THE : FUTURE : LABORATORY

Retail Futures 2023



Cover: EQ-Commerce, AI artwork by Samuel Davies for The Future Laboratory

Introduction

The continuing cost of living crisis isn't so much a crisis as an opportunity waiting to happen

Especially in retail, where a growing number of technologies and disciplines – AI, data mining, OpenAI and algorithms included – are all converging in ways that make retail less about a transactional journey and more about a predictive, proactive and, if we get it right, positive conversation.

Such convergence, as we reveal in our **EQ-Commerce** macrotrend (page 10), allows us to develop very strategic, value-based offers for the cash-strapped customer. It also offers an opportunity for more nuanced profiles of current behaviours, needs and future requirements.

But this is also a story about seamlessness, and how getting these interactions with customers right can lead to a better overall relationship – not to mention increased loyalty and higher profits.

Forrester, for instance, estimates that 60% of all US sales are now influenced by digital experiences, and predicts that this will grow to 70% by 2027, but only if we see online and offline retailing 'as one continuous experience', as **Shopify**'s director of product retail and messaging, Arpan Podduturi, puts it.

Which, of course, we don't. While two-thirds of customers (66%) expect companies to understand their unique needs and expectations, only 32% of executives say they are capable of converting data into personalised prices, offers and products in real time across all channels and touchpoints (source: **Salesforce**). In short, despite what CEOs tell us, retail still has a long way to go in terms of joining up those customer journey dots.

But AI is already beginning to do that particular job for us. European start-up **Pixyle AI** (page 16) has just received seed funding to develop and hone a visual search engine for the retail clothing sector, while Finnish CX provider **Nosto** uses customer segmentation for brands like **Perry Ellis** to showcase and segment different products as you search for them, so that you're viewing – or indeed discarding – your choices in real time, much as you do when you walk through a store.

Similarly, as we reveal in our **Trends Rising** section (page 4), even more familiar brands like **Argos** are embracing these demi-bespoke future tech opportunities by teaming up with digital out-of-home (DOOH) advertising brands like **Ocean Outdoor** to run campaigns for their more tech-savvy customers that can be viewed simultaneously in real life and in the metaverse.

But the seamless use of technology is only one of the challenges retailers now have to face in a world of rising inequality, spiralling energy prices and ongoing concerns about the role retailing can play in saving or swamping the planet. Trends like **Open-door HQs** (page 5), **Resale Redux** (page 7) and **Sustainability UX Hubs** (page 4) provide us with key glimpses into how retailers are proactively tackling these challenges, while **Rental Space Retail** (page 7) similarly shows how more innovative brands are using app-based platforms like **Glimpse** and **Minoan** to turn our homes, and the spaces we rent and stay in, into new channels that allow us to touch consumers in more creative, intimate, experiential and shoppable ways.

And this really is the focus of our current **Retail Futures 2023** report: how we can make that retail journey that every customer embarks on more compelling, seamless, engaging, and – crucially – one they want to complete.

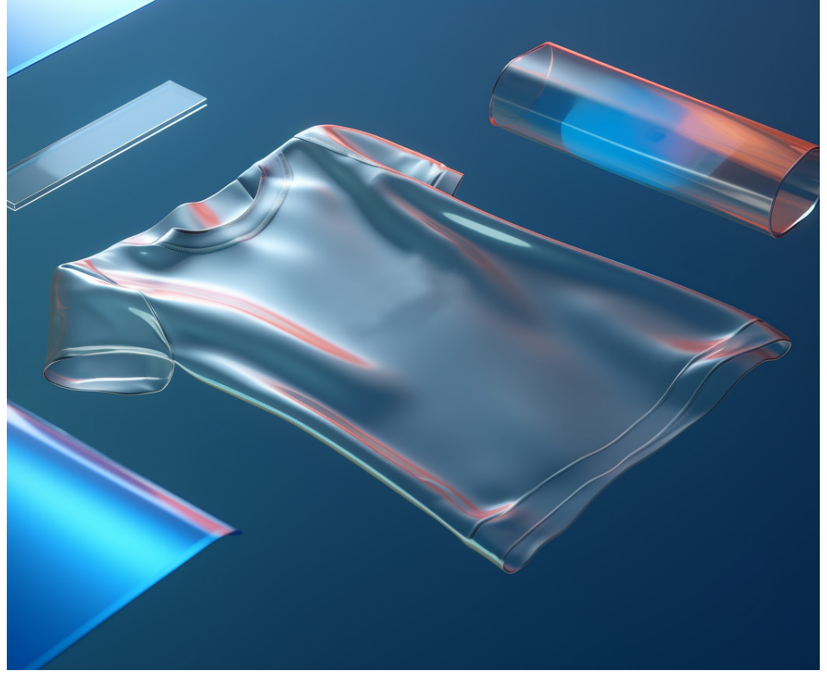
The Future Laboratory team, 2023.





Trends Intelligence
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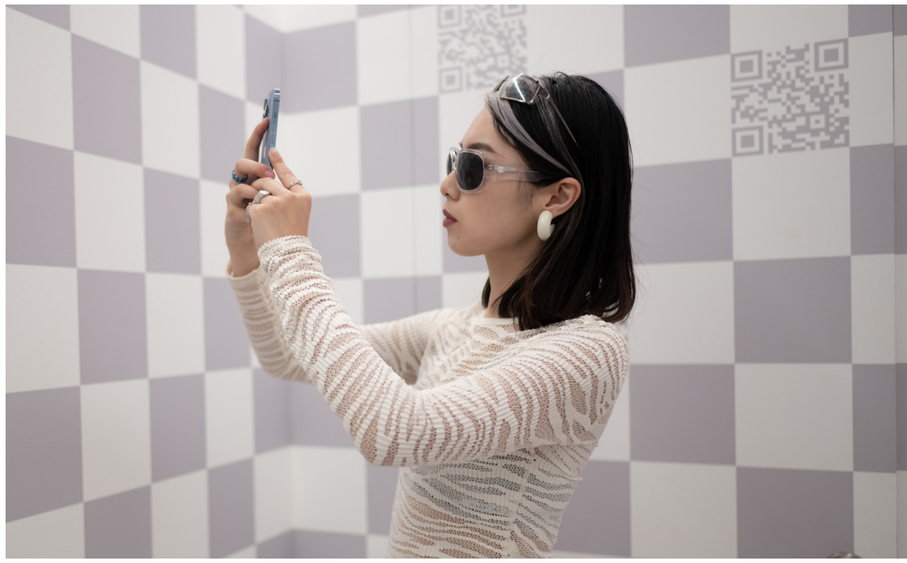
10 Macrotrend: EQ-Commerce

Innovative retailers are using technology to create EQ-Commerce journeys where every touchpoint is a learning opportunity, and AI caters for customers' idiosyncratic needs and wants at scale.



4 Trends Rising

Open-door HQs, Resale Redux and Mega-phygital Retail are among the many retail trends offering brands, retailers and marketers a chance to reconnect with customers as the cost of living crisis continues to dominate purchase agendas.



12 Drivers

Embedded AI, economic cutbacks, hyper-personalisation and the continued ease with which consumers are happy to shop in cross-channel categories are all shaping the EQ-Commerce trend and category.

26 Strategic Implications

As consumers seek more personalised interactions, we identify the strategic actions and implications you need to take to create more meaningful engagement with your customers on their journey to purchase.



Trends Rising

From brands using Open-door HQs as a retail platform and a new era of decentralised taste-making, to the high street's sustainability experience hubs and the emergence of Meta-phygital Retail, these are the rising trends shaping the landscape behind EQ-Commerce

Sustainability UX Hubs

Brands are focusing on innovation and interaction with consumers as floor space is increasingly dedicated to experience instead of inventory.

Retailers already in this space include **Esprit** and **Zara**, with **Ikea** and **H&M** even choosing to work together under an umbrella hub, **Atelier100**, to showcase London creatives and their homeware collections as a start-up experiment. Atelier100 also funds a mentorship programme, while the retail space hosts workshops, talks and events, making it more like a temporary exhibition space.

Esprit is also taking an experience hub approach to retail for its long-anticipated return to the UK and US. Positioned as research hubs, the brand's Esprit Futura concept focuses on customer engagement trends, circularity behaviour drivers and local community creativity. According to Esprit CEO William Pak, the aim is to 'leverage digital technologies, innovation and cross-industry collaboration to improve customer experiences and promote the circular economy [by] collaborating with experts, designers and start-ups within the fashion eco-system'.

Zara, meanwhile, is focusing on the circularity of its garments by allowing customers to recycle, resell or repair its clothing online and in-store via its app. Tapping into trends such as **Resale Redux** and **Eco-convenience Retail**, these initiatives allow brands to develop more relevant, timely and values-based conversations with their customer communities at a time when environmental, social and governance (ESG) concerns resonate with investors and customers alike.

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Esprit, Hong Kong and Amsterdam

Creative Collaborators

Heralding an era of decentralised taste-making, fashion brands and retailers are exploring alternatives to the omnipotent creative director – a strategy targeting the collectivist mindset of Gen Z consumers.

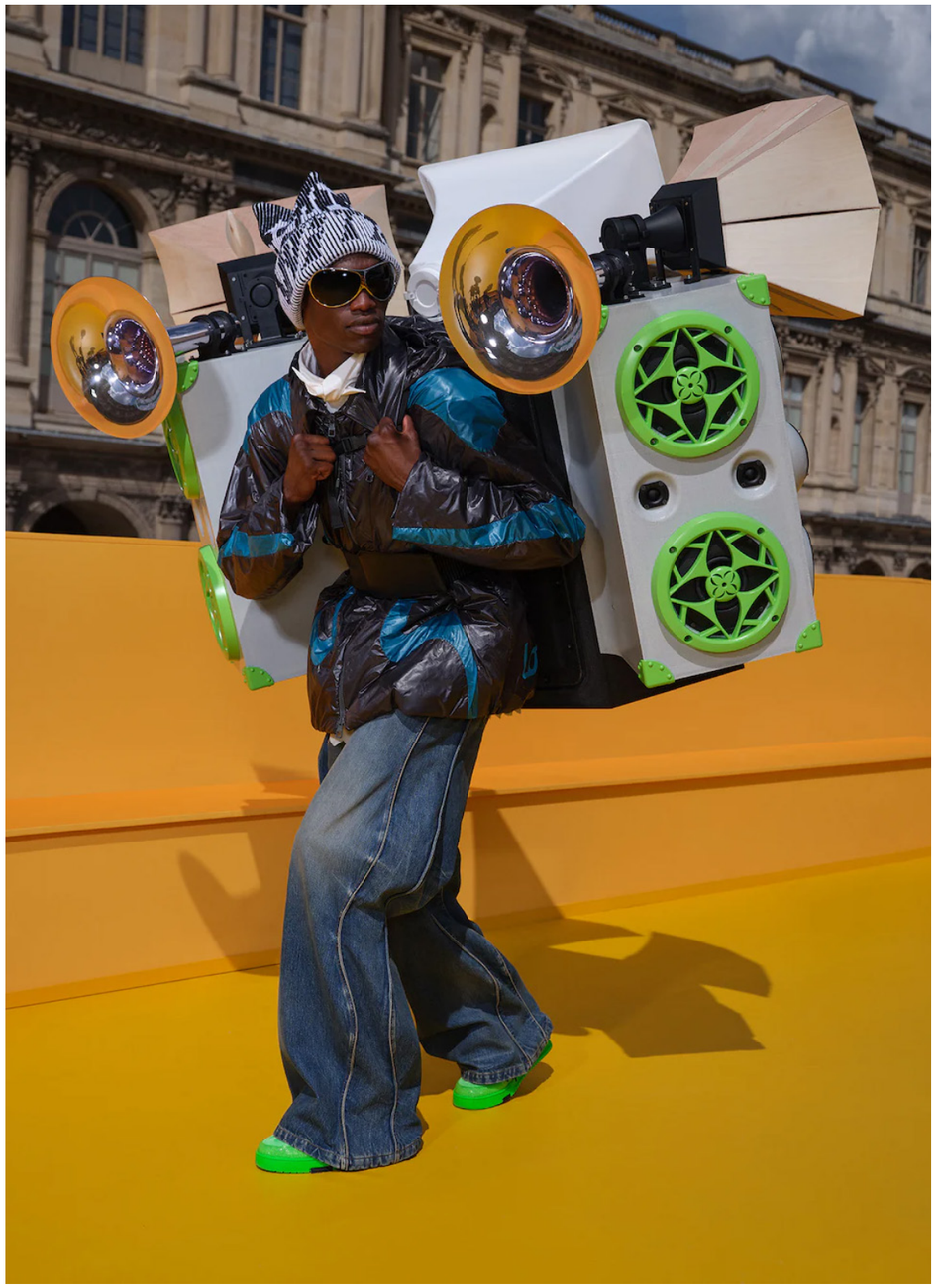
The passing of Alber Elbaz in 2021 left his fashion house **AZ Factory** without a creative lead, but the house has chosen to keep its founder's vision alive by calling on multiple designers to re-interpret brand codes. For every project, AZ Factory casts 'amigo' guest designers to design a 'product story' for the brand. This rotating model increases its retail visibility and wider customer appeal.

