNET OF EVERYTHING

It is estimated that by 2020, 50 billion objects will be connected to the internet. This will result in a smart integrated system of sensors, data and internet enabled devices that manage our lives. Over the next 25 years, through technological convergence, the 'Internet of Everything' will enable us to manage all aspects of our lives in real time.



TREND 6: DEMOCRATISATION OF CONTENT CREATION

Over the next 25 years, we believe people will increasingly create their own content, as well as curating the content of others. This content will go beyond simple self-expression into broader areas of opinion and information sharing. By 2038, we believe we will live in a world of 'Democratisation of Content Creation', where individuals producing content for both their social circle and for the wider public will stand shoulder to shoulder with media corporations.



TREND 1: THE AGE OF THE I-STREET

The internet has revolutionised the way many of us shop. And that retail revolution - fueled by advances in technology - is set to continue over the next 25 years. So much so, that ZenithOptimedia believes that high streets, or shopping malls, as we know them today will look very different by 2038.

New technologies will fundamentally change not only how products are manufactured, marketed

and distributed, but how we search for, experience and purchase those products. We believe the high street will change from being the place where we buy products to where we experience products. With the increase of transactions taking place online, both retailers and brands will have well established online sites to cater for majority of purchases. Physical stores will become invaluable for brands to really engage with their customers and provide 'real' brand experience.

Customers will touch, try and feel products and have the freedom to purchase the merchandise in-store or online. Ecommerce sites are now starting to see the benefits of this and are opening physical stores. ZenithOptimedia believes this trend will continue over the next 25 years - we should never underestimate the value of human touch in elevating the brand relationship to the next level.

However, in the future, human touch will be taken to a new level with digital interactivity. The high street will become the 'i-Street'. The physical space will be powered by digital technology, enhancing the in-store experience. Physical stores will be converted into 'experiential lounges' enabling us to interact with brands and their products through an array of multi-sensory experiences. 'Retailtainment' will become the norm as retailers and brands go all out to develop a dramatic hub of exploration, interactivity and creativity. Window-shopping will never be the same again as we will expect stores to stage performances, in which we can interact and play out our retail fantasies.

The i-Street revolution promises a whole new personalised shopping experience. Powered by a wealth of customer data, sophisticated predictive models will enable brands to customise our shopping experiences around our moods, behaviours, needs and interests. Interactive displays and augmented reality experiences will present us with things brands know we like, and inspire us with new ideas that are just right for us.

Customisation and personalisation of products will become commonplace in the future with the advancement of 3D printing technology. Over the next 25 years, 3D printers will become very affordable, online 3D stores will appear, and the range of materials for printing will significantly increase. And with the mass market adoption of this technology, brands will share design templates with consumers, so they can customise products to their own taste, and then

print them locally. Brands will also offer customers the choice of creating one-offs. Products that lend themselves to self-expression and individualisation will be at the forefront of the 3D printing revolution, turning consumer's ideas into a reality.

Convenience will be the consistent thread throughout the shopping experience of the future. Once we have decided what we want to buy or produce on a 3D printer, we will simply complete the transaction at a time and in a way that suits us. With the rapid global adoption of mobile handsets and tablets, Mcommerce will become the default method of purchase. By 2017, the value of Mcommerce is expected to reach \$3.2 trillion, representing about 20% of all retail sales across both developed and developing countries (source: e-marketer). In fact, mobile technology is going to facilitate every step of our path to purchase: search, experience, purchase, delivery and even collection. If we are not at home to receive our purchases, they will simply be delivered to one of many 'click and collect' shops on the i-Street. Amazon has already secured lockers in grocery, convenience and drug stores that accept packages for a later pick-up.

In the new era of high-convenience, personalised shopping, consumers are going to have high expectations and become ever more demanding. Consumers will increasingly take charge of the process of retailing, identifying and leveraging many different sources and channels to optimise their shopping experience. Brands are going to have to keep on their toes in order to meet and exceed our expectations.

WHAT OUR PEOPLE THINK



"In future retailers will no longer lose customers to 'showrooming' as they will know exactly who has entered their store and they will connect with them online to price-match when they attempt to buy through another retailer."

Kevin Caine, Zenithptimedia Canada

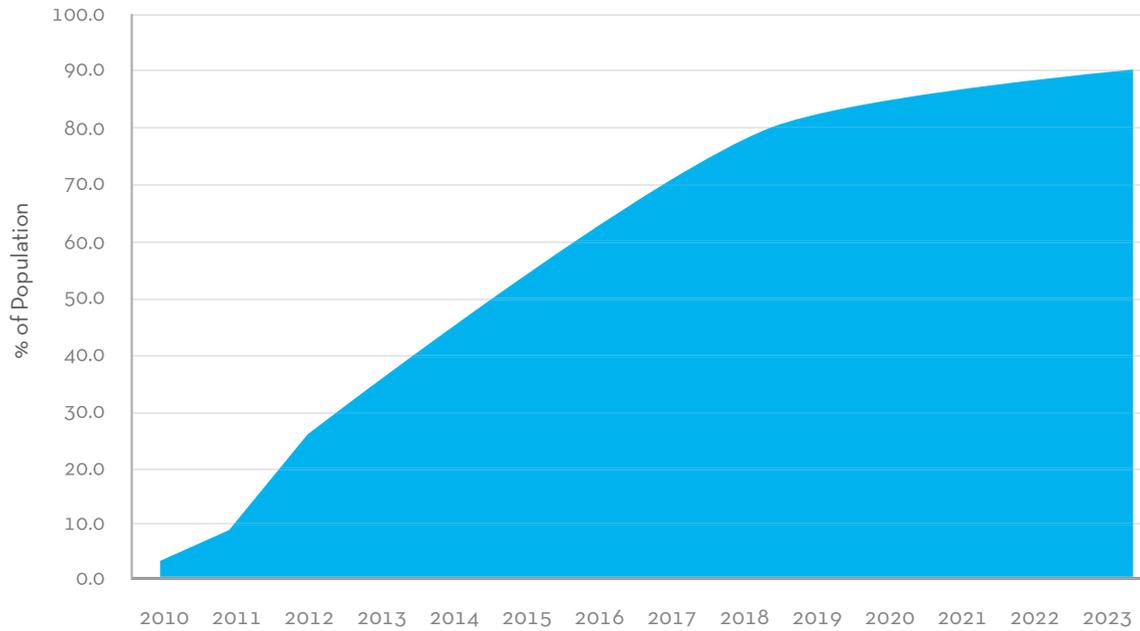
"High-end specialty shops will have sample items so that customers can touch, feel, try on, and then have the item delivered to their doorstep. This type of shopping will harken back to days of old when shopkeepers were also the manufacturers. In the future, personally designed shoes will be printed in plastic on 3D printers and then finished by shopkeepers with leather linings."

Philip Prock, Zenith United States

"The virtual space is only useful as far as it can enhance our physical and personal spaces. The best brands create a seamless bridge between the i-Street and main street; they segway from my screen to my living room. Envisioning a future of i-Street as a purely virtual space I believe is too one sided."

