Landor’s 2010 trends forecast

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Landor's 2010 trends forecast
Market trends and their impact on brands

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In 2009, bling-bling officially conceded to bargain bin. Companies began touting chic "recessionista" style, and we gathered around the family dinner table to celebrate our return to basics. Sobered and shaken, we said goodbye to copious credit and settled into the careful-with-cash lifestyle.

Even if 2010 ushers the flush times back in, the lessons we've learned from financial necessity are here to stay. So what's next? We asked nine of Landor's branding experts to dust off their crystal balls.

In 2010 we'll see the social web take the spotlight as we learn to filter noise and concentrate on connections. It's clear that mobile technology has the potential to link people in ways the personal computer can't approach. Will the phone screen become the first screen?

And what about the world's growing love affair with green? Will 2010 be the year of the green car—and will sustainability save Detroit? Consumers are driven to buy earth-friendly in all categories, and as their wallets get fatter, we'll hear them clamoring for more choices.

The airline industry too has changes on the horizon. And tourists the world over are taking control of their travel to an unprecedented degree—using a plethora of websites to learn from each other's experiences, refusing to pay extra for amenities, and demanding sustainable practices.

Maybe we can't really foresee the future, but we're sure 2010 has some surprises in store. So pop a bottle of bubbly, light some firecrackers, and check out our predictions for the coming year.

- **Mich Bergesen** on financial services
- **Alex Do** on social media
- **Peter Knapp** on airlines
- **Jason Little** on design
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Mich Bergesen
on trends in financial services

What can we expect to see in 2010?

More on the big, the small, and the ugly
We're relieved that the sector seems to have avoided complete economic meltdown. At the same time, trust is badly damaged and negative perception is widespread. This will influence how financial institutions shape their client value proposition in several ways:

Size. There is consensus that "too big to fail" is too big. Regulators may impose limits on size in addition to strict capital adequacy rules. Large universal banking groups will need to reconsider how they structure and brand themselves, since size alone carries negative connotations with questionable benefit.

Separation. There is low tolerance for complexity as it has become a signal of increased risk, causing more multiline businesses to separate their individual components. Fears of excessive interconnection will likely drive more utility-style regulation of routine banking, particularly in Europe.

Community. At the other end of the spectrum, there is dismay over the liquidation of community banks deemed "too small to save." Large acquirers will face consumer backlash if they simply absorb these into their national networks; care must be taken to retain local identity and community banking practices.

Culture. Financial firms must address perceptions of greed throughout the sector. Banks need to be seen once again as partners and enablers of progress for individuals, businesses, and corporations. Unless banks are proactive in transforming their culture and shifting opinion, stereotypes that they are impersonal utilities or grasping opportunists will persist.

What are the implications of these trends for brands?

"You can take that to the bank" will never be quite the same
This expression has become deeply ironic as banks lost the trust that used to inspire unquestioned confidence. It seems clear that we cannot simply return to business as usual, and superficial fine-tuning of brand messages will not deliver success in this changed environment. Financial brands will need to become truly:

Empathetic. Empathy must be part of an institution's core personality, authentically felt at every touchpoint and embodied by all employees. This could allow smaller providers to position themselves as high-touch alternatives to the "too big to love" larger institutions.

Essential. Companies must focus on clients' daily financial needs and simplify the range of service offerings. Portfolio structure and brand architecture must be clear, relevant, and easy to navigate.

Enabling. Financial services must return to their core purpose, helping people and businesses thrive and rebuild as the economy recovers. Banks will have to distinguish themselves through consistently excellent delivery and problem solving, including technology-led enhancements such as better mobile and remote banking.

These dramatic shifts give every financial services brand reason to rethink its relationships with key audiences. Those that focus on core needs and genuine client experience rather than conventional marketing tactics will emerge stronger in 2010.

Mich Bergesen is global director of financial services for Landor Associates. His most recent article, "Rebuilding financial brands: Is the foundation cracked?" was published in *American Banker* in December 2008.