Launched in 2018, **Moncler Genius** has merged the worlds of art, entertainment, sport, fashion and culture to develop cross-sector alliances that showcase the brand to a wider audience. At its Art of Genius event in early 2023, collaborator brands included **Adidas**, **Mercedes-Benz**, **Rick Owens** and **Jay-Z**.

Lacoste and **Louis Vuitton** are also opting for a more decentralised approach to creativity and design. To keep its collection cohesive, Lacoste has named Pelagia Kolotouros as its creative design director to orchestrate and oversee future out-of-house collaborations.

Meanwhile, Louis Vuitton has appointed multi-hyphenate Pharrell Williams to run its menswear design, with plans to keep a strong focus on collaborations. Refocusing creative direction away from a figurehead creative director's signature style allows brands to become more flexible, as recommended in our **Elastic Brands** macrotrend, and to embrace a **Heritage Refashioned** mindset.

• *Read more on LS:N Global*



Left: KidSuper's Colm Dillane autumn/winter 2023 collection for Louis Vuitton, France; Right: Fabric company Kvadrat has partnered with artist **Thomas Demand** to turn its corporate spaces into a tourist destination through designed architecture, Denmark

Open-door HQs

Retailers are turning their HQs into destinations for storytelling, transparency and deeper customer connections.

In Portugal, eco-conscious fashion brand **ISTO** was inspired by food and wine tours to open its factory doors. Its Factourism concept is a day trip tour that takes visitors through the process of its organic cotton clothing production, from fabric-weaving to garment-labelling.

Meanwhile, capitalising on the location of its Global Innovation Centre at the Pinehurst Resort No 8 Course in North Carolina in the US, sports brand **Golf Pride** opened a Retail Lab concept where golfers try out gear and have clubs re-gripped, while learning about the process itself from leading technicians.

The role sustainability plays in the production journey is also celebrated by **Vestre** in The Plus, its newest manufacturing facility in Norway. Designed by architecture firm **BIG,** visitors can explore four wings that are responsible for a different stage of production, as well as revealing the building's many reduced carbon initiatives, including green roofs grown from seeds collected from the surrounding forest, and solar panels that generate over 250,000 kilowatt-hours of renewable energy per year.

Tapping into trends such as **Hyperphysical Stores** and **Feedback Frontiers**, Open-door HQs give brands the opportunity to provide total transparency and showcase their values and operations in ways that more proactively address the current needs of purpose-first consumers.

• *Read more on LS:N Global*





Sightseeing Storefronts

The Plus designed by Bjarke Ingels Group (BIG) for Vestre, Sweden

Rental Retail Space

An antidote to e-commerce fatigue, rental retail apps like **Glimpse** provide brands with the chance to showcase their products in over 8,000 short-term rentals.

Glimpse makes money from charging brands a subscription fee based on the number of rentals they want to showcase their products in. Crucially, brands control which properties they appear in, and with consumers' permission, can track just how much or how little potential purchasers engage with the service.

Minoan now works with more than 160 premium brands such as **West Elm**, **Phaeton Books** and **Public Goods** bodycare, providing property owners with 'steep discounts' that allow them to finish a property to a high spec while also earning a percentage of product sales, 'transforming the furnishing process from a cost centre to a source of revenue generation'.

Meanwhile, **The Host Co** allows **Airbnb** or home-sharing guests to buy or pre-order anything in their rental through a custom-made digital store. Operators can also use The Host Co to create a virtual storefront, connecting with local stores or vendors to provide guests with a higher level of service.

Building on trends such as **Next-door Commerce**, **Membership Retail** and **Hyperphysical Stores**, Rental Space Retail allows property owners, product makers, hosts and the local community to help tourists better understand and value the local culture, working with **neighbourhood artisans** and craftspeople to bring authentic products directly to guests.

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Minoan, US



Selfridges' sustainability initiative Reselfridges will aim for almost half of its interactions with customers to be based on resale, repair, rental or refills by 2030, UK

Retail Redux

The resale market is taking on fast fashion as a (mostly) guilt-free alternative, allowing consumers to hunt for bargains, tap into the latest trends and discover new circularity values.

Some 5.3m new shoppers signed up to US luxury resale marketplace **The RealReal** (TRR) in 2022 alone, while its 2023 Luxury Consignment report reveals that it now has more than 30m members, buying over 28m items on its platform. Likewise, the **TikTok** hashtag #ArchiveFashion has pushed resale luxury and terms such as 'thrifting' into the mainstream, with over 846m views. Indeed, thrift haul videos are seeing new agency on TikTok, with 'thrifting' driving more than 2bn views of posts featuring the hashtag #ThriftTok, while the general topic of #thrifting has reached over 7.6bn views on the platform.

But bricks-and-mortar retailers like **Uniqlo** and **Selfridges** are also becoming resellers to accommodate consumers keen to save the planet and save money as the cost of living crisis continues. In London, Berlin and New York, Uniqlo is turning mending clothes into a viable part of its sustainability plans, the brand's chief operating officer Alessandro Dudech tells the UK's Financial Times, while Selfridges managing director Andrew Keith says he will aim for 45% of its customer interactions to be based on resale, repair or refills by 2030 under its Reselfridges initiative.

• *Read more on LS:N Global*



‘[The aim is to] leverage digital technologies, innovation and cross-industry collaboration to improve customer experiences and promote the circular economy [by] collaborating with experts, designers and start-ups within the fashion eco-system’

William Pak, CEO, Esprit

Social Media Sustainability

Ganni and Vestiaire Collective are using their respective social media and YouTube platforms to showcase a video series, Old + New = Now, featuring fashion influencers showing how they integrate pre-loved Ganni items into their current wardrobes, Paris

Metaphygital Retail

Brands are using the metaverse space to sell virtual products in real life and to push consumers towards their physical spaces.

Xydrobe is currently constructing what is being billed as the 'first immersive virtual reality luxury shopping experience'. Shoppers will visit physical portals, or 'xydrobes', within which they can embark on a 360-degree browsing experience thanks to high-quality visuals, scent, surround-sound and temperature effects. Virtual and real products can be purchased here, with participating brands offering customers real-life deliveries or exclusive in-store visits.

Meanwhile, tech start-up **Syky** is building a blockchain-enabled luxury platform that will act as an incubator, virtual marketplace and social community for designers and consumers alike. Syky released an NFT, The Keystone, in early 2023, allowing holders to join a network of creatives and get access to digital and real-life fashion events, insider information and industry reports.

Digital out-of-home (DOOH) advertising brand **Ocean Outdoor** has launched the world's first out-of-home metaphysical package, numbering **Argos** among its first clients. The catalogue brand used this dual approach to drive consideration and awareness of its premium products and tech brands to a younger, more discerning audience. Ocean's metaverse collection features 45 digital billboards in **Somnium Space** and **Decentraland**, and uses **VaultLand**'s In-Play technology to synchronise billboards so that real-life displays and metaverse ones can be seen at the same time.

Related trends such as the **The Betterverse**, **The Haptic Metaverse** and **NFT-tainment** should be considered when creating metaphysical offers that need to be immersive, expressive and real across a range of digital and physical spaces.

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Left: Syky, US; Right: L'Oréal Space Odyssey at Sanya International Duty-Free Shopping complex, Hainan

Stay-at-home Sino Pop-ups

In this latest evolution of the retail pop-up, European brands have been taking their collections direct to places where global travel-restrained tourists are located, whether that's the historic city of Suzhou or resort cities like Hainan.

And with the Hainan duty-free market alone predicted to reach £38.7bn ($46.5bn, €43.6bn) between now and 2025 (source: **McKinsey & Co**), luxury, beauty and travel brands have rushed in with a series of retail activations, QR touchpoints and live-stream retail moments to woo Chinese travellers.

L'Oréal Paris recently launched a Space Odyssey-themed pop-up in the Sanya International Duty Free Shopping Complex in Haitang Bay, Hainan, which previewed premium skincare products and digital touchpoints such as personalisation options and interactive live-stream events broadcast via **WeChat**.

To establish its avant garde credentials among visitors to the historic Yanlord Cangjie Project quarter in Suzhou, **Maison Margiela** initiated a series of pop-ups located in the luxury complex where it held dinners, opened the Margiela Café, and used a mini Cinema Inferno to screen brands' and local creators' work.

Similarly, **Bacardi Group** opened its first China-centric pop-up in late 2022, a Fine Spirits Emporium at **China Duty Free Group**'s Haikou duty-free complex, with a view to tapping into the growing popularity of home cocktail-making among younger Gen Z Chinese consumers.

Building on trends like **Guilded Luxury**, **Hyperphysical Stores** and **Feedback Frontiers** where pop-ups are used to identify premium Chinese consumer tastes as well as servicing them, this approach allows brands to better target Chinese travellers as they begin travelling globally once more.

• *Read more on LS:N Global*

MACROTREND

EQ-Commerce

Innovative retailers are using technology to create intelligent, empathic commerce journeys – where every touchpoint is a learning opportunity, and artificial intelligence is catering for customers' idiosyncratic needs and wants at scale



EQ-Commerce, AI artwork by Samuel Davies for The Future Laboratory

The relationship between retailers and their customers is undergoing seismic shifts. In an age when brand loyalty is dwindling, retailers are creating new touchpoints and ways to create hyper-personalised, bespoke and omniscient relationships with their customers. This means offering **Discovery Commerce** using dynamic, real-time personalised shopping feeds that are incredibly accurate at deciphering what a person is looking for. It means moving past the influencer marketing model to invest in creating a coterie of niche but **Trusted Tastemakers**. Lastly, it requires retailers to look to novel technologies like non-fungible tokens (NFTs) and **Virtual Stores**, not as one-off marketing gimmicks, but as opportunities to build long-lasting, loyal relationships.