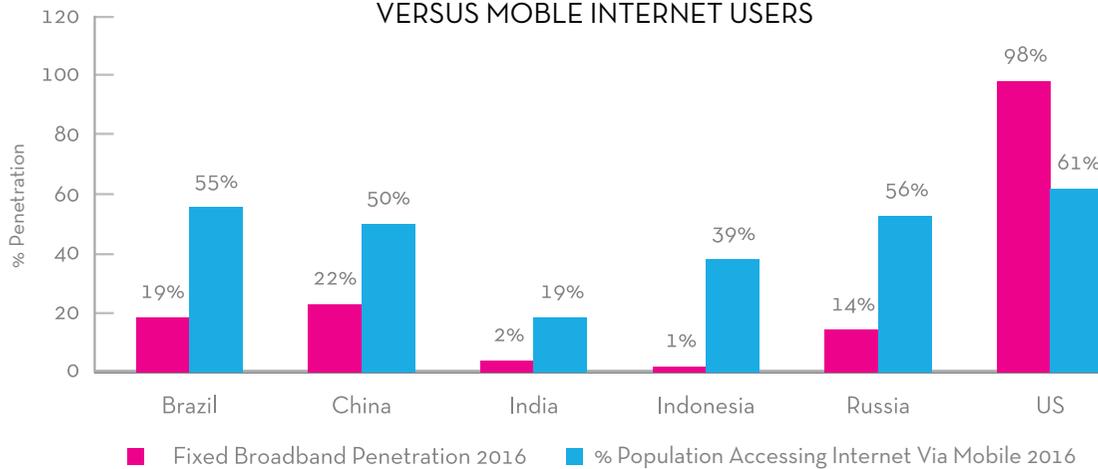
Sarah Joyce, Zenith United States

FIGURE 1. % OF POPULATION WITH MOBILE CONNECTED DEVICES



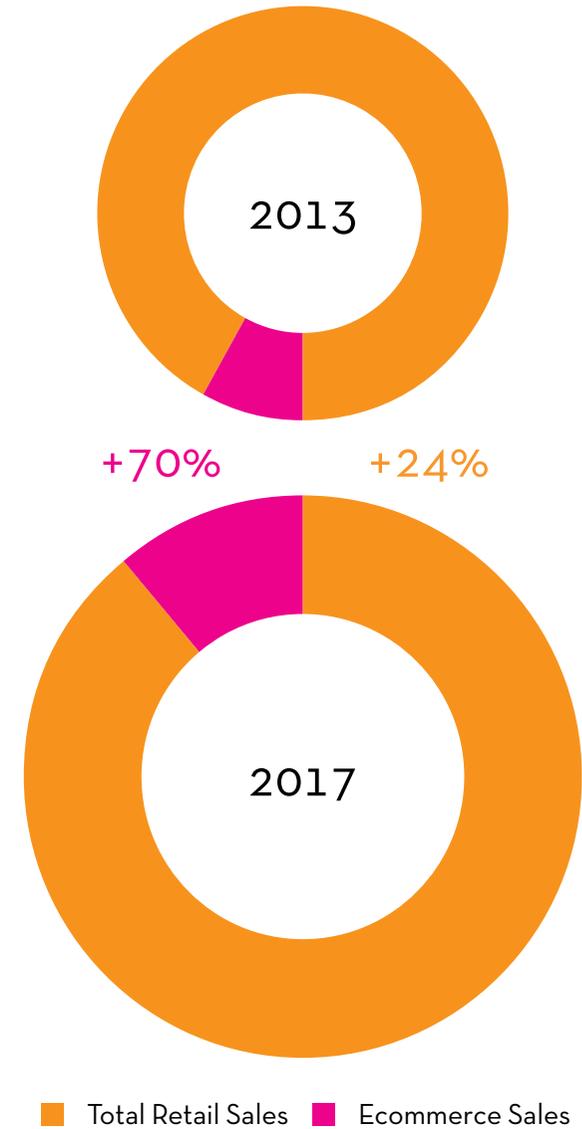
Source: ZenithOptimedia

FIGURE 2. FIXED BROADBAND PENETRATION VERSUS MOBILE INTERNET USERS



Source: ZenithOptimedia

FIGURE 3. TOTAL RETAIL AND E-COMMERCE SALES



Source: eMarketer & Euromonitor

IMPLICATIONS FOR BRANDS



1. Integrate Seamlessly Across In-Store, Digital And Mobile

Consumers of the future are going to want a shopping experience that shifts seamlessly across all environments: in-store, online and mobile. Creating brand experiences that work across multiple platforms and devices will therefore be essential. Consumers will expect marketers to know them, remember past interactions and to integrate brand experiences across all channels.



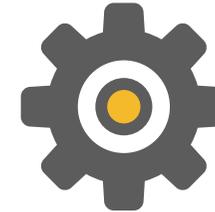
2. Organise Your Business To Nurture Customer-Centricity

The changing retail landscape requires brands to review how they organise their processes, systems, people and metrics to meet consumer needs. Brands may well need to adjust their product range, inventory, services and marketing to provide consumers the convenience, personalisation and empowerment across the consumer journey.



3. Ensure You Are Technology Ready

The speed at which consumers adopt new technologies will only increase. Brands must understand how to harness these new technologies in order to provide a truly personalised service and to maximise retail revenues.



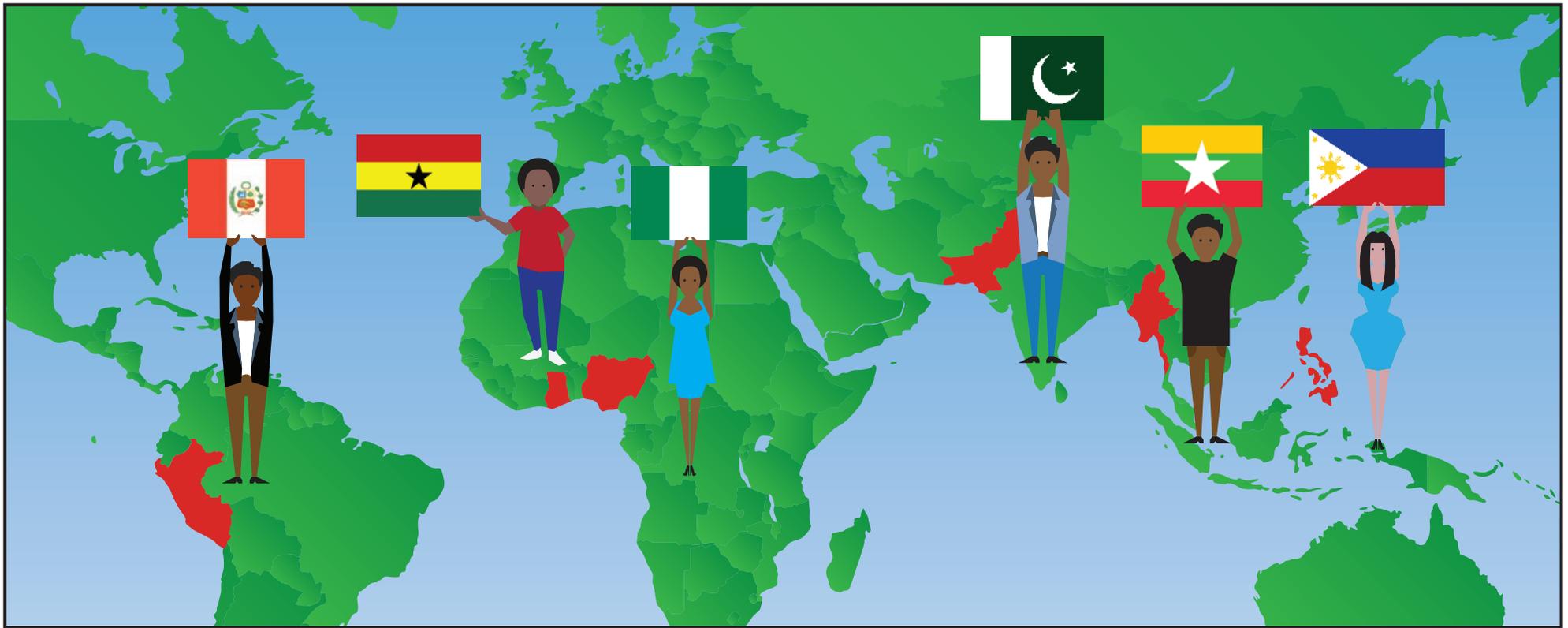
4. Reassess Your Brand Experience Map

As consumers become savvier, they are increasingly taking charge of their shopping experience, identifying and leveraging different sources of information to optimise the various stages of their retail journey. Brands will need to create a meaningful and integrated brand experience map across these different channels to influence decisions across the consumer journey.



5. Deliver On A New Customer Service Promise

Brands will need to empower in-store sales staff to connect with customers and provide a personalised experience. As customers are increasingly well informed, they expect more from the service they receive in-store. They enter the store armed with a wealth of information and sales staff need to be able to not only match this high level of knowledge, but also add to it and provide additional value.



TREND 2: THE RISING MARKETS PHENOMENON

Over the next 25 years, we will see a major shift in global economic power, with today's emerging markets becoming significantly stronger and a new tier of emerging markets coming to the fore. The BRIC markets (Brazil, Russia, India and China), identified as the first wave of emerging markets way back in 2001, will continue to grow. In fact, these markets will generate half of the world's GDP by 2030, with China set to have the largest economy,

surpassing that of the United States even before 2030 (source: World Bank). And just behind the BRIC markets are the CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa), which best represent the current emerging countries to watch.

Collectively, these countries will be some of the major players in the world economy by 2038, so

ZenithOptimedia believes the term emerging markets is now outdated. Some of the emerging markets have already emerged, and are as technologically advanced and productive as markets in the 'developed' world. We have coined the term 'Rising Markets' to better describe the ever growing number of countries that are classed as emerging markets. Over the next 25 years, the Rising Markets will jostle for power with the world's mature

markets, which will continue to struggle with debt – something that few markets around the world will escape – slowing down of innovation, and an ageing population.

Rising Markets are already the driving force behind growth in global advertising. China and Brazil are among the ten largest advertising markets in the world, and will soon be joined by Russia. We expect the BRICs to account for 23% of global advertising expenditure by 2038, up from 14% in 2013. The CIVETS currently account for 13% of the world's advertising expenditure, but we expect this to shrink to 10% by 2038 as the next wave of Rising Markets take their place on the world stage [Figure 4]. We have identified six markets that represent this new growth – markets that are embracing the developments that will transform the way people live, work and communicate over the next 25 years. These markets are Peru, Pakistan, Nigeria, Ghana, Philippines and Myanmar [Figure 6].

Over the next 25 years we forecast global advertising expenditure will grow by 212% at today's prices. We expect our six markets to grow much faster, ranging from 333% for the Philippines and 374% for Ghana, through to 583% for Peru, 601% for Pakistan, 616% for Nigeria, and all the way up to a staggering 1,898% for Myanmar. The key reasons for this explosive growth are significant increases in population size, productivity, consumption, and an increasingly competitive and commercial media. Population growth is likely to vary wildly across these six markets between now and 2038. The UN expects Myanmar's population to grow only 12% over this period, while Nigeria's population is set to double to over 330 million. All of these markets are set to enjoy huge rises

in productivity as they attract international investment, which will increasingly come from the likes of the BRIC markets. They will also adopt new technologies and become centres of innovation in their own right.