Alex Do
on trends in social media

Alex Do is digital branding director in the San Francisco office of Landor Associates. His article "Open up!" was published in the September/October 2009 issue of the *Hub*.

What can we expect to see in 2010?

The social web expanding its reach
With the rise of Facebook Connect, Google Friend Connect, and MySpaceID, brands will be able to tap into the power of social networks all over the web. Facebook Connect users, for example, can log on to enabled sites and post their activities there in real time on news feeds. A teen hipster visiting an e-commerce site such as American Apparel can buy a lime green unitard and broadcast the news to her friends on Facebook. A few of them might decide to do the same, turning one purchase into a potential lime-green-unitard purchasing party.

Clutter control
Some see groups, fan pages, and games as the whole point of social networks. Others find that these sources bombard their already-filled feeds, readers, or in-boxes with noise and spam. More people will begin to "hide" hyperactive updaters, or shut off constant input from social media games. Becoming more selective in filtering content will be a vital skill for many.

Mobile as the social screen
The burgeoning mobile market encourages person-to-person interaction in real time through "unconferences," "pop-up stores," "tribes," "tweetups," and more. We should see big strides in location-based technologies, social and mobile commerce, and peer-to-peer events—all facilitated through mobile phones, messaging, and apps.

What are the implications of these trends for brands?

Social media assumes its role in business
Smart organizations will focus on their story line, engaging customers in relevant dialogue and providing platforms for consumer expression. People are looking for brands that offer rich content and keep their promises consistently.

Viral marketing—planned or spontaneous—is an efficient, powerful way to get the message out. There will be renewed emphasis on creativity, and recognition that ingenuity trumps budget. Consumer collaboration and immersive, shareable experiences will be key.

Social capital is a brand's best friend
Social capital—the measure of your social network's power to refer business to you—will be an increased focus in the year ahead. A strong reputation in social media carries far more weight these days than a search engine referral. In fact, the more social capital you have, the better your search rank is likely to be.

Companies go social
More and more companies will rely on social technology to encourage collaboration and help employees connect with each other. Organizations will need to set social media policies and see that they're enforced. Ultimately, companies will wrestle with the balance between corporate conservatism and risk taking in this medium.

Which brands will stand out in 2010?

The standout brands will be those that:

- Empower employees to share via social networks
- Appoint the most passionate users as leaders in this area
- Implement listening programs to monitor and act on relevant input
- Target vocal bloggers and outspoken social media enthusiasts to develop relationships and alliances
- Use social media to measure customer satisfaction

Peter Knapp
on airline trends

What can we expect to see in 2010?

There is only one major trend in the airline industry today—survival. Soaring fuel prices were bad enough, and swine flu didn't help, but it was the global financial crisis that ultimately knocked the stuffing out of all but a few carriers and defined the industry as an economic disaster.

Most product innovation has been frozen. Price slashing is everywhere; outsourcing has become commonplace. As airlines seek to reduce personnel and eliminate unprofitable departments, passengers are strongly encouraged to conduct all their transactions online.

Carriers are making increased use of their partnerships with airlines based in other countries to share facilities, services, and loyalty programs, resulting in cost efficiencies. Global alliances such as SkyTeam (made up of Delta, Air France, Korean Air, and eight other carriers) have been in existence for some time, but are becoming more visible to the public as they claim a greater "on the ground" presence.

And we're seeing traditional airlines restructure and streamline operations to further reduce expenses. In this way they're becoming more similar to the low-cost carriers, which until now have enjoyed growth at the expense of the larger airlines. However, the passenger benefits provided by major carriers remain largely intact, making them a more attractive choice for many travelers.

What are the implications of these trends for brands?

How do these structural changes impact the brands themselves? As they share more services with alliance partners, carriers will have far fewer unique customer touchpoints, meaning that brand expression must be maximized whenever possible.