Retail is settling into a post-Covid landscape in which consumers regularly invite brands into their homes, browsing through products, watching content and purchasing on their devices while still turning to physical stores as part of their shopping journey. More than one in four people (27%) choose to mix physical and digital channels while shopping, with nearly three in four (72%) depending on stores as part of their primary buying method, according to **IBM**.

This complex purchasing journey means retailers have to work harder than ever to acquire and retain customers. Over the past decade, personalisation has become vital for retailers, but how it is achieved is changing. Privacy legislation such as the EU's General Data Protection Regulation and the California Consumer Privacy Act mean customers regularly choose whether to engage with brands, and first-party data has become like gold.

People prefer to entrust brands directly with their data. Indeed, a majority (63%) say they are fine with personalisation, as long as brands are using their own data and not data purchased from third parties (source: **Twilio Segment**). 'We've moved on from privacy to privilege. I've permitted you to have my data so use it properly, otherwise I'll tick a box and you can't talk to me any more,' Ol Janus, global head of data at **Havas CX**, tells The Future Laboratory.

This shift from privacy to privilege means people expect more from personalisation. Some two-thirds of customers (66%) expect companies to understand their unique needs and expectations, and yet only 32% of executives say they can convert data into personalised prices, offers and products in real time across channels and touchpoints (source: **Salesforce**).

This focus on the individual can feel impossible, but the advancement of technology, especially artificial intelligence, deep learning algorithms, cloud and edge computing, and natural language processing are helping retailers to build this sense of individual attention at scale to create a world of EQ-Commerce. '[There have been] big advances in cloud and AI. They're readily available and can deliver a fast time-to-value,' says Carrie Tharp, vice-president for retail at **Google Cloud**. 'As we like to say on my team: Retail is hard, AI is here.'

Building an eco-system of EQ-Commerce means not only investing in technology, but also having an understanding of what that technology can deliver and how that can align with customers' expectations.

As AI and algorithms become all-seeing, human beings will do what they do best – seek out serendipity and a bit of magic in their experiences, both online and offline. 'The technologies exist, so the question becomes: 'How do we use them?' It's about creating magic,' says Brian Solis, global innovation evangelist at Salesforce. 'Great retailers, in the future, will make you feel like you're in a special place, designed especially for you, so that you take time out of your life to go to that place because it feels like the right place to be.'

Four Pillars of EQ-Commerce

A framework for building highly personalised relationships with your customers:

Intuitive
Dynamic and intuitive offerings based on real-time behaviour

Intimate
Service-orientated beyond the product

Individualised
Deep understanding of idiosyncratic traits and audiences

Interconnected
Connected data systems equals interconnected shopping experiences

Bot Initiated Longevity Lab (BILL) is a robotic system with the goal of keeping old sneakers out of landfill, created in partnership with creative engineering studio PCH Innovations, US

Drivers

Increased economic disparity, coupled with more humanised algorithms and growing channel agnosticism, are all contributing to a new hyper-personalised world in which value will become a key decider in consumer choice

Embedded AI

The technologies to build an eco-system of EQ-Commerce already exist, and embedding advanced AI capabilities in an organisation is becoming a minimum requirement.

In its Global Artificial Intelligence report, consultancy **PwC** predicts that AI will transform the GDP of the global economy, contributing up to £13 trillion ($15.7 trillion, €14.8 trillion) by 2030, with 45% of the economic gains coming from product enhancements, which will stimulate consumer demand.

A majority (71%) of retailers are increasing their spending on artificial intelligence in the next year (source: **Total Retail**). Yet, while they understand the promise of AI, there are still barriers to adoption, with an **IBM/Morning Consult** survey finding that limited AI expertise (34%) is a top challenge.

'With the eruption of AI, some of the market leaders in 10, even five years' time, may be companies you've never heard of. In turn, some of today's biggest commercial names could be struggling to sustain relevance or may have even disappeared altogether, if their response has been too little or too late,' warns Anand Rao, global leader of artificial intelligence at PwC.

Global Driver : Accelerating Technology

Advances in artificial intelligence are making true personalisation more efficient and scalable

What are Drivers?

A global driver, sometimes referred to as a mega-trend or a global force of change, is a fundamental shift and external force that has the potential to reshape the future trajectory of a brand or business. They differ from trends in that they are long-term structural forces that are pervasive, powerful and transformative

Dash Cart by Amazon is an AI-powered smart grocery cart that allows shoppers to skip checkout queues, search for nearby fresh items and view real-time receipts, US



A creative campaign by Don't Panic and The Trussell Trust highlights the effects of the cost of living crisis on everyday spending, UK

Outback Economy

The economic outlook in the coming years is mired in uncertainty, with the global economy teetering on the edge of a recession. In January, the **World Bank** slashed its growth outlook for 2023 to 1.7%, from 3%, and yet in February 2023 **Citigroup** forecast a 30% chance of a global recession this year, down from 50% in the second half of last year.

This economic precarity is leading consumers to tighten their purse strings. In the US, despite the fact that average weekly earnings have increased by 8.3% since December 2020, real earnings have fallen by 5% due to high inflation, which **Deloitte** predicts will negatively affect retail sales volumes. Amid a cost of living crisis in the UK, **KPMG** found that two-thirds of consumers are planning to cut their discretionary spending in 2023.

For retailers to remain relevant during difficult times, they have to understand their customers' individual needs. 'We know consumers do like to treat themselves and others, so smart retailers and brands can still hold revenues if not volumes if they are targeted in their consumer appeal,' says Linda Ellett, UK head of consumer markets, leisure and retail at KPMG.

Global Driver : Dislocated World

Economic uncertainty is driving down consumer confidence



Katchin is a new global marketplace that sells watches and jewellery, and offers curated content to consumers who want a deeper understanding of luxury accessories and brands, Switzerland

Individual vs Algorithms

If the past 10 years of personalisation saw the rise of recommendation algorithms on retail sites such as **Amazon**, the next 10 years will be driven by the need to humanise algorithmic feeds.

The algorithmic recommendation systems of platforms such as Amazon, **Netflix** and **Spotify** were once lauded as the height of personalisation, but a recent study by **Alice Labs**, the **Centre for Consumer Society Research**, University of Helsinki, and **Reaktor** found that people are experiencing a greater sense of algorithmic fatigue – when algorithms fail to recognise an individual's needs. 'Algorithmic systems can only be true companions in people's everyday lives if they allow humans to be – humans,' write the authors.

This comes at a time when young people are turning away from the social graph feed of social media platforms like **Facebook** and **Instagram** to the interest-based graph and recommendation media of **TikTok**. While 67% of American teens now use TikTok, the share of teens who say they use Facebook has plummeted from 71% in 2015 to 32% today (source: **Pew Research Center**). Both are rooted in algorithms that learn a user's behaviour, but TikTok has found success in delivering content that feels suited to a person as an individual as opposed to content based on their social network.

Global Driver : Evolving Demographics

Younger generations are turning to recommendation media that understands them as individuals

'Brands are slowly waking up to the same realisation: AI is no longer just about the technology; it's about how humans experience and interact with the algorithms'

Olof Hoverfält, principal, strategy and business design, Reaktor



Hybrid-Normative Culture

Channel agnosticism and the return to **Hyperphysical Stores** in the past year, combined with slowing e-commerce sales, indicates that consumers are now comfortable shopping in a hybrid manner, driving the need for interconnected, personalised experiences.

Indeed, **IBM** found that hybrid shopping – where customers mix physical and digital channels to create their own shopping journeys – is the primary buying method for 27% of consumers and 36% of Gen Z. The report found pandemic-era initiatives like 'buy online, pick-up in-store' may have begun due to socially distanced shopping, but 64% of shoppers now say they have used it or will use it in the future.

Forrester recently estimated that 60% of all US sales are now influenced by digital experiences, and predicts this will grow to 70% by 2027. Therefore, regardless of which channel a customer chooses to shop, retailers will be expected to offer seamless and personalised experiences throughout the purchase journey. As Arpan Podduturi, **Shopify**'s director of product retail and messaging, puts it, for the customer 'online and offline are effectively one continuous experience'.

Global Driver : Urban Mindsets

The pandemic accelerated expectations on seamless, hybrid shopping journeys beyond city centres

A new experiential retail concept from Zero10 and Crosby Studios is bringing digital fashion into a physical setting. Visitors to the pop-up store can scan QR codes using an app to try on digital-only clothes in real time using their smartphones, New York



Metaverse Merchandising

Mango Teen is a highly experiential escapist store taking inspiration from metaverse worlds to entice younger shoppers, Spain

Insight

Retailers are delivering the intuitive, intimate, individualised, interconnected tenets of EQ-Commerce by combining technological advances with a human touch, creating personalisation at every touchpoint

Simplified Search

For consumers, one of the biggest challenges is finding what they are looking for. 'A pivotal part of engaging online shoppers is product search, being able to find what you want easily and quickly,' says Jan Kobler, managing partner at **South Central Ventures**. 'However, search has been hugely underserved and remains an unmet need for retailers and shoppers until now.'

South Central Ventures recently announced an £880,180 ($1.05m, €1m) seed round for European start-up **Pixyle AI**, which creates a more intuitive search experience through the use of visual AI algorithms. The algorithms identify and categorise clothing using attributes like pattern, material or colour, aiming to interpret images as humans would.

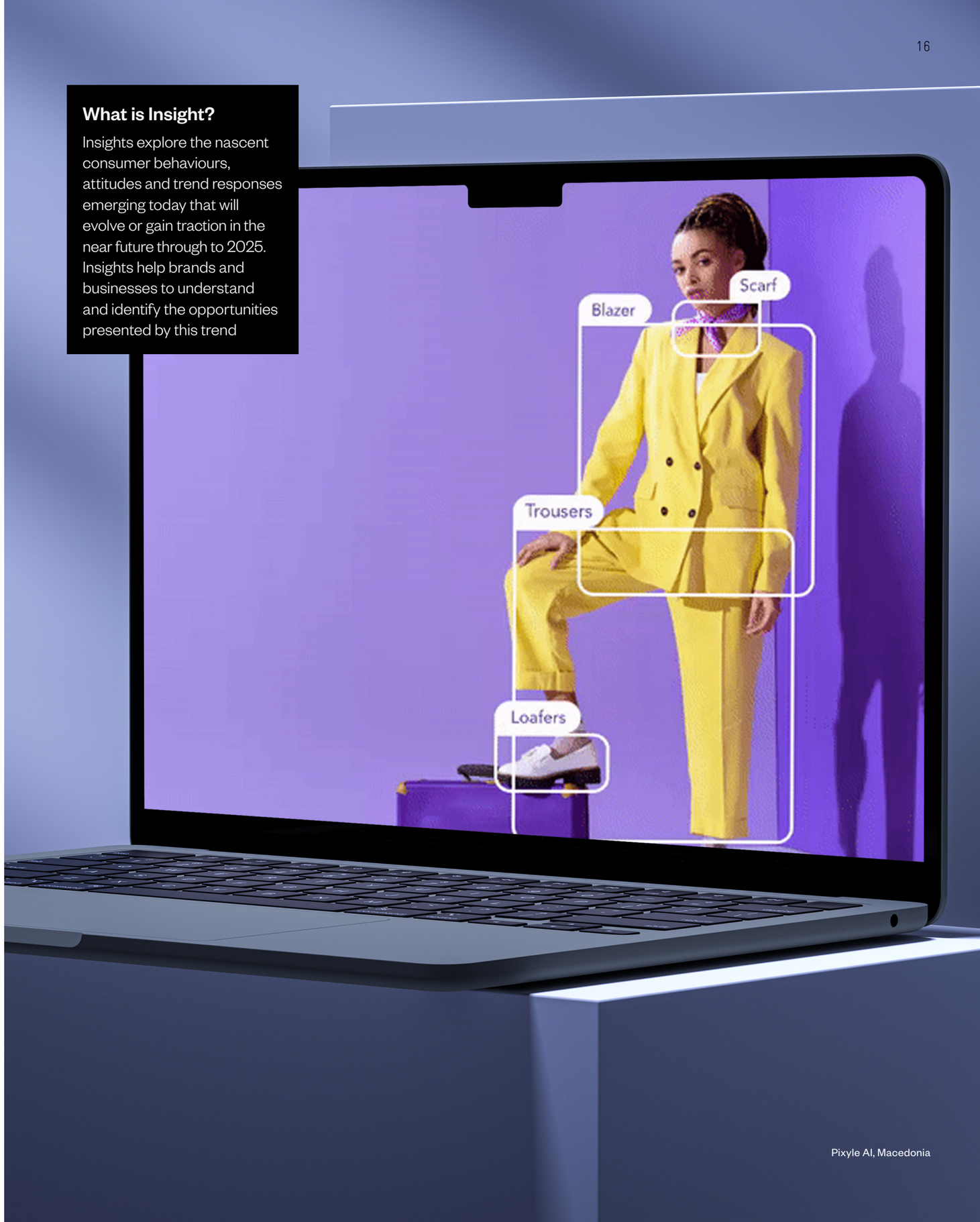
This more intuitive approach to search comes at a time when 52% of shoppers abandon their online trolley and go to another site if there is just one item they can't find (source: Google Cloud). **Google** aims to solve this problem with four new and updated AI tools, which were launched in January 2023. One tool dynamically adjusts e-commerce websites as a customer browses them, analysing their behaviour and in turn prioritising products based on the user's preferences.