By 2025, annual consumption in the Rising Markets will reach \$30 trillion (source: McKinsey) [Figure 5]. This is the biggest growth opportunity in the history of capitalism, representing 50% of world consumption. The expanding middle class and urban migration unleashes tens of thousands of new, eager consumers into the retail arena everyday. For markets with ageing populations, such as China, working age empty nesters represent a key opportunity for brands as they have disposable income to indulge and pamper themselves. The diversity and dynamics of consumers will require brands to structure their product portfolio and price range to meet the needs of these different types of consumers.

The new middle classes in the Rising Markets will be willing to spend on products and brands that reflect their new wealth and status. They will eagerly embrace technology and will have a high demand for consumer goods, cars and property – driving up house prices. ZenithOptimedia believes that consumers in Rising Markets will welcome global brands, but they will question how these new 'foreign' brand experiences create or add meaning to their lives. Global brands that really understand local mindsets will have the potential to deliver experiences that are powerful and meaningful for consumers in Rising Markets.

WHAT OUR PEOPLE THINK

“The young generations of the Rising Markets are digital natives, but they don't have computers, they are in fact mobile natives. They never use a mouse, they are touch natives; they have never benefited from the welfare state, they are 'hack natives'. The young generations of the Rising Markets will drive innovation.”

Ronan Delacroix, ZenithOptimedia China

“By 2038 I think mature markets will have accepted that in order to maintain growth and their position in 'the global race' they will have to allow the relatively free movement of people in and out of their country as well as that of money. The disparity between the ease of bringing money into a mature market and the ease of bringing in a globally competitive workforce will have either been removed or will have become an acute issue.”

Denise Rubino, ZenithOptimedia Germany

“One of the most important things for the global companies to address is harnessing local talent. Companies will have to 'go glocal'. This means merging their tested processes with the insights of the local workforce. They must have flexibility in their processes so that they can be sensitive to and accommodate local customs and yet still realise their global goals.”

Dan Malachowski, Performics United States

FIGURE 4. 25 YEARS ADSPEND FORECAST AND ANNUAL GROWTH

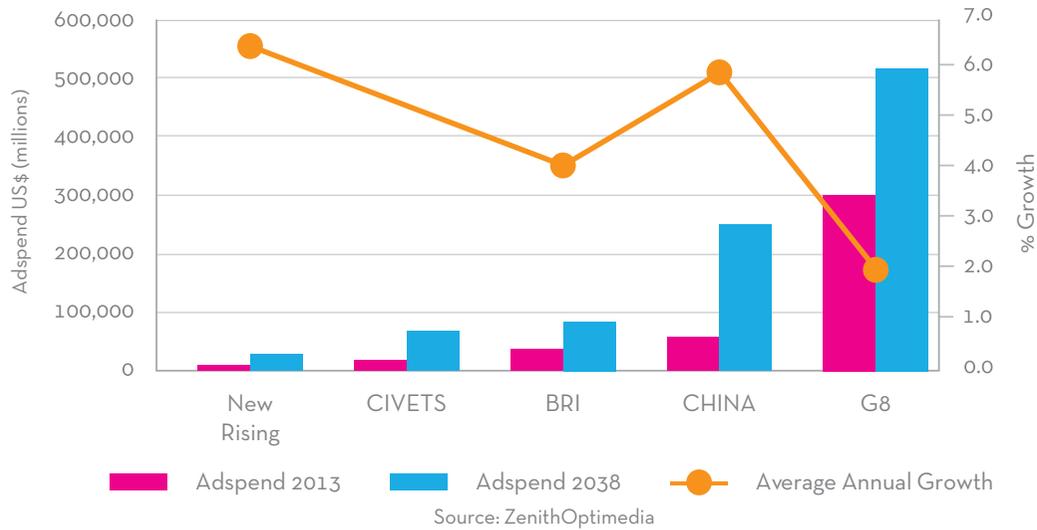


FIGURE 5. PROPORTION OF WORLD CONSUMPTION BY GEOGRAPHY

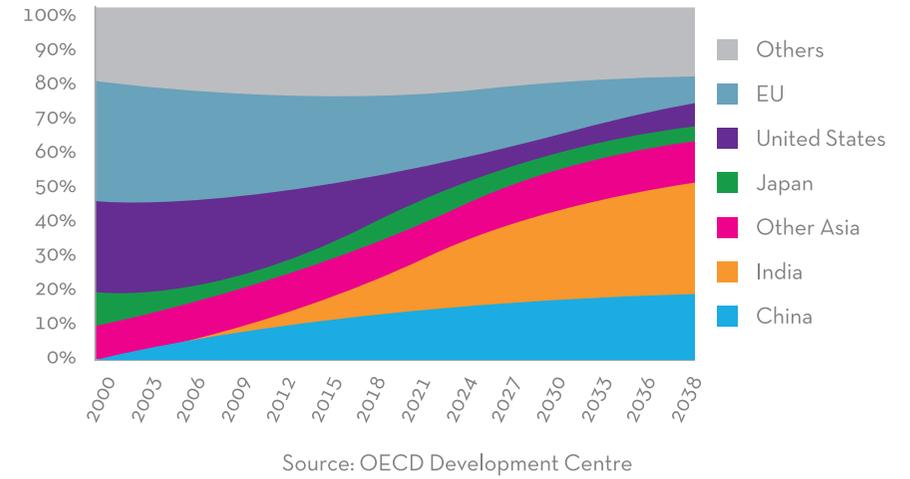
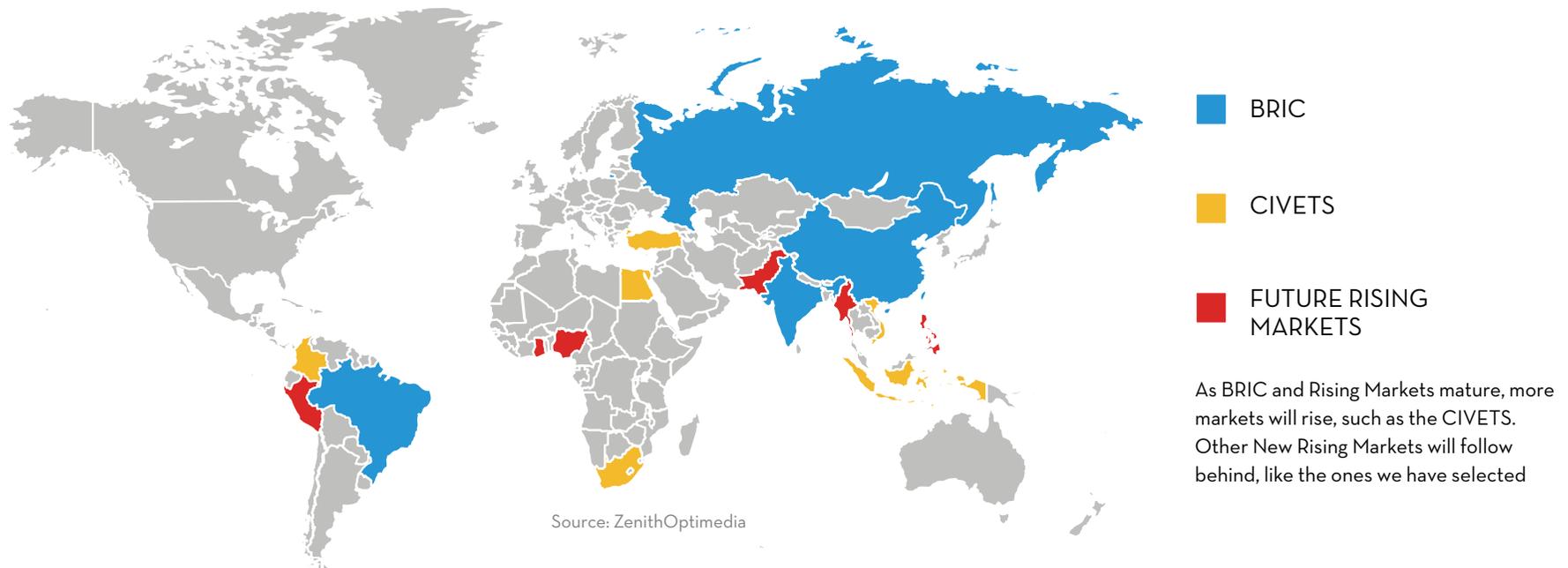
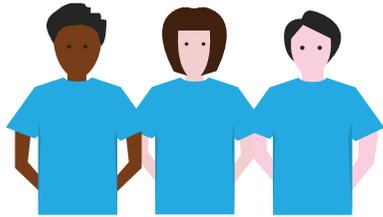


FIGURE 6. PROGRESSION OF THE RISING MARKETS



IMPLICATIONS FOR BRANDS



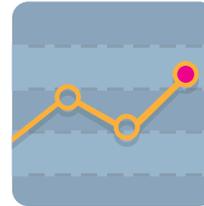
1. Target By Cultural Similarity, Not Just Geographical Location

Targeting consumers with similar cultures and values will be as important as targeting by geography. For instance, Philippines, India and Brazil share similar values: strong family ties and community spirit, despite geographic dispersion. Targeting consumers according to shared cultures and values in the Rising Markets will become an increasingly important brand communication strategy.