And with business increasingly conducted online, each carrier's electronic presence will be a critical differentiator. An airline's website must be an exact and attractive extension of its brand overall, and of its in-flight experience in particular. The functionality of the website will remain critical, but look to see a greater sense of brand personality being conveyed. This identity must be artfully and intelligently managed to create a feeling of companionship throughout the entire customer journey, from price comparison to baggage retrieval.

Which brands will stand out in 2010?

Star Alliance, SkyTeam, OneWorld: As they assume a more prominent role in the travel experience, any or all of these global alliances could become a significant driver of choice for passengers.

Etihad Airways: Look for this relatively new airline that is growing as elegantly and dramatically as its place of origin, Abu Dhabi. The emergence of the Middle East as a transport hub will further contribute to Etihad's success.

Peter Knapp is executive creative director of Europe and the Middle East in the London office of Landor Associates. His most recent article, "Who dares (to design) wins," was published in the *Forward Thinking* supplement of *Marketing* in January 2009.

Jason Little
on trends in design

Jason Little is creative director in the Paris office of Landor Associates. His article "Try before you buy" was published in *Desktop* in June 2009.

What can we expect to see in 2010?

Digital platforms and technologies have empowered consumers to influence and shape brand image. What was once a calm parade of commercial visuals controlled by marketers is now a chaotic outpouring of user commentary and cultural mash-ups. The challenge for forward-thinking designers is to provide flexibility as well as meaning to strengthen the connection between brand and consumer, the link between design and what it represents.

Homogenization
A global homogenization of design is taking place, with design blogs and online portfolios as the major culprits. So many designers are viewing the same sources of inspiration that they inevitably develop similar styles, whether deliberately or unconsciously. Companies and agencies need to remain true to the underlying concepts that define them rather than chasing fads. It's this expression of fundamental purpose that ultimately results in striking design.

Niche aesthetics
We're seeing the emergence of "ugly" design as a means of grabbing attention. What was once considered less than pleasing to the eye has now become a credible way to define brand identity. We'll find larger companies willing to take risks, break the rules, and appear imperfect. Shaking up the status quo will be considered far better than disappearing into oblivion.

Generative design
Computers have given rise to a means of creating visual graphics without direct human involvement; designers can set general conceptual parameters and then let the program do the rest. Soon software will be capable of generating every element of an identity system: logo variations, color palettes, imagery, typography, you name it. The question is, will this absence of designer intuition and personal taste remove the heart and soul from design?

What are the implications of these trends for brands?

Brand guardians take note: The uncompromising rule book approach won't cut it any longer. Identities are adapting to the altered media landscape, and rigid systems won't work well in the give-and-take between consumer and corporation.

Companies need to be courageous in experimenting with brand perceptions and rely less heavily on testing and research, which tend to nullify originality. Brands can't just follow the herd and hope to succeed.

Flexibility is the wave of the future. Restrictive color palettes will yield to complete spectrums. Photography will shun the staged look and veer toward user-generated content from sites like Flickr. The challenge will be to maintain a cohesive brand presence without reverting to strict rules.

Which brands will stand out in 2010?

In all sectors, expect to see start-ups and challengers who are driven by a clear idea of themselves and what they like, hoping to make waves.

Among fashion retailers, I'm watching Uniqlo, Anthropologie, and H&M, which collaborates with couture designers to their mutual benefit.

Should cities and countries be branded with logos? It's clear that they rely heavily on the positive perceptions of tourists, businesses, and residents. Look to be surprised and lured by less-well-known destinations such as Estonia, Brunei, Andorra, and Kyrgyzstan, which have rich histories and unique symbolism. Differentiation will be critical to their success.

Russ Meyer on trends in green

What can we expect to see in 2010?