Similarly, Finnish CX provider **Nosto** is making search dynamic by enabling brands such as **Perry Ellis** to use customer segmentation to showcase different products in search. Nosto combines real-time behavioural data, transactional data and personal data to build customer segmentations that are then embedded in a live search. So a search for 'linen' will result in different product lines being shown depending on whether the customer is considered a casual or a smart dresser, according to Nosto's segmentation.

Pillars of EQ-Commerce:
Intuitive, Individualised

What is Insight?

Insights explore the nascent consumer behaviours, attitudes and trend responses emerging today that will evolve or gain traction in the near future through to 2025. Insights help brands and businesses to understand and identify the opportunities presented by this trend



Pixyle AI, Macedonia



‘Whether you like it or not, today, if you’re in retail, you are in the content business’

Alex Perez-Tenessa, founder, Trendio

Discovery Commerce

There has been a shift from social commerce as an add-on of social media platforms to social commerce as a destination in its own right, where the focus is on product discovery. These new platforms offer hyper-personalised shopping feeds that get smarter as they scroll, and come at a time when the social commerce market is set to expand at a CAGR of 31.6% from 2023 to 2030, according to **Grand View Research**.

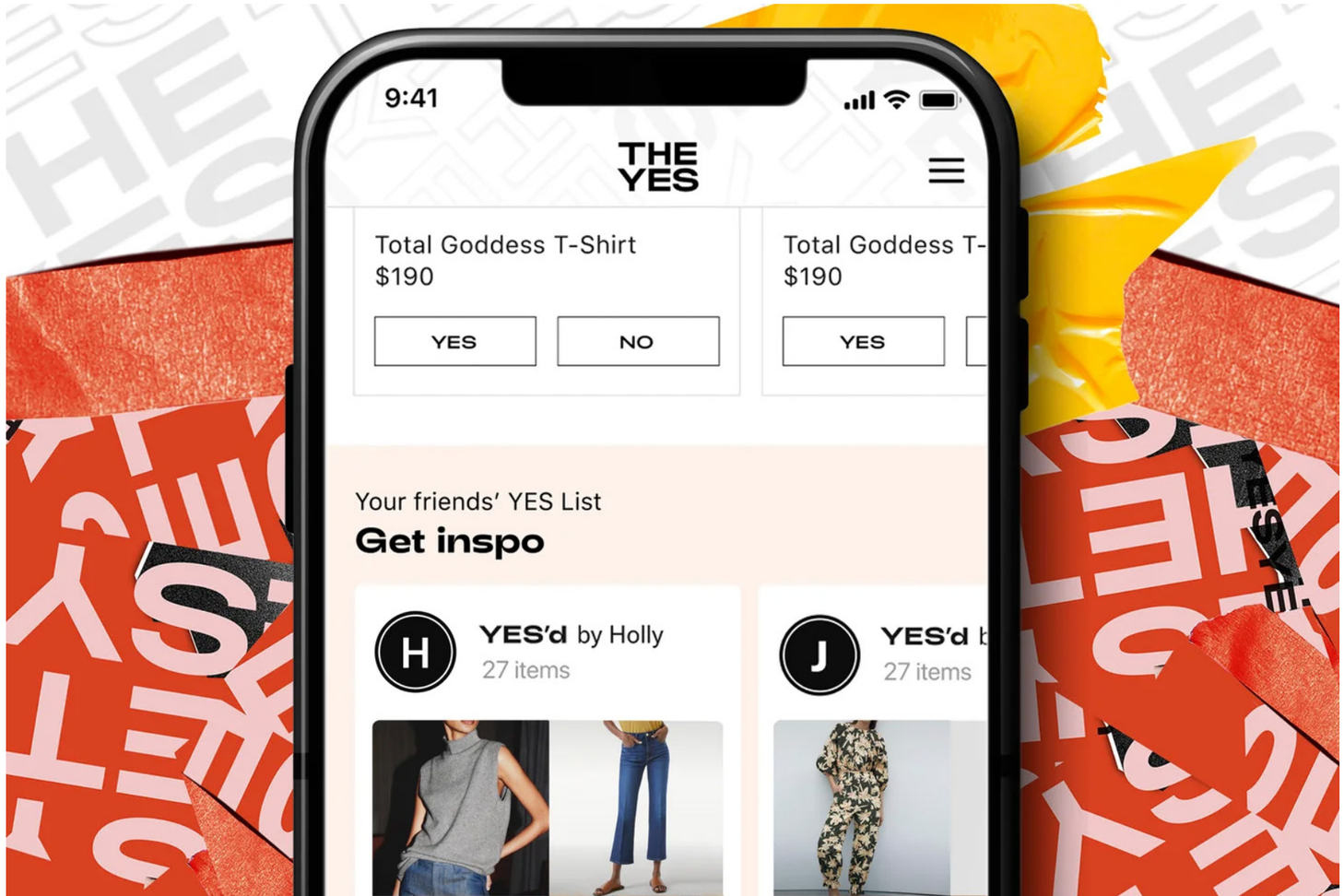
ShopTrue pitches itself as ‘Your One-Stop Personal Shop’, combining editor-curated feeds with AI to create personalised product recommendations based on an individual’s engagement and purchases. Once it comes out of beta, users will be able to curate their own shops, linking discovery to community. It is similar to **The Yes**, an AI-powered shopping platform that was acquired by **Pinterest** in June 2022; a company spokesperson confirmed to **Glossy** that Pinterest plans to make everything on the platform shoppable – pioneering the move to taste-driven, discovery commerce.

Former **Amazon** executive Alex Perez-Tenessa is also betting on personalised, curated shopping experience as the future of discovery with the launch of his new beauty commerce app **Trendio**. This offers live and pre-recorded video content to help users make informed decisions about products before buying. It immerses users with a **TikTok**-like scrolling experience, where they can flick through videos of products, watching in full the ones that pique their interest.

‘With Trendio, the discovery experience continues in a way that may look a little bit like the social media type of platforms, but in reality has nothing to do with them because it is a shopping destination. It’s not just a media channel,’ Perez-Tenessa tells The Future Laboratory.

Pillars of EQ-Commerce:
Intuitive, Intimate

Left: Finds, UK, Right: The Yes, US





Finds is a social commerce platform that allows sellers to tap into live-streamed video content to resell second-hand goods and build a community, UK

Trusted Tastemakers

As the influencer market has matured, people have become more sceptical. A majority of people (87%) believe influencers don't use the products they advertise (source: **Wakefield Research**). Seeking to escape from explicit influencing and algorithmic recommendations, people are seeking out tastemakers that they trust, who can help them explore their individuality.

Personal style newsletters are enabling people to access trusted tastemakers that help them hone their own style. The **5 Things You Should Buy** newsletter from former deputy fashion director at **The Wall Street Journal**, Becky Malinksy, offers links to different items based on a theme each week. Often coming from former editors such as Malinsky, these newsletters offer readers a distinctive point of view that can feel reflective of readers' own world view. 'I have 20 years of experience in the fashion industry. I'm just sharing my work and findings in a new way,' Malinsky tells The Future Laboratory. 'At this point having influence and being an influencer are strangely two very separate things.'

Similarly, people are eager to escape the algorithm when it comes to their home. 'The way images circulate, designs get catapulted into the algorithm, everyone sees it and even though it's a great piece, it's not special any more,' says Matthew Benjamin, head of operations for London-based interior designer Hollie Bowden. People are flocking to **Instagram** furniture dealers and galleries for hyper-curated finds, such as **The Radford Gallery**, a nomadic gallery led by Max Radford, which hosted an open call for its first exhibition to get past what Radford was seeing on Instagram. Similarly, **@blackhomesUK** was launched by Michelle Healey and Nadine Bacchus-Garrick in a bid to thwart the Instagram algorithm that often prioritises renovations with the same aesthetics, which are often white and middle-class.

Pillars of EQ-Commerce:
Intimate, Individualised





Left: Photography by Polina Tankilevitch; Right: eBay Swap 'Em Out, UK

'The thing with algorithms is that eventually people will seek out, or desire, something curated by a human, and know that a human touch was there'

Matt Maher, founder, M7 Innovations

Concierge Live!

The possibility of live-stream commerce has yet to be realised in Western markets, where consumers are ambivalent about the format. In an American survey, 41% of people said they wouldn't attend a live-stream shopping event in the future, while 44% said they would consider doing so (source: **Morning Consult**).

'China's a mobile economy – it's just so much easier that if they're watching a live-stream, to immediately go to checkout. In the US, we're a little bit more used to e-commerce on desktop and live-stream in that format isn't as sticky,' Matt Maher, founder of **M7 Innovations**, tells The Future Laboratory.

Rather than the Chinese approach to live-stream selling, which is focused on more straight selling similar to the **Home Shopping Network**, some retailers are finding success in service-orientated live-streams.

The Fresh Market, a specialist grocer in the US, has launched live-stream videos centred around special occasion cooking such as Thanksgiving. Chief marketing officer Kevin Miller affirms the success of the strategy, with The Fresh Market seeing conversion rates over 300% greater than its traditional digital advertising results.

Amy Smilovic, the founder of fashion brand **Tibi**, began to host Instagram Live sessions during the pandemic and has since found it to be a valuable format to connect to her customers beyond selling to them. Each week Smilovic and her colleagues teach style lessons in her Style Class, which is centred on Tibi's clothing, but which can be applied to a viewer's own wardrobe. Often, the products featured sell out.

'In the long run, it may be that one-to-one live-streaming ends up being the most broadly adopted flavour of US live-streaming as retailers turn their in-store sales associates into omnichannel product specialists and micro-influencers,' writes Jason Goldberg, chief commerce strategy officer at **Publicis Groupe** in Forbes.