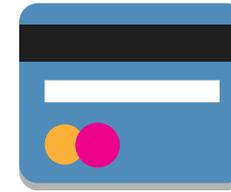
2. Get The Right Balance Between Local Needs And Global Efficiencies

Global companies will need to determine how to refine their products and services so that they appeal to or shape local tastes, while still leveraging economies of scale across markets. Determining the level of local adaptation requires an understanding of: demographics, cultural preference, consumers' openness to try new experiences and consumption behaviours.



3. Predict Moments Of Growth For Your Product Category

Per-capita income is a crucial variable in determining the time it will take a product category to be embraced in a Rising Market. Brands entering the market during the early stages of adoption will enjoy early mover advantage in establishing brand familiarity even before some consumers have the money to spend.



4. Invite The Middle Classes In The Rising Markets To Spend!

Brands targeting the Rising Markets must understand the relative value consumers in these markets place on money. Spending or saving attitudes are often culturally defined, despite short changes brought on by the highs and lows of economic growth. It is important for brands to understand just how much these new consumers are willing to spend - this will be a key factor in developing product and marketing strategies.



5. Build An Inspiring Brand That Resonates With Consumer Aspirations

The outlook of consumers in Rising Markets differs from those in developed markets in many ways. On the whole, consumers in Rising Markets are younger and new to traditional middle class product categories. They are keen to understand how these new products fit with their aspirational lifestyles. To effectively engage with these consumers, global brand communication needs to inspire and empower them to be confident in living out their aspirations.



TREND 3: COLLECTIVELY RESPONSIBLE CONSUMERISM

Informed by a multitude of news platforms and social media channels, we are now more aware of the consequences of our consumption habits on our world than ever before. Social campaigns and guidance from our governments are helping us to understand just how our behaviour is affecting our health, wellbeing and the environment. People, companies and governments are being collectively spurred to do something about the situation.

While action and campaigning of this nature has been around for some time, ZenithOptimedia believes that over the next 25 years it will be taken to a completely new level. We believe that we will see a completely new movement, which we are calling 'Collectively Responsible Consumerism': people, businesses and governments working together to protect our health, wellbeing and the environment. Currently, responsible

consumerism is still relatively small scale and largely restricted to the developed markets. Focused on issues such as organic food products and fair trade, it is still seen by some as aspirational or the preserve of the affluent.

However, ZenithOptimedia believes this is going to change significantly. Practices that are currently more

about individual choice, such as walking and cycling to reduce carbon emissions, are set to become collective social movements. We have seen more individuals and non-profit organisations in both developed and developing countries championing causes and empowering others to be involved too. Over the next 25 years, this will develop in strength and complexity, and influence will be taken to new levels via social networks. This will see responsible consumerism become Collectively Responsible Consumerism.

The area of focus of 'Collectively Responsible Consumerism' will extend beyond current concerns, such as sustainability and fair trade. ZenithOptimedia believes this focus will change over the coming years in line with consumers' collective changing values and interests. If we continue to see a rise in thrift, populism, justice, courtesy and sustainability (source: Iconoculture), it is likely that Collectively Responsible Consumerism will include protecting workers rights, championing equality and minimising wastage.

The growth of Collectively Responsible Consumerism will be determined to a large extent by the time, effort and money required for change. Most of us have the intentions to be moral and ethical consumers, but it is a challenge to fully commit to Collectively Responsible Consumerism. And with so many causes out there, it is difficult to keep up. Brands will need to understand the true value of the many causes that will become part of Collectively Responsible Consumerism. They need to understand the roles they play in the consumers' lives, the intensity of consumer commitment, the defining

moments when consumers act and, crucially, whether brand rewards or value exchanges are appropriate/effective in this space.

As Collectively Responsible Consumerism gains traction over the next 25 years, consumers will expect brands to be ethical in all areas of their business, and in their involvement with Collectively Responsible Consumerism movements. How brands behave will be one of the factors that will influence consumer purchase decisions. ZenithOptimedia believes brands will become more transparent and increasingly act out of collective interest. We are already starting to see this. Heineken has become a pioneer in promoting responsible drinking. One of its recent ads shows a young man in a night club refusing another Heineken and ordering water in order to drink responsibly. Through their own efforts - and pressured by governments and consumers - brands will increasingly make positive changes to drive Collectively Responsible Consumerism.

WHAT OUR PEOPLE THINK

“By 2038, all purchases will become part of a virtuous circle where money is redistributed to an identified source eg a farmer in Romania, or a shoe-maker in Turkey. And in the name of product 'trackability', all stakeholders will be mentioned on the label, just like the ingredients.”

Ronan Delacroix, ZenithOptimedia China

“By 2038, packaging will inform us via augmented reality about every bit of its origin and impact on the environment. This will lead to people being more cognisant of the impact their purchases have on the environment and the health and wellbeing of the people involved in making those products.”

Denise Rubino, ZenithOptimedia Germany

“Brands that are well positioned for this new reality will be those that market themselves with transparency: disclosing their ingredients, where they were sourced, information about animal welfare, and a statement about the changes they plan to make in order to be a healthier, more socially-responsible brand.”

Dan Malachowski, Performics United States

FIGURE 7. DRIVERS OF COLLECTIVELY RESPONSIBLE CONSUMERISM



IMPLICATIONS FOR BRANDS



1. Champion Collectively Responsible Consumerism Causes That Match Your Values

As with individuals, brands will need to choose Collectively Responsible Consumerism causes that are meaningful to them and fit with their values.



2. Share Your Vision For Your Collectively Responsible Consumerism Causes

Sharing the company's vision for these causes will demonstrate serious and long term commitment. Consumers of the future are more likely to support your chosen causes if they feel they will make a difference to people's lives.



3. Keep Track Of Your Collectively Responsible Consumerism Initiatives

Consumers are becoming increasingly aware that their buying habits have a direct impact on the environment, and want to know that whatever they buy is good for the planet. It is important to keep consumers and other stakeholders updated on your progress to demonstrate that initiatives are on track in making a difference.



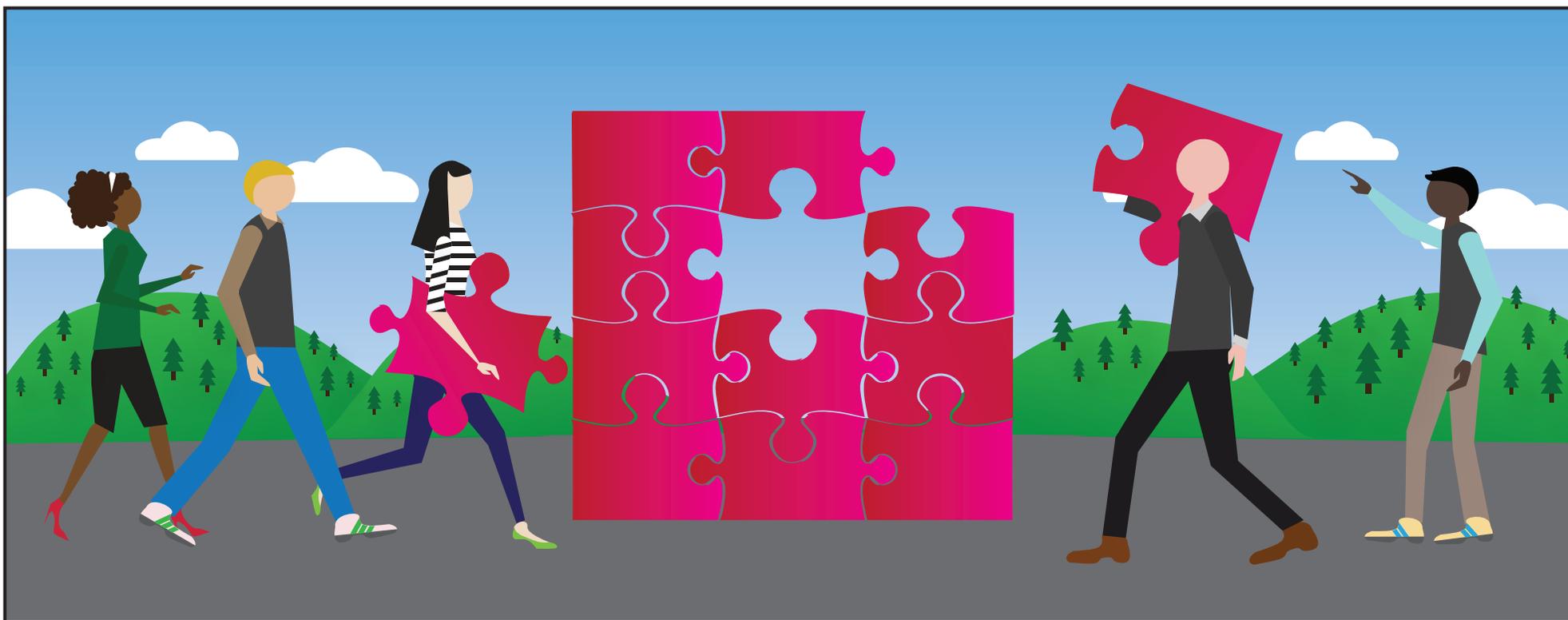
4. Involve Your Customers In Your Collectively Responsible Consumerism Initiatives

Invite your customers to participate in your causes. Take steps to understand your customers, their requirements and expectations. Create motivating content to help drive behavioural changes.