Despite the global economic crisis, Landor's ImagePower® Green Brands Survey for 2009 found ongoing concern about the environment among consumers and strong interest in green products and services. The global market for green will continue to grow in 2010, supporting our belief that sustainability is a long-term trend corporations and brands must address if they want to remain relevant to consumers. In many categories greenness also provides an opportunity for differentiation from key competitors.

Perhaps the most important green trend to emerge in 2009 is consumer interest in "value and values." Due largely to the state of the economy, people are paying close attention to cost; the concept of value is top of mind for consumers everywhere. However, they are not willing to abandon sustainability simply to spend less money. Consumers want it all—products that deliver a sustainable benefit (such as fewer harmful chemicals), at fair prices, from companies that behave in an environmentally responsible way.

Not only will shoppers continue to shun excessive packaging, a trend we saw emerge in 2008, they will also be looking for simple, comprehensive, and understandable package labeling.

What are the implications of these trends for brands?

In 2010, brands will have to put green products on-shelf at the right price point to meet consumers' needs. Distribution and selection as well as cost will be major factors in purchase decisions. When choosing green products, consumers will increasingly demand that the companies behind them be able to demonstrate their corporate sustainability efforts.

Which brands will stand out in 2010?

This may turn out to be the year of the green auto. The Chevy Volt, a newcomer considered by some to be the savior of General Motors and the American auto industry, will be joined by a Mercedes-Benz S400 hybrid sedan, the third-generation Toyota Prius, the Nissan Leaf, an electric Smart car, and a further rollout of models from U.S. start-up Tesla Motors. In 2010 we may begin to see a major transformation taking place on the highways of the world.

Beyond the transportation sector, look to consumer packaged goods, particularly home care, to continue dominating the green product market. Thanks to the success of Clorox's Green Works, there are likely to be continued launches of green products, as well as reformulated classics from Clorox, Unilever, Procter & Gamble, and S.C. Johnson.

Finally, as air travel picks up in an improved economy, I think we'll see airlines working to make their industry more sustainable, perhaps through greener fuel choices or facilitating the purchase of carbon offsets for passengers.

Russ Meyer is chief strategy officer for Landor Associates. The latest of his many articles on sustainability, "Five reasons not to have a green brand—and why those reasons are wrong," is available on landor.com.

Susan Nelson
on trends in consumer spending

Susan Nelson is executive director of consumer insights in the San Francisco office of Landor Associates. Her monthly column appears in MediaPost's *Marketing Daily* newsletter.

What can we expect to see in 2010?

In last year's forecast we predicted a return to real value over badge value—and we were right. A by-product of this recession is that we have begun to behave like our Depression-era parents and grandparents. Many of us have cut back spending, trying to live within a budget and buying only what we have the cash to pay for.

The onset of financial discipline among consumers should continue to depress frivolous or luxury spending. Though restaurants may look busy, average checks are down 20 percent as we opt to share entrees and order wine by the glass rather than by the bottle.

What are the implications of these trends for brands?

As they did last year, brands will need to strike a balance between real value and special offerings to succeed with consumers. Walmart proudly rebranded, with honesty and flair suitable to its proposition. Apple has achieved new heights of brand strength and near-record share prices through dominant inventiveness and price cutting.

But luxury and masstige brands will continue to struggle. Consumers say, "Why should I—where's the value?" Financial services companies of all stripes sink lower and lower in public opinion; their brands are no longer credible. Safety? Security? The public just doesn't believe it. We have yet to see innovation with real benefits for consumers or an honest, transparent partnership in the banking sector.

Despite all this gloom and doom, there is good news on the horizon. As we move into the third year of the Great Recession, some pent-up demand will begin to surface after months of frugality. People will need to shop for clothing, replenish their supplies, and work on their homes. And that demand should help some of the brands and industries that have been hit the hardest—apparel, home appliance, and automotive.

We're also beginning to see a resurgence in the desire for experiences, not just possessions. This should bode well for travel, theme parks, film, and sporting events.

Which brands will stand out in 2010?