Pillars of EQ-Commerce:
Interconnected, Intuitive





Left: Tibi, New York; Right: Bloomingdales150 virtual store built by Emperia, US

Virtual Flagships

Traditional retailers are trying to make the e-commerce relationship less transactional and more personal through the rise of virtual flagship stores that complement both their in-store and e-commerce offerings. Moving beyond Augmented Retail or recent metaverse experiments, Virtual Flagships could develop into more permanent immersive spaces that allow for a feedback loop between physical stores and e-commerce.

'The earlier marketing hype, which was [based on a] campaign-dependent, short-lived virtual space, has now become a permanent, long-term e-commerce solution, which is treated as a flagship virtual store,' says Olga Dogadkina, co-founder of **Emperia,** a studio that offers brands the tools to build their own virtual flagship stores. Emperia integrates with existing e-commerce and stock management software so that people can shop in the virtual showroom with real-world inventory – and people can access the store through their mobile phones, rather than a VR headset. Working with Emperia, **Lacoste** created a virtual store, featuring five seasonal products, with a further token-gated room for VIP customers in Lacoste's Web3 community. Large department stores such as **Printemps** and **Bloomingdale's** have also recently opened virtual spaces, hinting at the future multi-brand experience, where a person will be able to wander and visit multiple brands in a single virtual store as they would in a department store.

In the future, retailers could connect the data flows created by virtual flagships with their physical stores to create a seamless, personalised shopping journey that begins virtually and ends in-store, or vice versa.

Pillars of EQ-Commerce:
Interconnected, Intuitive

‘By using data analysis, virtual stores can better understand consumer journeys and use that information to make informed decisions about personalised offerings’

Olga Dogadkina, co-founder, Emperia

Lacoste virtual reality store by Emperia

Since 2020, **37%** of apparel and luxury brands have launched their own NFT collections

Source: CoinGecko



Loyal NFTs

Non-fungible tokens (NFTs) have quickly grown from a concept only familiar to Web3 aficionados to a brand strategy for companies across the retail spectrum. Since 2020, 37% of apparel and luxury brands have launched their own NFT collections (source: **CoinGecko**).

And yet, in the rush to market, there have been missteps, such as **Porsche**'s NFT launch, which failed to see many of its tokens minted. 'The biggest mistake we see in brand NFT strategies today is creating a pay-to-play experience that becomes centred around speculation,' says Ross Basri, co-founder of **Uptop**, a start-up helping smaller brands launch NFT loyalty programmes. 'We think of NFTs as digital property rights, and in this respect, a very promising new technology,' he tells The Future Laboratory.

Retailers are beginning to awaken to this promise, harnessing NFTs as part of their loyalty programme. Used this way, NFTs offer a more collaborative, personalised relationship between brand and consumer, which can engender greater loyalty. 'NFTs are quickly evolving from high valuations and digital art to utility, function, and what I believe is the future of the brand and consumer relationship,' says Maher. 'NFTs are the ultimate opt-in.'

Starbucks launched its NFT loyalty initiative, Odyssey, for beta users in December 2022. Critically, Starbucks steers clear of any Web3 jargon. Users can collect Journey Stamps (aka NFTs) through various activities such as trying a new drink in-store. The Stamps unlock a variety of experiences, from online classes to a trip to a Starbucks coffee farm in Costa Rica. Similarly, **Alo Yoga** is digitising its loyalty programme using NFTs. Those who purchased clothing from its Aspen collection will receive a free NFT version of the item, which can unlock real-life rewards such as access to personal training sessions.

Pillars of EQ-Commerce:
Individualised, Interconnected

Afterpay's Keys to NYFW programme transforms access to the event using non-fungible tokens that grant access to shows and unlock experiences, gifts and benefits, US

Foresight

By 2030, artificial intelligence will become more attuned and better at directing technology to suit specific needs, creating a world of hyper-individualised experiences

Automated Resilience

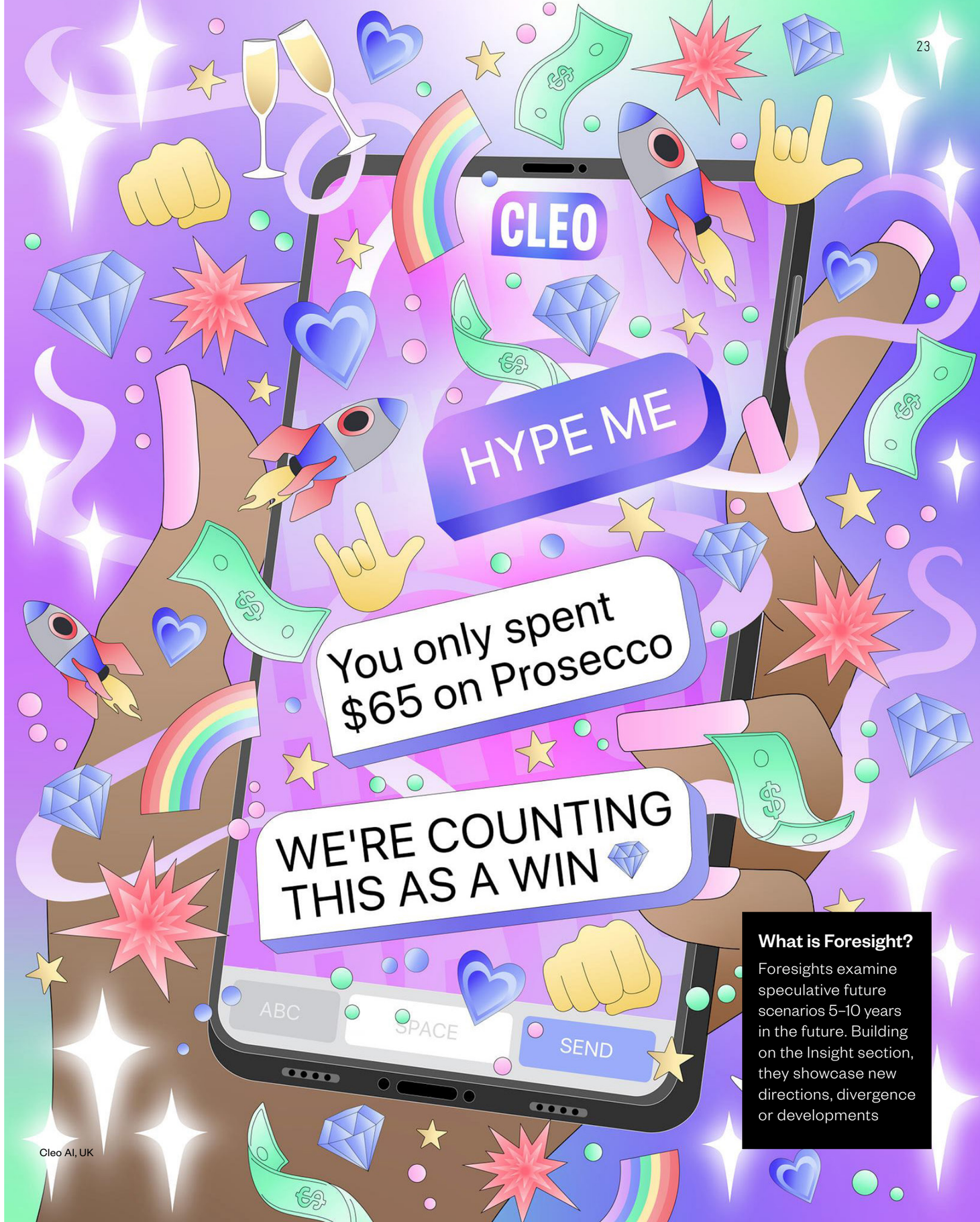
The focus on automation, machine learning and artificial intelligence can often imply that the future of retail may feel less human, and therefore less personal. But in the future, AI-powered bots could be used to help people weather difficult times and become partners in resilience.

'Personalisation isn't just targeted emails. It's knowing what is of value to customers and when. So with the economy, it will be 'how can you help me get through this very difficult period?',' predicts Ol Janus of **Havas CX**.

This is already evident in the fintech sector with the rise of **Budget Bots**. App **Cleo AI** offers personalised spending advice to younger users. They can share items they might like to purchase with Cleo, which answers questions on whether they can afford it.

In the midst of supply chain shortages and higher food prices, personalised food technology provider **Innit** has introduced an online tool that grocers can incorporate to help customers save money on weekly meals. It uses price-saving algorithms in its new Smart Meal Plans, enabling shoppers to select meals with more affordable ingredients, which are added automatically to their digital baskets.

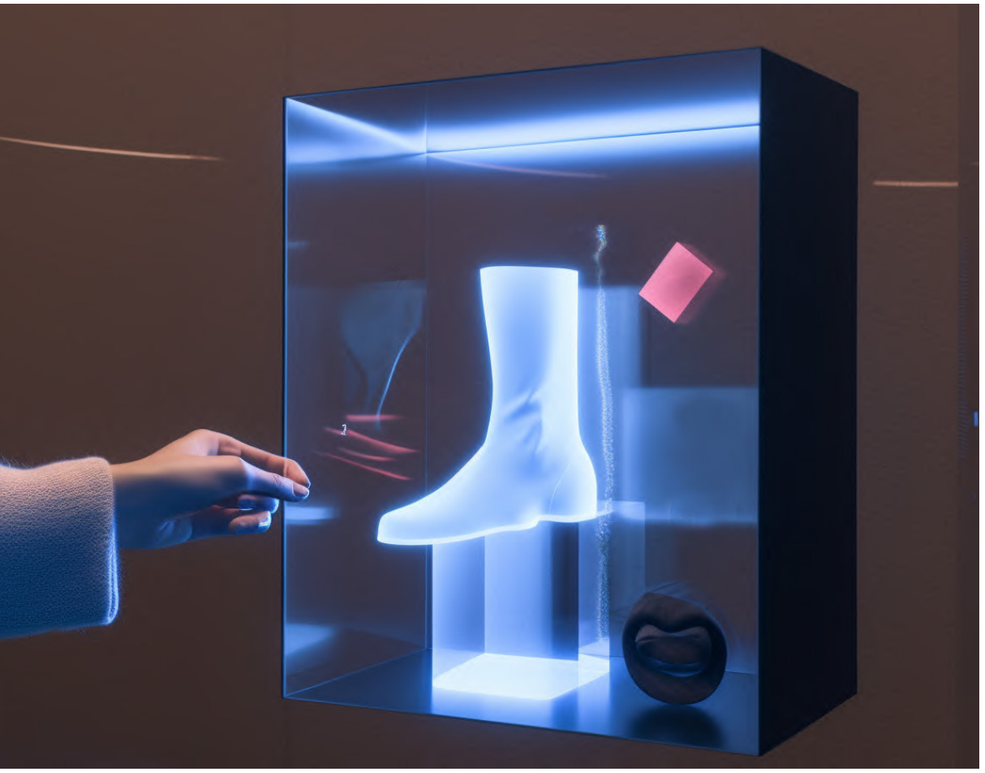
As AI gets smarter at helping people to be more savvy in their spending, it could eventually take over cost-making decisions for them, automating resilience and embedding it into the household budget.



Cleo AI, UK

What is Foresight?

Foresights examine speculative future scenarios 5–10 years in the future. Building on the Insight section, they showcase new directions, divergence or developments



Left: EQ-Commerce AI artwork by Samuel Davies for The Future Laboratory; Right: Roboverse Experience Centre by JIDU is a user-centric store which offers tailored experiences to visitors' interests and preferences based on personal data, China

Conversational Commerce

AI chatbots are becoming more intelligent, more conversational and able to handle contextual conversations, which in turn will transform how people shop – from customer service to product discovery and purchasing.