5. Reward Your Customers' Allegiance To Your Causes

Rewards should not be the primary reason for consumers to support your initiatives. However, surprising your customers with rewards at relevant times will be engaging and make them feel their efforts are recognised.



TREND 4: WELCOME TO THE SOCIAL COOPERATIVE

The rise of social media has revolutionised our ability to connect with people. We make new friends and share content with like-minded people at the click of a mouse. And we turn to our network of friends for consultation, help and support. Our online friends and contacts influence our purchase decisions and increasingly we are joining together to collaborate on new initiatives. Consumers are now empowered to work around established companies and are discovering new ways to mobilise their peers for common cause. Kickstarter, the world's largest crowd-funding

platform for creative projects, is an example of this. It signals a shift in power between companies and consumers, and brands need to adapt accordingly.

Today, social media is regarded as one of many media channels available to a brand when devising a communication strategy. Over the next 25 years, however, ZenithOptimedia believes brands will move from traditional communication models towards more integrated, collaborative approaches,

where they work with consumer communities for mutual benefit. This will see social media being used by brands as a platform and an organising structure that is central to their business strategy, not just their media strategy. Businesses that are 'socially organised' will give consumers the power to provide product feedback, make contributions to product development or become brand advocates. This phenomenon we are calling 'The Social Cooperative' [See Figure 8].

Crowd-sourcing - seeking business contributions from the general public - will be a key element of The Social Cooperative. It enables brands to leverage the innovative power of consumers, bringing them together to cooperate and contribute, and ultimately building authentic value-rich relationships with the brand and with each other.

Volkswagen China has already done this with its People's Car Project, which resulted in the biggest ever crowd-sourced product, inspired by 260,000 consumer ideas. The result was a car designed by the people of China for the people of China. In the gaming industry, voluntary testing and collaboration between consumers and brands has been taking place for some time now. Savvy gamers used to test games for free, but are now prepared to pay for an unfinished game. In return for this purchase, they can expect further updates for free, whilst actively contributing to the finished product. This gives them a sense of ownership and involvement. The company in turn obtains revenue to fund the whole testing and upgrading programme.

In many Rising Markets, engaging the consumer can be a challenge due to local circumstances. The world's largest reward platform, Jana, helps brands to reach their fans more easily - particularly in Rising Markets - by relocating money directly into the pockets of their consumers. They are able to instantly reward 3.48 billion people at the click of a button with airtime credit on their mobile phones. Most mobile phone users in Rising Markets are on pre-paid mobile subscriptions, and spend as much as 10% of their daily salaries on airtime. Engaging with brands online can be a costly business, which is why Jana's platform rebates mobile airtime as an incentive for consumers to go online to share or refer.

Over the next 25 years, new forms of brand ambassadorship will arise, where consumers - and celebrities - go beyond simply promoting products to actively contributing to the brand and its development. They may play a part in designing a product, or be given a platform to provide advice to shoppers or other fans of a brand. However, consumers will not allow brands into their private space unless they add value to their experience. Brands therefore need to facilitate platforms for meaningful interaction between themselves and consumers.

In the future, consumers will be able to tell brands what they want and how they want it. They will be explicit about the terms of service, and will help build loyalty programmes. By tapping into this new consumer behaviour, it will be possible to drive business in a new way, maximising benefits for both brands and consumers. IKEA, for example, started an online flea market to sell its consumers' second hand furniture, sharing its advertising space with its consumers and handling all the marketing. By offering this service to its consumers, it has been able to provide a meaningful service to clients, while driving sales of IKEA products.

By 2038, the role of The Social Cooperative will become increasingly defining. While current initiatives are promising, in the future, companies will have to rethink their business models to shift towards a more 'social organisation', which involves employees and consumers alike. Facilitating consumer input and offering services to consumers to maximise convenience and wellbeing will ultimately enable a less brand-centric model, where brands and consumers work together on a level playing field.

WHAT OUR PEOPLE THINK

"By responding to and involving consumers, companies can improve the customer or user experience, furthering the relationship between the two and turning their consumers into 'prosumers'. In a world with so many choices and so much information, brand trust will be an increasingly valuable commodity."

Angela Mayfield, Zenith United States

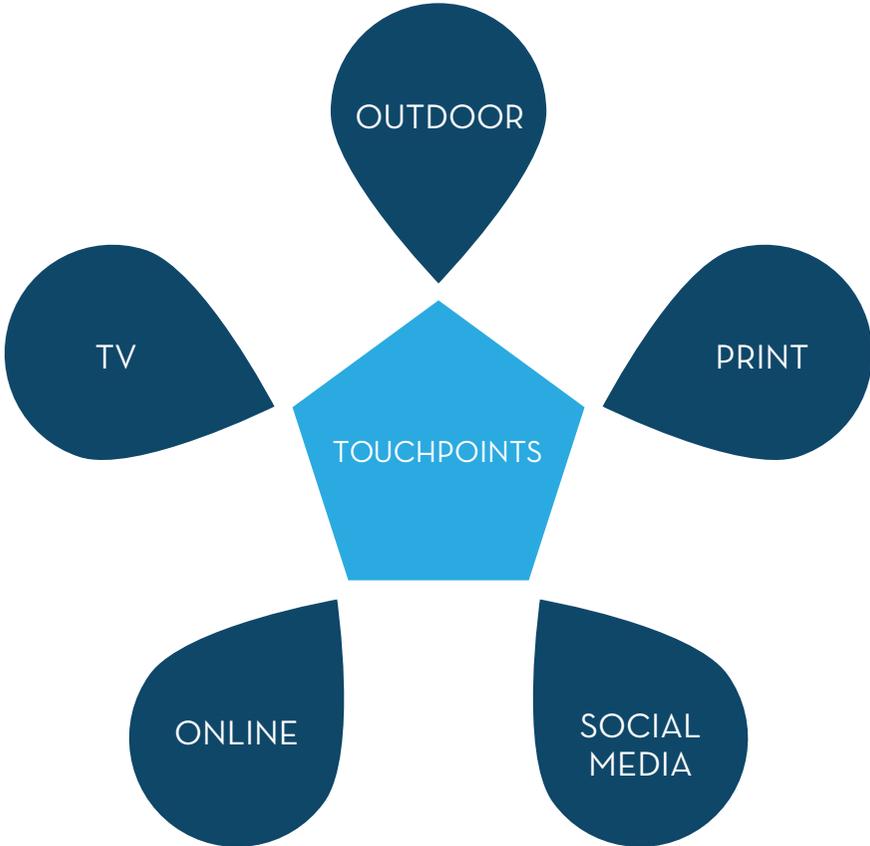
"By 2038, customers experience will be used to refine products and services, foster innovation and bring new ideas to market in ways that create early traction. By doing this, companies will create an army of ambassadors who will tell the world about their products."

Denise Rubino, ZenithOptimedia Germany

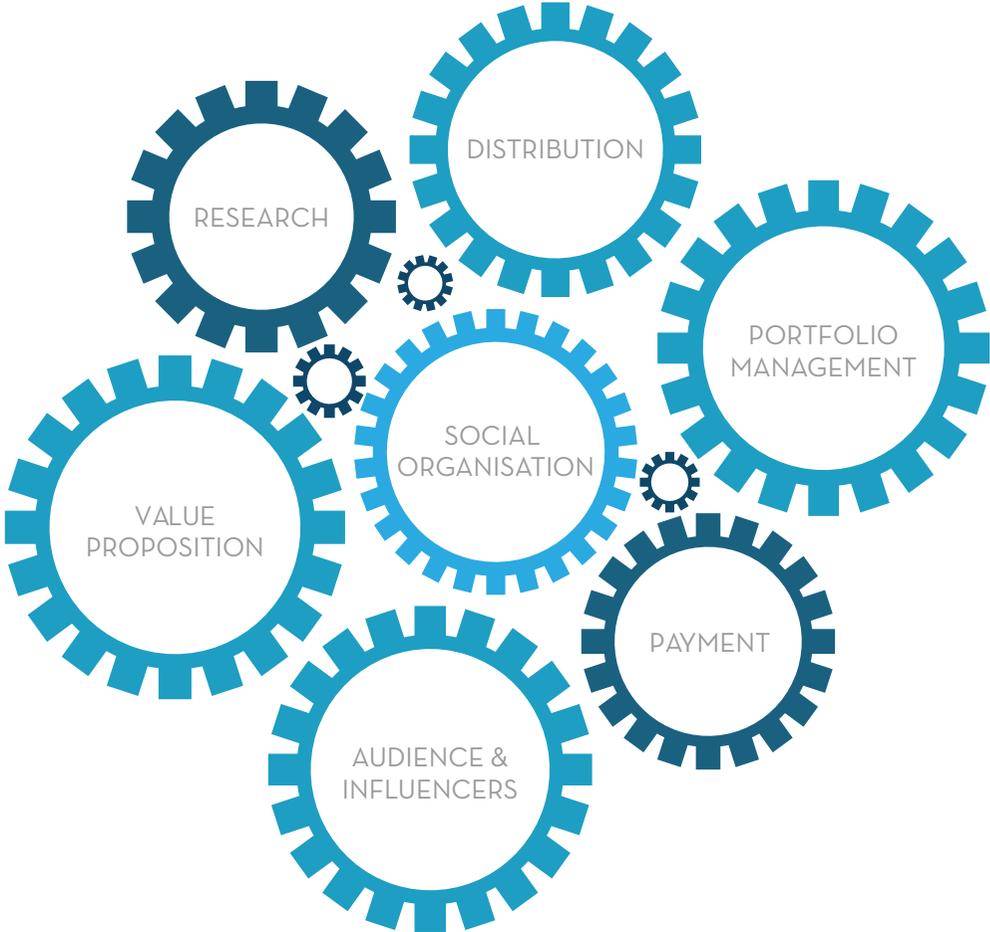
"In the future advocacy will move from being the last stage of pathways to becoming one of the first ones"

Aly Mahfouz, Zenith UAE

FIGURE 8. TOMORROW'S SOCIAL ORGANISATION



Today: Social as a media channel



Tomorrow: Social powers the business model

IMPLICATIONS FOR BRANDS



1. Value Your Consumers' Input

Brands must have a genuine interest in the opinions of their consumers, a willingness to listen, and an ability to react to feedback. This will build value-rich relationships of trust, respect and mutual appreciation.