Brands that can capitalize on the pent-up demand while offering real value and even a little bit of joy into the bargain should do well. Walmart, Lowe's, The Home Depot, Kohl's, Amazon, and the Gap can expect to see much better times.

Well-priced spas, midtier hotels such as Courtyard and Four Points, and value airlines like Southwest and Virgin America may also prosper.

We may well have seen a permanent end to the mass market for $450 jeans, $200 skin creams, and Hummers. The objects of desire that will fare well are those that also meet functional needs—iPhones, Smart cars, the Garmin GPS.

Scott Osman
on trends in corporate social responsibility

What can we expect to see in 2010?

The financial crisis will accelerate the shift from value to values, as consumers look beyond products to see purchases as a statement about themselves and the companies they support. Corporate social values, already an influence on buying decisions, will come to the forefront. People will continue to make careful choices for their dollars and time, seeking out brands that share and uphold their values.

The worth of products and services will increase through the goodwill generated when consumers feel their purchases have positive social impact. Firms with deep, consistent alignment between brand and brand purpose will see the greatest tangible benefit from their investments in social good. These returns will justify and encourage additional contributions, creating a virtuous cycle.

Expect to see firms going deeper and narrower in their focus on the specific areas where they can accomplish the most. Environmental and humanitarian groups will collaborate with companies sharing their aims, giving and getting more value from these connections. More brands will establish long-term and in some cases exclusive relationships with social enterprises.

What are the implications of these trends for brands?

In contrast with 2009's focus on preservation, 2010 will be marked by reinvention. A new model for social responsibility will emerge, one that aligns public good and business strategy with brand values.

Companies that have been quietly making long-term social investments will become more vocal in expressing brand purpose to both internal and external audiences. Those firms without a clear social commitment will undergo corporate soul-searching as they seek to identify the core values that distinguish them.

The role of the corporate responsibility officer (CRO) will begin to shift, as CROs consider how best to benefit the causes their organizations support while enhancing their companies and brands. They are likely to become more involved with branding, communications, marketing, and even HR. Value will be measured in employee attraction and retention as well as in customer satisfaction and sales.

Which brands will stand out in 2010?

Automotive, energy, and financial services brands have the greatest need to prove their social responsibility, but many have not taken advantage of this opportunity to gain consumer trust and differentiate themselves from their competitors. The companies in these sectors with deep philanthropic and social responsibility roots must make the public aware of their actions.

Expect to see Procter & Gamble take the lead in consumer packaged goods, as it has long been a champion of brand purpose. Unilever will apply insights gathered from the Dove Campaign for Real Beauty to other brands in its portfolio.

Nestlé, PepsiCo, and Kraft Foods have made exceptional contributions, bettering their products to improve public health and investing in the development of local economies. IBM will continue to stand out. We can also expect to see Hewlett-Packard begin drawing attention to its impressive but rarely recognized work in the areas of environmentalism and human rights.

Scott Osman is global director of corporate social responsibility in the New York office of Landor Associates. His article "Citizenship branding" was published in the November/December 2009 issue of the *Hub.*

Lulu Raghavan
on hospitality trends

Lulu Raghavan is client director in the Mumbai office of Landor Associates. Her most recent article, "Driving value with corporate identity," was published in the *Brand Age* in May 2009.

What can we expect to see in 2010?

Exponential growth in online conversations
If there is one industry most impacted by the rise of conversational media, it's hospitality. The sheer number of travel-related opinions on websites, blogs, Twitter, and Facebook is staggering. Digital platforms have put the power of influence into the hands of ordinary consumers. A German tourist staying in Rajasthan, an Indian professional attending a convention in Goa, and a teenager on safari holiday can all rant about their travel experiences online and be sure to influence others.