Generative AI technologies like **OpenAI**'s GPT-3, which uses deep learning language processing to create human-like text – the underlying technology of ChatGPT used in **Microsoft**'s Bing search engine – showcases the potential of highly sophisticated chatbots. 'Thanks to better natural language understanding skills, chatbots will be much more advanced and adept at conversing like humans, with the ability to understand complex queries,' Beerud Sheth, CEO and co-founder of **Gupshup**, tells The Future Laboratory.

The Silicon Valley conversational engagement platform launched Auto Bot Builder in January 2023, enabling businesses to build their own customised GPT-3 powered chatbot. While ChatGPT is based on information in the public domain, Auto Bot Builder enables retailers to train a chatbot with their own private content, creating 'a chatbot that understands the nuances of their business, responding with complete accuracy and fluency', says Sheth.

As these generative technologies advance, customers could turn to chatbots to describe what they are looking for in more abstract terms, and have a conversation as they might do with a friend, to ultimately get exactly what they are looking for. 'Conversational [commerce] invites the customer to participate in a conversation to help customise the offer on the back end,' says Matt Ramerman, president of **Sinch for Marketing**. 'No longer do brands need to make educated guesses about what a customer might want.'

The overall global chatbot market is set to expand at a CAGR of **25.7%** to 2030

Source: Grand View Research



Personality Purchasing

While modern personalisation is based on consumers' past shopping behaviour and current engagement, in the coming years it could become more individualised and intuitive, with retailers using sentiment analysis to offer products that are best suited to one's personality.

Perfect Corp is experimenting with using artificial intelligence to understand personality traits in relation to beauty products. Its AI Personality Finder allows beauty brands to tailor product recommendations to users' personalities. It measures users' levels of extroversion, conscientiousness, openness, agreeability and neuroticism (considered the big five personality traits in psychology) by categorising their facial features.

Similarly, **Estée Lauder** is trialling how AI can personalise fragrance recommendations based on a person's neurological reactions. Piloted in China, its fragrance recommendation engine combines neuroscience with AI and olfactory science. Using facial recognition, it determines how the brain reacts to different scents. Some fragrances trigger the same neurological reaction, making a person most likely to like them, despite the fact that they smell different.

Extrapolating further, just as token-gated experiences could dynamically change what a person sees based on whether they have a token, in the far future, websites could dynamically adjust product previews to suit the personality and neurological preferences of each viewer.



Customisabel Consumers

Adidas Sanlitun flagship store designed by YSP and Output creates a fully customisable in-store experience by merging physical and digital touchpoints such as interactive AR avatars, content-creation and digital art exhibitions, Beijing

‘It takes so long to build a community for each store. What if this community exists first and then the community co-runs and co-owns the store? People share the cost incentives, and most importantly, share the story of the store’

Itsuki ‘Datz’ Daito, founder, DeStore





DeStore, US

O2O Retail

The future retail-consumer relationship could transform from B2C to O2O – owner-to-owner – as consumers continue on their trajectory to become co-creators in commercial endeavours. The energy behind **Community Commerce** and **DAO Developments** is ramping up, with decentralised autonomous organisations not only offering a route to restructuring retail companies, but thereby creating more personal ties between the store and the community it exists in.

This is beginning to come to fruition with the world’s first DAO-operated bricks-and-mortar store set to open in San Francisco. **DeStore**, founded by Itsuki ‘Datz’ Daito, allows people to buy one of three NFT keys, each unlocking different perks ranging from access to a chat group for owners, to managing profits and voting on product and brand curation. Crucially, half of the tokens are for people who live in the community, while the other half are open to anyone worldwide.

The idea is that as more consumers become owners, with a vested interest in retail ventures, there will be greater engagement and loyalty. What could come in the rise of these DAO-operated stores is also a greater level of personalisation at local level – a 21st-century version of a co-op where retail is literally distributed throughout the community.

Strategic Implications

Creating an omnichannel EQ-Commerce eco-system takes time. Here are some strategic implications – actions and future considerations – for retailers to contemplate as you prepare for the next decade of hyper-personalisation



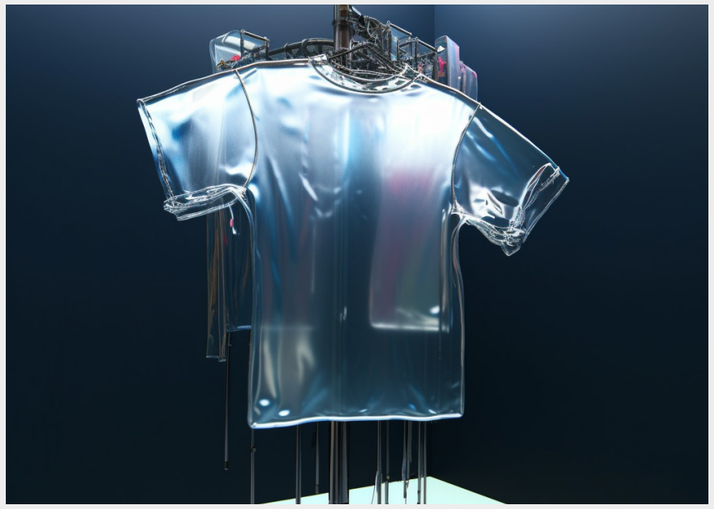
Lacoste, US

Strategic Actions

As consumers seek out more personalised interactions, here are some strategic actions you can take to create better engagement with your customers.

Be selective about your tech stack

The rush to novel technologies such as live commerce, virtual stores and NFTs can feel overwhelming for people. Ultimately, these newer technologies offer a glimpse of the future of the retailer-customer relationship, which will be intimate, always-on and collaborative. Consider which technologies, and therefore formats, best suit your customers and the type of engagement you are hoping to gain with them.



EQ-Commerce AI artwork by Samuel Davies for The Future Laboratory

Prioritise community-building

There are limits to individualisation at scale. Focusing attention on your most engaged, loyal customer base and showing that you understand them as individuals is crucial – this will lead to deep, meaningful, and most importantly, repeated engagements. Consider synching NFT collections to a loyalty programme, 'token-gating' access to exclusive collections and activations. Simultaneously, prepare for the shift from B2C to O2O (owner-to-owner), exploring decentralised autonomous organisations as vehicles for restructuring retail companies and brands.



Zero10 and Crosby Studios, US

Invest in the long term

Building an eco-system around EQ-Commerce is about more than investing in artificial intelligence and the latest tech. Consider the cross-functional teams you need to build and the talent you need to invest in to ensure you are creating an optimal eco-system that can deliver on the promise of personalisation.



Nike Style, South Korea

Thought-starters

Here are some questions for you to consider as you look to survive and thrive in the age of EQ-Commerce.

Honour the privilege

The next decade will be defined by permission and privilege when it comes to harnessing your customers' data for personalisation. What value exchange can you offer your customers to make them feel as if you perceive them, not just as consumers, but as individuals?



Afterpay, US

Harness your inner creator

As people turn increasingly to recommendation media, they will be looking to retailers to also offer them new formats for discovery. Rather than relying on social media platforms, how can you create and own the social commerce experience in your own channels?



Ankorstore in collaboration with Pentagram, UK

Find humans in the algorithm

As artificial intelligence becomes even better at analysing and recommending products and services, human input will be even more important. What human touchpoints can you offer to ensure your personalisation feels intimate and not cold?



Maison Valentino Essentials by Tommaso Garner and Vittorio Maria Dal Maso

Related Macrotrends

2018

Subconscious Commerce

Internet of Things technology creates newly immersive brand touchpoints and data analytics allowing businesses to anticipate consumer desire



Wheelys 247, Shanghai

2020

Feedback Frontiers

As communications with consumers become more circular and conversational, brands are treating every micro-interaction as a valuable opportunity to lean in, learn and improve



Human Unlimited by Dimitri Daniloff

2022

Guilded Luxury

As the world enters a period of economic downturn, luxury brands are seizing strategies to build long-lasting and enriching relationships with their clientele



Raf Studio explores the possibilities of mixed reality for Glass magazine, China

2022

Hyperphysical Stores

In a post-Covid landscape, changing consumer needs are driving retailers to rethink bricks-and-mortar stores to be more engaging, sensorial and memorable



Gucci Vault creative by Max Siedentopf, Italy

Strategic Worksheets

These strategic worksheets are to help you apply this macrotrend to your business



Prioritisation

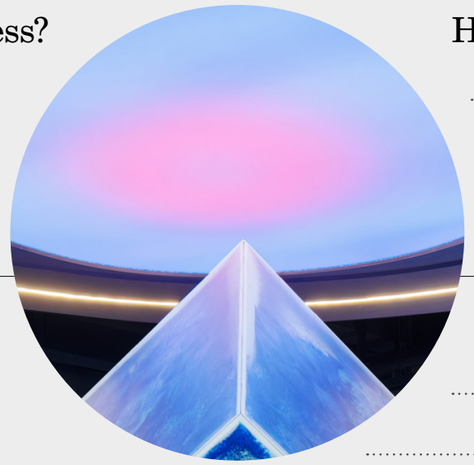
Consider the following:

Which human need is most relevant to your brand/business?

Attainment | Belonging | Curiosity | Identity | Purpose | Security | Fulfilment

Which driver will have the most impact on your brand/business?

Urban Mindset | Dislocated World | Accelerating Technologies | Evolving Demographics | Climate Change & Resource Scarcity | Global vs Local



Influence

Consider the following:

How will this trend affect how you fulfil that need?

What impact could these drivers have on the business?

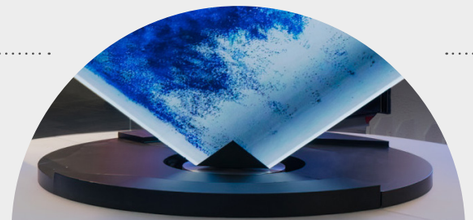
Select two insights that feel most relevant to your brand/business:

How do these insights align with your brand's trajectory?

How could you apply these insights to your business?

Which foresight scenario is your company least prepared for?

What is most surprising about this foresight scenario?



Consider how this macrotrend could affect the following pillars of your brand:



01 Culture

What cultural conversations are emerging and who are the tastemakers?

How do we add value to culture?

What will our consumers pay more for in the future?



02 Category

What's our greatest opportunity?

How is the competition evolving?

How can we differentiate?

From left to right: Nike Style, South Korea; EQ-Commerce AI artwork by Samuel Davies for The Future Laboratory

Consider how this macrotrend could affect the following pillars of your brand:



03 Consumer

What's our greatest opportunity?

How is the competition evolving?

How can we differentiate?



04 Business

What are our biggest challenges?

What part of the value chain will add the most and least value?

What are the strengths of the brand in this future?

From left to right: The Aspen Collection by Alo Yoga, US; Semblance World

Planning

YEAR 1

Over the next 12 months, how will this macrotrend affect your team?