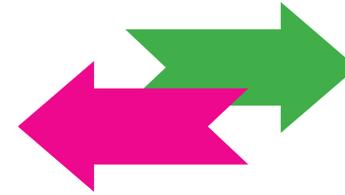
2. Be Open With Your Consumers

Transparency is another key factor in building trust. The modern consumer is aware and wants to be well informed. Be honest about decisions you make in response to consumer feedback, explain what you are doing and why.



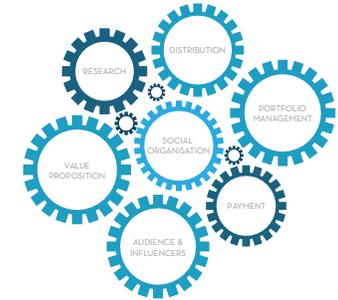
3. Reward Your Consumers

Reward people for their efforts and contributions, preferably in surprising and creative ways. Inviting consumers to events, giving them sneak preview trials and free limited-edition products will keep them involved with the brand.



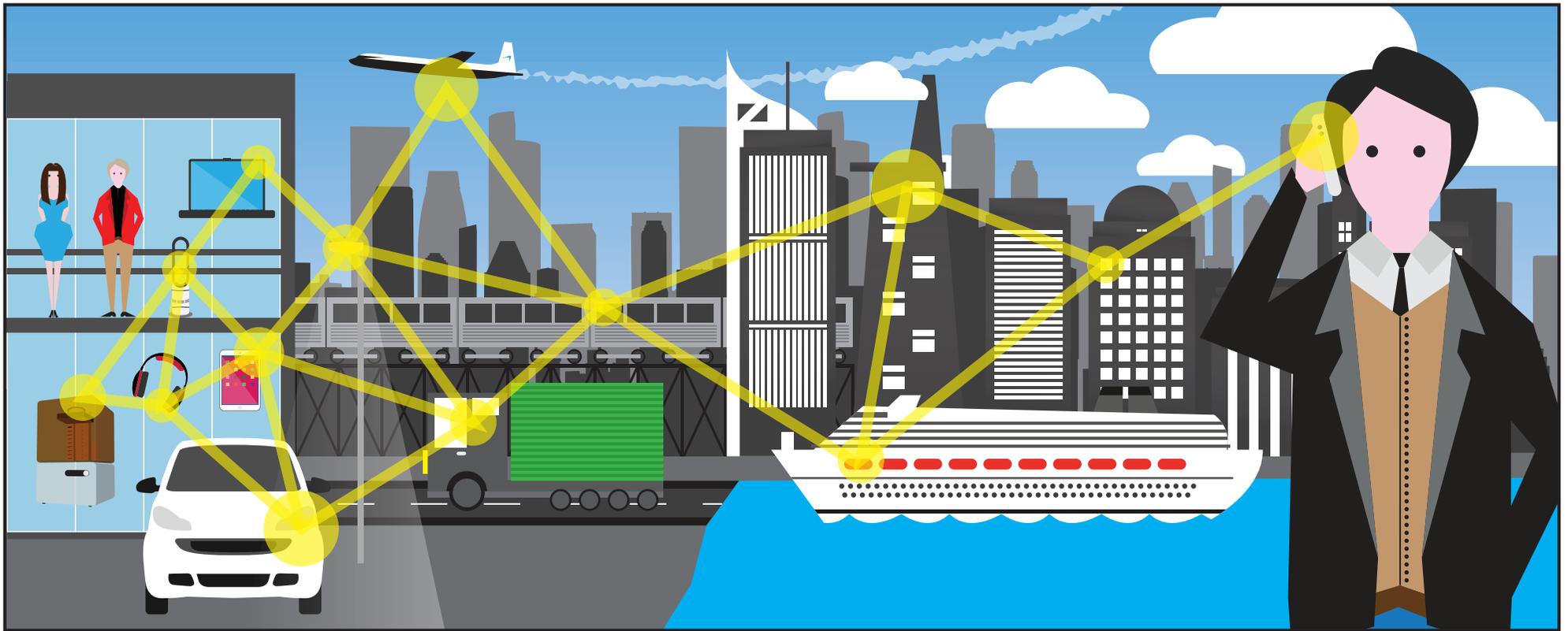
4. Provide A Meaningful Value Exchange

When soliciting the consumer, it should not be for the brand alone. Value should be added to the consumer's life through utility or entertainment, so that engagement is mutually beneficial.



5. Set Up A Socially Organised Business

Use social media to power your business, not just your communications. Engage your whole community - staff, consumers, partners - to ensure that everyone is involved at all levels. The Social Cooperative should be a continuous process that runs through the whole organisation.



TREND 5: THE INTERNET OF EVERYTHING

The internet has changed our lives in ways few could have predicted before its launch. We are online at all times of the day, through our mobiles, PCs and tablets, and now game consoles, household appliances and vehicles are also entering the world of hyper connectivity. Over the next 25 years, as technology evolves, the internet will extend to many different physical objects. It is estimated that in 2020,

about 50 billion objects will be connected to the internet (Source: Cisco). By 2038, smart watches, smart glasses, activity trackers and a host of other types of personal connectivity will be commonplace. We believe that by then, we will also see internet-connected chips that can be implanted under the skin, so that even our bodies can be online. This will result in a smart integrated system of sensors, data and

internet-enabled devices that will manage our lives and the cities we live in [Figure 9].

Intel has already launched a smaller and low power QuarkX1000 processor specially designed for the 'Internet of Things' and wearable devices (GCN), and over the next 25 years we will see the implementation of microchips just about

anywhere. In healthcare, this technology will report on patients in real time, and allow doctors to monitor them at a distance.

With a global population of close to 9 billion by 2038 - with over 62% living in cities - (Source: UN), the Internet of Everything could have far reaching implications on urban logistics, such as waste, traffic and water management, reducing costs and pollution while maximising wellbeing and convenience for people.

Through the many connected objects, new opportunities will be created for collecting vast amounts of data [Figure 10], in turn yielding a multitude of new consumer insights. By 2016 global data traffic will approximately double to 110 exabytes per month (Source: Cisco). With this data, the creation of hyper-personalised profiles will enable brands to personalise goods, services and offers tailored to the mobile consumer's exact requirements. This radically shifts the consumer experience into one of frictionless convenience and efficiency. The house of the future will turn down heating and switch off lights as you leave home, and the fridge will automatically place orders with the supermarket to replenish low stocks of your usual orders.

As consumers become increasingly informed about health and wellbeing, data from the Internet of Everything will set the basis for new forms of self-analysis that empower people to manage and

control their lives. We can already see how much we exercise and sleep, but as more devices facilitate data collection, self-tracking will undergo a huge rise in popularity. Such data analysis will yield valuable insights, but the collection of this data will continue to raise concerns about privacy, as use of it by third parties may result in health and credit risk profiling.

At present, 73% of people are willing to share data in return for benefits (source PWC, Figure 11). Going forward, the market will need to take necessary steps to protect consumer data, and brands will need to build a reputation of trust and respect. The use of consumer data must be used for the consumer's benefit.

And issues around privacy are not the only concern for marketers in the new era of the Internet of Everything. In this world, we will know everything about ourselves and brands will know exactly how to target us - our expectations will be met without any space left for coincidence. While creating perfect matches for us, and making everything more convenient and controllable, might sound problem-free, but where is the room for impulse and surprise in this new order? If everything can be predicted and matched, will this mean the end of serendipity? Consumers still yearn for the unexpected, so in the future, we believe brands will have a key role in putting the surprise back into a hyper-personalised world.

WHAT OUR PEOPLE THINK

“The more appliances that are connected to the internet, the more specific advertising can be. On TV, advertisers will no longer choose channels and shows to appear in, but will select individuals according to demographics, interests and previous online behaviour from other appliances and internet usage..”

Ryan Fitzgibbon, ZenithOptimedia UK

“In order to surprise consumers, brands will need to dive deeply into their interests and offer them things that even they did not know they wanted/liked/existed. Smart suggestions are also a way for people to voluntarily engage in chance experiences. Brands can then legitimately engage with consumers during those experiences.”

Lilyana Boneva, ZenithOptimedia Bulgaria

“The workplace is likely to be a very different place with the benefits of the Internet of Everything. Homeworking will become the norm rather than the exception. Where's the need to be located in an office when you can access everything you need at home, hold virtual meetings, and where necessary meet in rented meeting rooms?”