Constant calibration of value
Even after the economy picks up and consumers have more disposable income to spend on travel, they will continue to carefully scrutinize the price-value trade-offs. People will no longer put up with ridiculous surcharges on basics like bottled water and WiFi. Hoteliers should be prepared to load every experience with value. More travelers will mix high- and low-end offerings, such as flying a low-cost airline but staying in a five-star hotel, or choosing a more modest hotel but eating at a lavish restaurant.

Demand for responsible choices
Consumers will increasingly demand ways to demonstrate their concern for social and environmental causes. We're going to see much more innovation driven by this trend, whether it's "green" floors in hotels, locally sourced food, organic bathroom amenities, or green rewards programs. Responsible hotels will give their clientele reasons to feel good about choosing them.

Homes away from home
Tourists will be drawn to more authentic hospitality experiences such as homestays. Whether you visit a farmhouse or a grand villa, you'll be treated to home-cooked meals and personal attention. And what better grounds for bragging rights than a travel experience customized for you alone?

What are the implications of these trends for brands?

These are difficult times for the hospitality industry, with increased scrutiny on value and the fear that any broken promises will be revealed instantly online. Brands must be sure to:

Listen carefully. Millions of conversations are taking place every moment on the Internet. Hospitality brand managers must develop smart tools to listen in and make sense of them. It's imperative to keep abreast of how your brand is viewed across geographies and consumer types—and then have a process for acting on these insights.

Deliver consistently. The most effective brand-building tool for hotels is a superior customer experience at a good price; with that in place, your guests will spread the word for you. Devoting resources to an improved hospitality experience will go a long way in earning the trust of those outspoken consumers who can make or break your brand in digital platforms.

Act responsibly. Hospitality brands will need to develop a heartfelt response to social responsibility that is true to their brand purpose. Sponsoring a local artisan community might be right for one brand, while planting trees may be appropriate for another.

Luc Speisser
on food and beverage trends

What can we expect to see in 2010?

The economic crisis of the last few years has only deepened a consumer revolution that was already in progress. People have become expert shoppers, evaluating food and beverage purchases carefully. Even more significant, they are conscious of marketing gimmicks and unlikely to be manipulated into buying products they don't need or want.

With their purchasing power reduced, people will shop less emotionally and more rationally; fewer impulse items will end up in the grocery cart. And it's consumers' direct experience with a product that influences how they perceive the brand, rather than the other way around. Brand name alone isn't enough to motivate sales.

These savvy consumers want more than just low prices; they demand real added value, made up of four "goods": Does it taste good? Is it good for my health? Is it good for my wallet? Is it good for the planet? These are the major variables consumers will weigh when considering food or beverage purchases.

What are the implications of these trends for brands?

All this means a return to the original yet often forgotten principle of marketing: Great brands are built on great products. Brands should think carefully when innovating with product lines. Contrary to what some marketers still believe, consumers no longer perceive added value in newness per se. On the bright side, food and beverage brands are in a perfect position to satisfy the desire for small pleasures, particularly relevant in tough times.

Brands must learn to approach marketing from the customers' viewpoint, highlighting the buying criteria important to them. Broader, multifaceted product portfolios are needed to target specific shoppers and capture market share in this complex retail landscape; "one range fits all" doesn't work anymore.

Which brands will stand out in 2010?

In the context of economic uncertainty, people are inclined to favor products they know and trust. An unfamiliar brand of cookies with a low price tag could turn out to be expensive if the kids won't eat them.

And exciting new business models are arising that may have great impact on the food industry. In France the number of rural associations linking customers directly to farmers is on the increase. Consumers commit to buying a local farmer's products for one year, securing revenue for the farmer, and the farmer commits to growing only organic fruits and vegetables, guaranteeing fresher, higher-quality produce for his customers than what they could buy in supermarkets. Not only does this create a perfect balance among the four "goods," but everyone wins in this scenario.

Innovative relationships like these brilliantly demonstrate that just selling the same products at a reduced cost may not be the best solution. Food and beverage brands can take inspiration from these new models when looking to the future.

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