YEAR 3

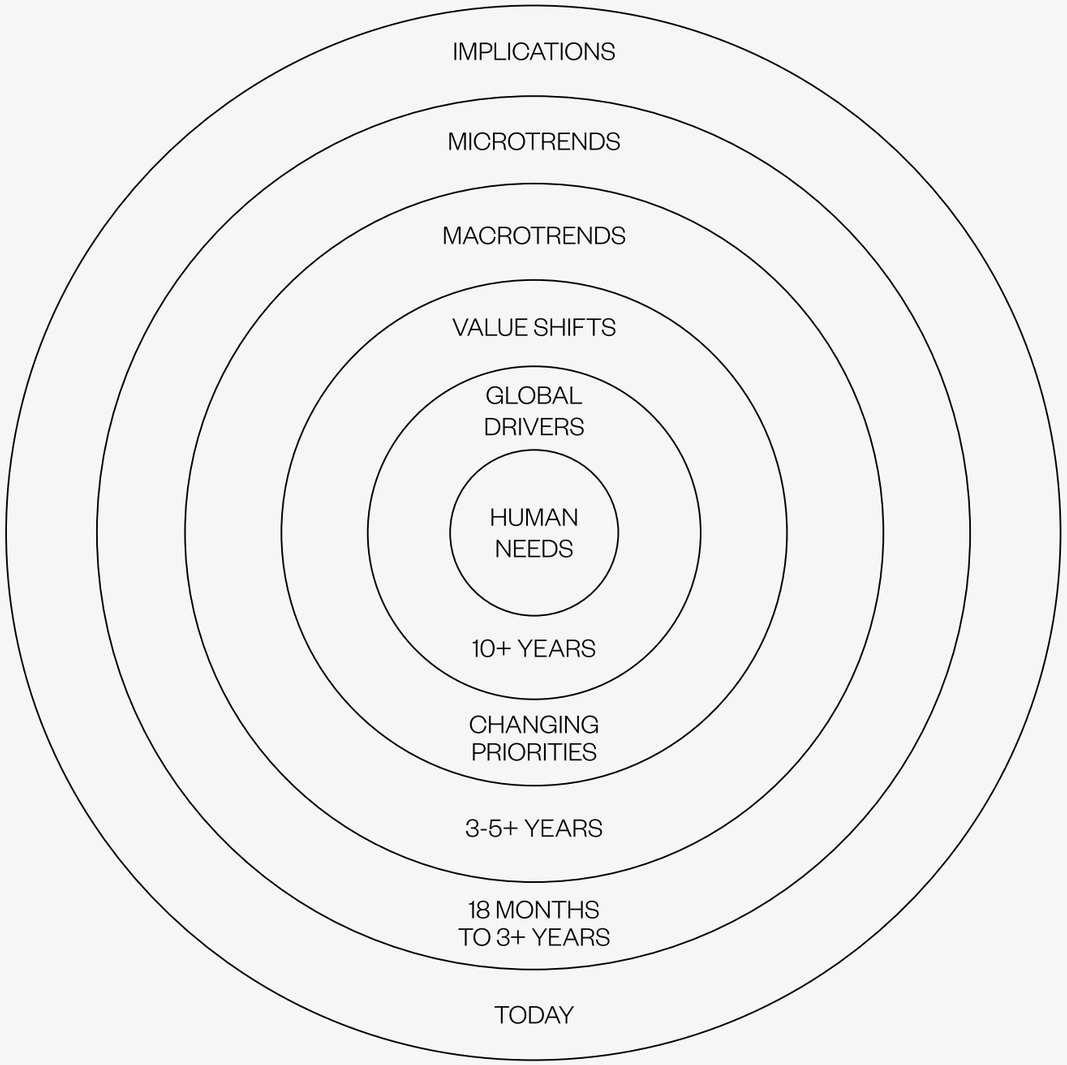
In three years, how will this macrotrend change the brand?

YEAR

In five years, how will this macrotrend change the business?

Methodology

The Future Laboratory's unique proprietary methodology allows us to track, monitor and determine the key drivers of change affecting future consumers, culture and business. Here is how we identify our trends



The Future Laboratory's proprietary foresight methodology

Introduction

Strategic foresight is the most valuable tool you can adopt to identify future prosperity. Despite our reputation for getting it right, we can't predict the future. There is no crystal ball.

However, our methodology enables clients to interpret and frame all their decisions about future risk within a brand, consumer or organisational context that is provable, practical and minimises uncertainty.

We do this by understanding the influence of six global drivers causing profound, consistent – and therefore relatively predictable – change.

Their impact is assessed against seven core human needs and the ensuing value shifts that change consumers' attitudes and behaviours.

This leads us to identify emerging macrotrends and microtrends, and ascertain what their implications are for the future landscape.

Futures Taxonomy

At the heart of The Future Laboratory is a taxonomy that our teams have used since the millennium to shape the strategic thinking and foresight capabilities of FTSE 100, Fortune 500 businesses, and progressive brands and disruptors.

We use this methodology to map, monitor and interrogate the future. It serves as the foundation for everything we do as a business, and is based on six layers of hindsight, insight and foresight:



01 Human Needs

Static and universal needs, based on a value system that supports human nature's physical and emotional programming

02 Global Drivers

The shifting social, technological, economic, environmental and political landscape reshaping the world we live in, affecting everyone and everything

03 Value Shifts

Consumers' changing attitudes and behaviour – a reaction to their contemporary context

04 Macrotrends

The cultural manifestations of new and emerging attitudes worldwide

05 Microtrends

Influential short-term signals indicated by innovation

06 Implications

Future implications for brand and business growth



The Seven Human Needs

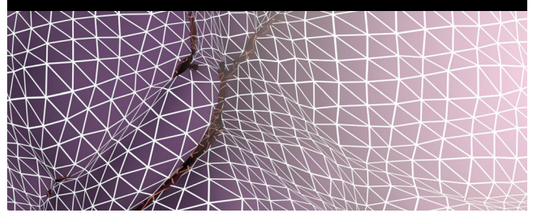
The seven human needs are timeless and universal. Based on a value system that supports human nature's physical and emotional programming, each human need is of importance to us as individuals and together they form the foundation of society as well as that of our methodology:

Why they matter:

Every day consumers make decisions based on what they feel and believe is most important. By aligning our research with these static needs, businesses gain a deeper understanding of how the needs of early adopter consumers will translate into product and service needs as their values shift with the global drivers.

The Seven Human Needs

Security

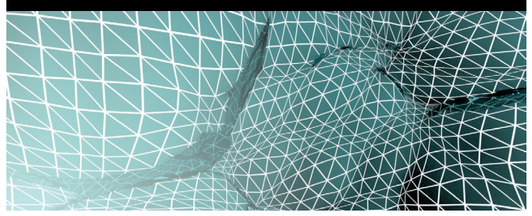


At the core of humanity is a fundamental need for structure, control, certainty and stability. It is a basic human survival instinct to protect ourselves and our loved ones from perceived physical, emotional and economic threats

KEY ELEMENTS

Finance, Health, Food, Shelter, Employment, Safety, Environment, Wifi

Fulfilment

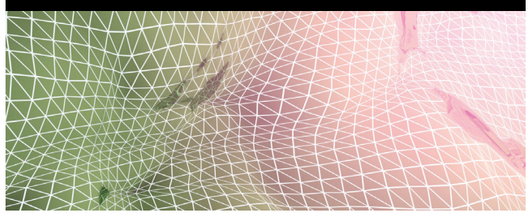


There is a human desire to direct our own lives, to create forms of freedom, and to find deeper meaning and balance in life. It is the psychological need to fully realise our personal potential with the resulting feeling of satisfaction

KEY ELEMENTS

Wellness, Spirituality, Love, Emotions, Self-esteem, Beauty

Belonging

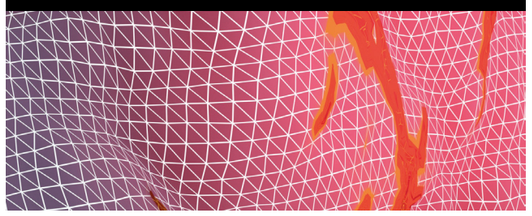


It is a social need to be physically connected to a group of like-minded people. We have an emotional urge, on an individual level, to create support systems and relationships that provide us with acceptance and approval

KEY ELEMENTS

Nationalism, Tribalism, Roots, Conviviality, History, Culture

Curiosity

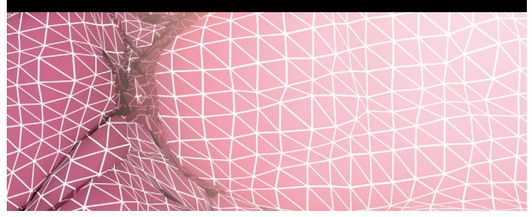


To both create and co-create makes us push the boundaries of what is ultimately humanly possible. Our in-built intuition makes us inquisitive beings with a shared inclination to discover or challenge the norm

KEY ELEMENTS

Exploration, Education, Connoisseurship, Discernment

Identity



We have a need to distinguish our character or personality from others and to feel unique and respected for who we are. We build our sense of who we are through a personal exploration of gender, sexual orientation, ethnicity and age

KEY ELEMENTS

Gender, Age, Ethnicity, Religion, Nationality, Self-image, Language, Collectivism, Morals

Attainment

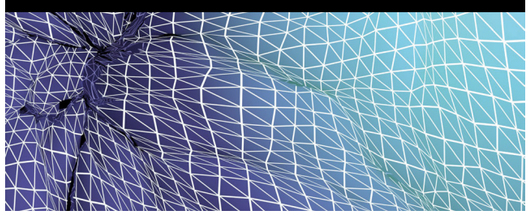


All human beings need to feel respected and recognised among their peers, which drives the desire to constantly express our significance and success, our knowledge and tastes, with our achievements often reinforced through the acquisition of symbolic goods

KEY ELEMENTS

Knowledge, Taste, Work, Respect, Prestige, Connoisseurship, Ownership

Purpose



It is in the interests of the human species for all of us to contribute, participate and add collective value to progress. Each day we plan for a better tomorrow, aligning our passions with our purpose to grow and achieve collective betterment

KEY ELEMENTS

Meaning, Ethics, Mastery, Learning, Collectivity, Sustainability, History, Culture

The Six Global Drivers

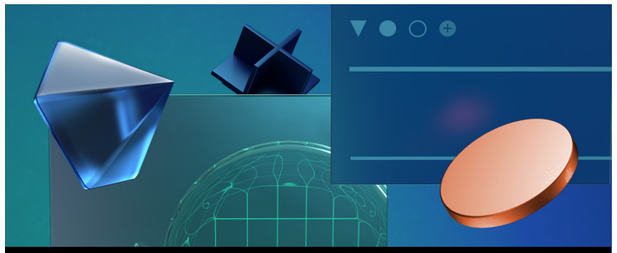
Global drivers represent the cultural, social, economic, political, technological and environmental eventualities reshaping the world we live in. They are factual, objective and long-term structural forces that are pervasive, powerful and transformative.

Why they matter: What's next

These are the fundamental shifts or external forces that have the potential to reshape the future trajectory of a brand or business. They help to contextualise decision-making by considering why and how the world is being reshaped. They enable clients to rethink what kind of world consumers will live in and therefore what will drive the businesses of tomorrow.