Evelyne Rose, Performics EMEA

FIGURE 9. HOW THE NUMBER OF 'THINGS' CONNECTED IS PREDICTED TO GROW

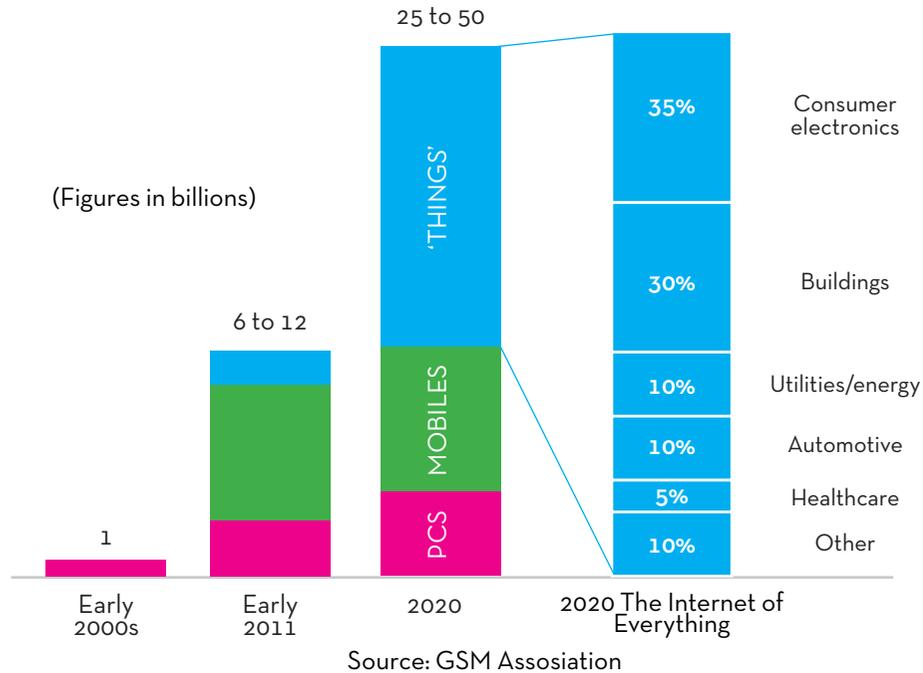


FIGURE 10. THE EXPLOSION OF DATA BETWEEN 2005 & 2020
THE DIGITAL UNIVERSE IN EXABYTES (BILLIONS OF GIGABYTES)

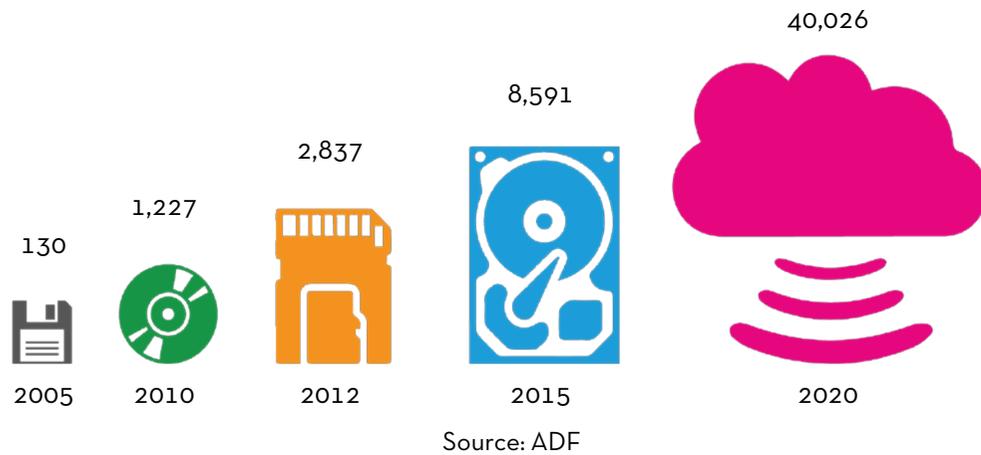
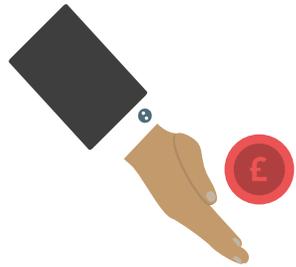


FIGURE 11. IN FUTURE, CONSUMERS WILL COMMODITISE THEIR OWN DATA

IMPLICATIONS FOR BRANDS



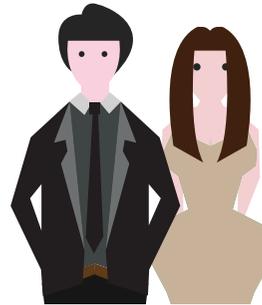
1. Invest, Implement And Structure

Invest in big data technology, and make sure it is fully implemented - currently only 8% of companies do so (Source: Gartner). To harness the potential of the Internet of Everything, companies have to be ready for it. They need to structure their insights and give clear feedback to their consumers.



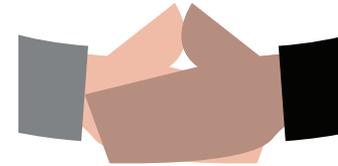
2. Partner-Up Creatively

The Internet of Everything is about connectivity, and so brands need to partner with consumers and a wide variety of companies. Be creative in your partnerships, and work together with others to optimise experience and convenience for the consumer.



3. Help The Consumer To Improve Their Life

Ensure that you put data and technology to good use to optimise the lives of consumers. Hand them the tools, or provide them with information and advice to empower them and improve their lifestyle habits in a fun and engaging way.



4. Build Trust And Protect Privacy

Brand-consumer relationships are increasingly based on trust which takes effort to build but is easily damaged. Be sure to take your consumers' privacy seriously and invest in infrastructure to protect their data. Consumers will be more willing to contribute and share if they know their data is truly in safe good hands.



5. Keep Surprising

While the Internet of Everything will be able to create perfect matches, people will still expect surprising experiences. Brands will need to work hard to provide these. Some companies are already starting to curate surprise experiences and mystery packages to counteract the predictability of customisation and personalisation.



TREND 6: DEMOCRATISATION OF CONTENT CREATION

The rise of social media has spurred us to search and curate content. What we post online is driven to a large extent by our need to validate our lives through social approval. And user-friendly technology has made self-expression and sharing so easy: Instagram and Vine became platforms of choice almost overnight.

Over the next 25 years, ZenithOptimedia believes

people will increasingly create their own content, as well as curating the content of others. This content will go beyond simple self-expression into broader areas of opinion and information sharing. This socially created content will stand shoulder-to-shoulder with professionally produced news and entertainment content. By 2038, we believe we will live in a world of 'Democratised Content Creation'.

Democratisation of Content Creation will see the emergence of individual content producers and publishers who produce content not just for their social circle but for the wider public. Content for the people by the people. The Democratisation of Content Creation will see everyday celebrities becoming the norm. With an increasing number of people creating and posting content on social media, network sites

will become a talent spotting ground. And the public will have more control than ever to decide the type of content they like and who they want to see more of. We are already seeing this today, with the rise of YouTube stars commanding millions of views and enjoying the status of an actor or pop star.

Democratisation of Content Creation will also bring together like-minded people to collaborate on content creation. Collective input is welcomed in the creative process to spur inspiration and better ideas. There are many collaboration software applications emerging to support these initiatives, from example project management to real time sharing software. Niche interests groups may collaborate to create content that mainstream publishers deem not to be commercially viable. Such ventures are likely to be supported by crowd-funding.

By leveraging people's interest to create content, established media publishers can also serve as facilitators, providing platforms for audiences to share and contribute content. In effect, they will act as content curators, showcasing the works of their audiences. The facilitator's role is not to shape people's thinking, but to help generate conversations about specific topics of interest. A successful facilitator will know how to tap engaging topics and find ways to encourage self-expression and creativity.

However, to turn an interest in creating content into a commercially viable opportunity requires these everyday content producers to cut through the noise out there.

Just like any artist or pop star, content creators need to market themselves and find the right opportunity to give them the big break. Financial support and opportunities are likely going to come from established mainstream content publishers or distributors and brands. In the race to win the attention of audiences, mainstream content publishers and distributors will welcome opportunities to collaborate [Figure 12]. Brands too have a lot to gain from working with these everyday content producers, from branded content and the appointment of brand ambassadors to purely buying up their content for brand marketing purposes.

Despite the rise of everyday content creators, we believe there will still be a strong demand for high quality professional content from mainstream publishers and entertainment companies. These companies are well established, credible sources and offer quality content to inspire content curation. Most entertainment companies also have the investment backing to produce big scale productions or blockbusters to whet our appetite for drama, effects and high quality entertainment. Consumers will always be willing to pay for good quality news, information and entertainment content.