The Six Global Drivers



Accelerating Technologies

The digital and offline worlds are converging. For millions of people around the world, living a day without technology is almost unthinkable. On the cusp of a Fourth Industrial Revolution, new technologies are fusing the physical, digital and biological worlds, creating new data streams and altering the way society operates



Climate Change and Resource Scarcity

Climate change is the biggest global risk, according to the World Economic Forum. The stresses and conflicts created by this force have far-reaching impacts for our planet, resulting in eco-system degradation, more frequent and harsher weather patterns, competition for resources and new migratory flows



Dislocated World

The Covid-19 pandemic unearthed pervasive inequalities and divisions on a global scale. People are experiencing unprecedented turbulence as political instability and extremism, polarisation between rich and poor, new health epidemics, global trade wars and rapid technological advances contribute to economic and social upheaval



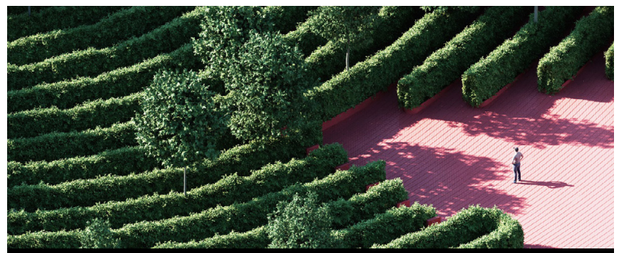
Global Versus Local

Today's interconnected world, in which goods, services, information and culture are rapidly spread, instantly creates an impact in one global region that has a knock-on effect on others. Simultaneously, supply chain shocks, sustainability concerns and economic protectionism are leading to localism being prioritised across many regions



Evolving Demographics

In the next decade, a number of forces will begin to change the global population, contributing to major social and cultural shifts that will affect how we measure and use traditional demographics – including ethnicity, gender, sexuality and age. From new household models to more fluid forms of identity, these shifts will transform our cultural values and day-to-day lives



Urban Mindset

In the past four decades, the number of people living in cities has more than doubled to over 4bn today, more than half the world's population (source: Wharton School, University of Pennsylvania). The Covid-19 pandemic revived anti-urban sentiments, but the broader global trend of rapid urbanisation continues

From left to right: **Carolina Carballo** for The Future Laboratory; EBIOS by Interstellar Lab, US; Mutant Matter by **Dutch Invertuals.** Photography by **Barbara Medo**; Self-sufficient City by Guallart Architects, China; Protect Your Spirit by NorBlack NorWhite and Fila India. Photography by **Prarthna Singh**; Parc de la Distance by **Studio Precht**, Austria



The Value Shifts

We know that our needs are prioritised, expressed and pursued differently as time, culture and social requirements change.

The evolving forces sitting above these needs are changing our value expectations, transforming our aspirations and priorities, and beginning to reveal the role, the purpose and the direction that brands and businesses can take as they move towards 2030.

Identifying how societies and culture are changing provides the sociocultural context for our macrotrends.

Why they matter: What to plan for

As consumer values shift from year to year, we track their evolution through the lens of our global drivers and human needs to help businesses stay ahead of the cultural curve and understand the trajectory of the trends they have invested in or should be investing in.

Macrotrends

We can identify future macrotrends by studying the behaviours of innovators and early adopters who signal the cultural manifestations of new and emerging attitudes globally.

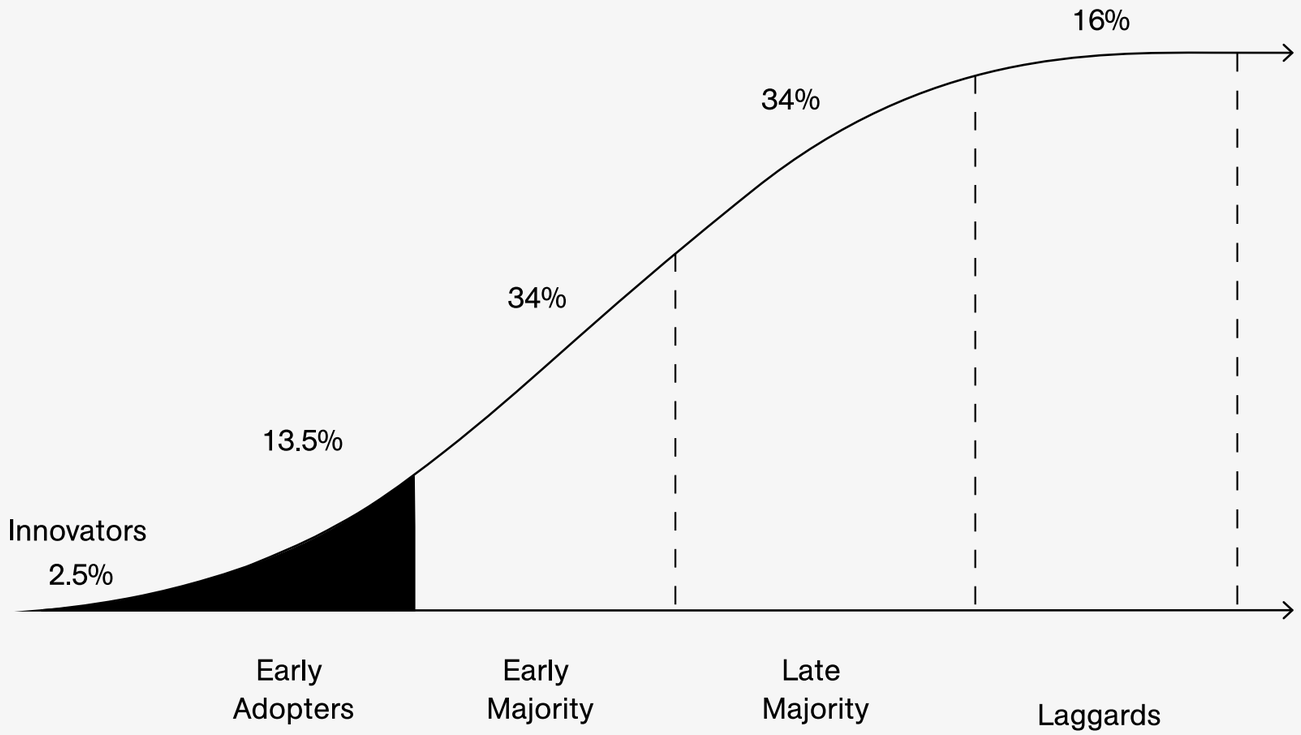
Why they matter: Where to play

To understand revenue-driving early and late majority consumers, we focus on innovators and early adopters who determine today what the rest of us will be doing tomorrow.

By understanding these consumers, we can help our clients deliver a business strategy that appeals to early adopters and the late majority – ultimately future-proofing your business.

The Diffusion of Innovation curve

Seen here is a simplified version of the mapping process used by Bryce Ryan and Neal Gross to describe how an idea, innovation or product development passes from the fringes of our culture into the late majority mainstream



DISCOVER MACROTRENDS



Microtrends

Where macrotrends chart the next 3–5 years, microtrends are tangible examples that are emerging now.

Supported by new consumer-facing innovations, microtrends are evident in new start-ups, products, services and experiences. Manifesting in the short term, microtrends emerge in local and regional variations.

Why they matter: How to win

Microtrends highlight specific shifts in consumer behaviour that change the business environment in the short term.

They enable businesses to see what's happening now across industries, regions and markets, allowing them to re-align new workstreams and help articulate a proposition from local insights.

Strategic Implications

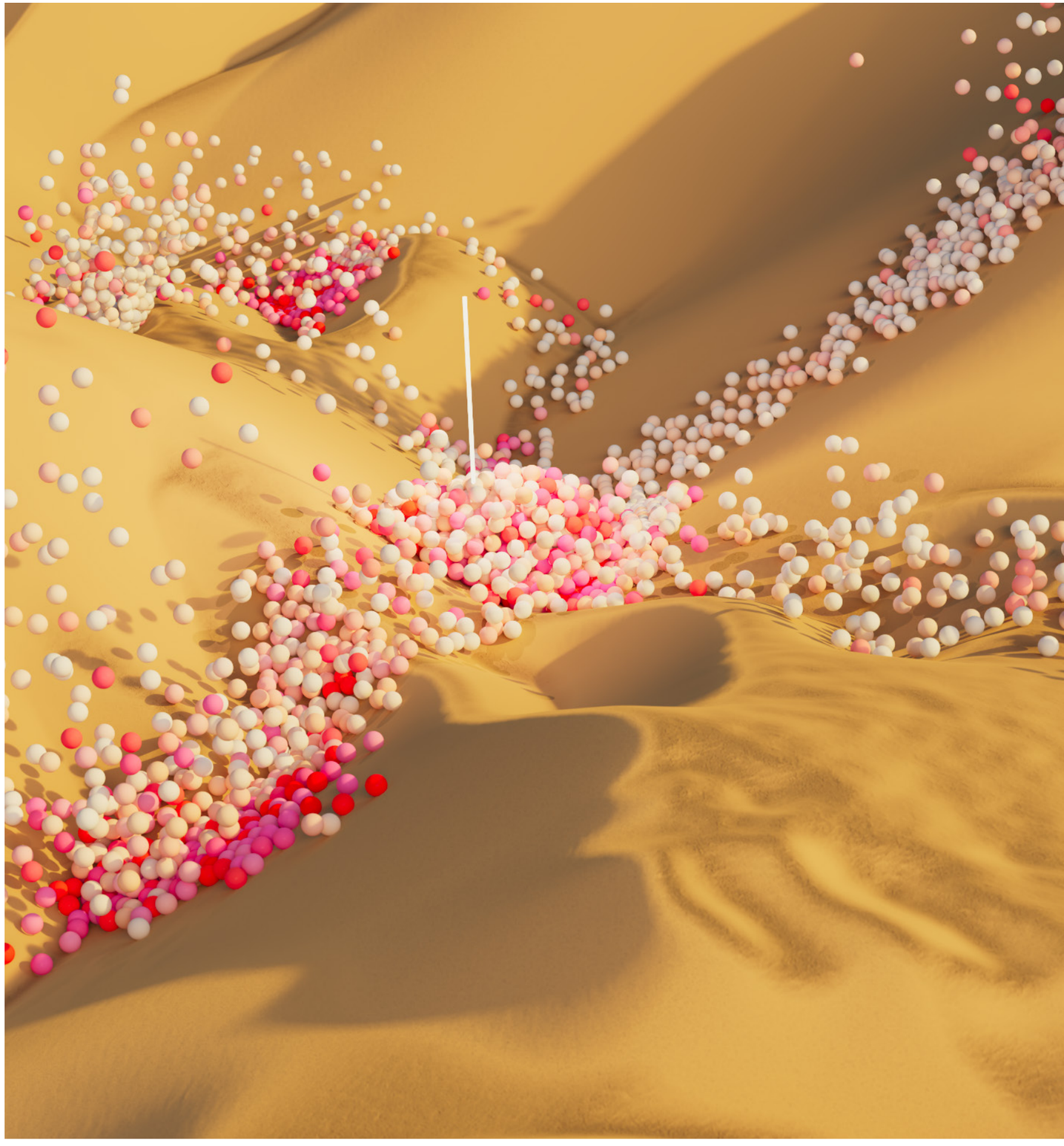
As you can see, we don't predict the future. But through Strategic Foresight we can track global shifts to understand the key drivers of change and mine the evidence of today's world to preview what the future could look like.

Our Strategic Implications enable clients to contextualise, navigate and find opportunities by highlighting how a macrotrend might affect them and refocus their outlook.

They act as recommendations to help clients discover future growth and set a series of positive actions about what they can do today to apply the trends.

Our team of strategists are always on hand to dig deeper and build a personalised Foresight Framework for you. Get in touch to understand how our human needs, global drivers and macrotrends will affect your organisation.

BOOK A STRATEGIC CONSULTATION



Make a better future happen

This report is based on macrotrend research from The Future Laboratory's trends intelligence platform, **LS:N Global**.

Did you know that members get free access to all of our trend reports?

We can also deliver our research to your business in a number of ways, from **virtual presentations** to **strategic workshops** and **bespoke reports**.

If you want to find out more, say **hello@thefuturelaboratory.com**

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The Future Laboratory is one of the world's foremost strategic foresight consultancies. Members of our trends intelligence service LS:N Global get exclusive access to the mindsets defining tomorrow and the early adopters driving global change across eight industry sectors.

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