WHAT OUR PEOPLE THINK

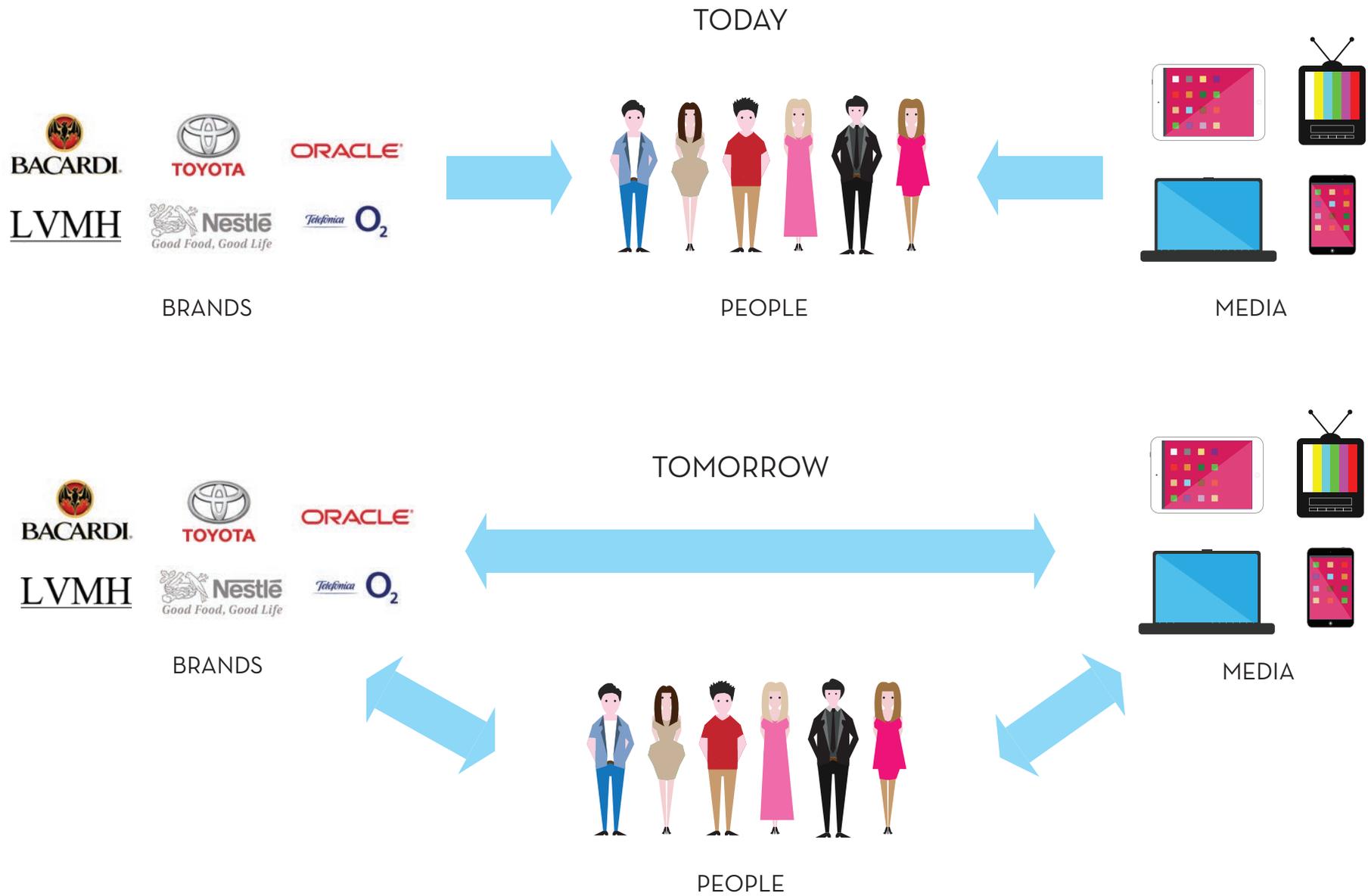
“Really, we are asking: ‘in a digital world what is the value of content?’ This is a particularly pertinent question when it comes to pieces of culture eg films and audio. Brands/creators should acknowledge most users do not value their content and expect to consume it for zero/very little cost: hence piracy and the rise of Spotify etc. However, there will be superfans of brands/creators willing to pay for content with scarcity value built-in. Limited edition or unique cultural objects that resonate highly with fans will be worth more and more. By 2038, brands/creators will have woken up to this and stopped trying to generate revenue from all consumers. Instead they will operate under the assumption that revenue can be generated by giving free access to a piece of culture, but then charging those people who wish to use that content.”

Richard Kirk, ZenithOptimedia Worldwide

“By 2038, content will surround us. We will have to adapt to a new environment. From information seekers, to information blockers. For us, as social and economical creatures, a transformation that is comparable with the first animals substituting water with air.”

Sascha Divsalar, VivaKi Austria

FIGURE 12. CHANGING CONTENT RELATIONSHIPS

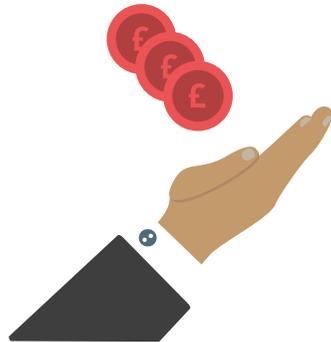


IMPLICATIONS FOR BRANDS



1. Become A Creative Collaborator

Consider partnering with successful everyday content producers to co-produce content. This can be in the form of branded content, discreet use of product placement or appointing everyday content producers to be brand ambassadors.



2. Invest In Your Brand Asset Pool

The volume of quality content out there provides both inspiration and opportunities for brands to invest in content well suited to build their brand assets.



3. Leverage The New Commoditised Content

In the future, brands may not necessarily produce content from scratch. By buying content from the new 'everyday content producers', brands will be able to save on production expenditure.



4. Stimulate Your Owned And Earned Media

Given the stress of information overload, brands can be the go-to resource for quality, timely and relevant content. Brands can provide meaningful content for consumers to curate and share.



5. Plan Your Content Distribution To Attract High Traffic

Brands can consider cross-promoting content with the everyday content producers and established media publishers/distributors. This will help drive traffic to each other's site and lead people to identify the brands with certain type of content.

CONCLUSION

Companies and brands will need to rethink how they organise themselves to capitalise on the opportunities that the next 25 years will present.

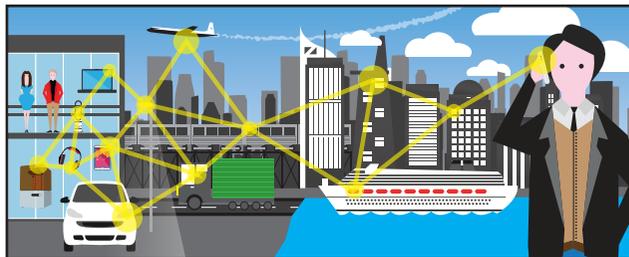
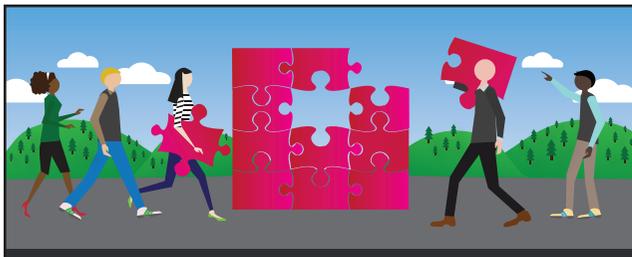
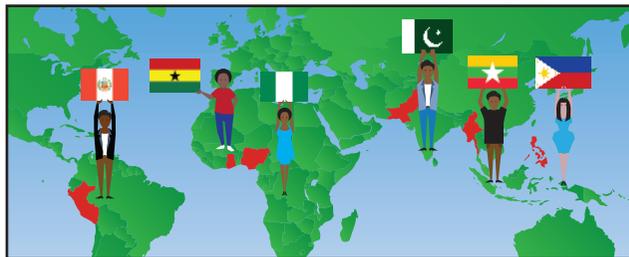
As companies reorganise for the future, they need to stay true to their values. Being transparent on how they conduct their business is becoming a necessity rather than an exception. In line with Collectively Responsible Consumerism, brands need to take into account the consequences of their actions on consumers and communities.

Consumers in Rising Markets have different needs and wants, and companies will need to determine their product portfolio and distribution strategies

to leverage efficiencies. Investment in the latest technology will help marketers create seamless brand experiences across the consumer journey.

Collaboration will be key moving forward as consumers of the future expect more from brands in terms of fulfilling their needs and wants. New technologies will empower consumers to make smarter decisions, and will increase their demand for personalisation and convenience. Meanwhile, the growing influence of social media will see a new group of consumers who want to be connected with brands and their brand community. They will expect their relationships with brands to elevate to a level of equality, where they can have a say in what they expect from their favourite brands.

To build long lasting relationships with consumers, brands will need to be consumer-centric in their engagement. They will need to empower consumers and continue to surprise and entertain them. Brands need to stay relevant and truly add value. They must invite consumers to provide product feedback and to share their thoughts on areas of potential development. A refreshing and inspiring brand story can encourage consumers to fall in love with the brand again and again.





HOW OUR PEOPLE SHAPED ZENITHOPTIMEDIA'S 2038 TRENDS

As part of our 25th anniversary celebrations, ZenithOptimedia invited the network – 90 offices and over 7000 people around the world – to share their views on our six trends. We created a dedicated website for the research programme – www.zo2038.com – where we posted our six trends and invited everybody to share their thoughts on how the world will change over the next 25 years. Three of our global media partners – Yahoo!, Microsoft and Google – provided prizes for the best comments. We have included some of the best posts from the 2038 website in this book.



ZenithOptimedia

The ROI Agency