



# **2020 Forces of Change**

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**And How They Will Impact People and Brands**

# Forces of Change Impacting the Human Experience in 2020

As we enter a new decade, we know people are experiencing the world in new and different ways. Empowered by technological innovation and endless choices, people are firmly in control and are carving their own paths.

We see a number of unique and powerful forces of change (whether cultural, human, media or technology) that are poised to have an undeniable impact on the human experience in the decade ahead.

At Starcom, we believe that there is an increasing **gap** between what people want and what brands need to do for business success. We call that gap the “**tension**” that sits between brands and people, and we’ve identified 11 common sources of tension that cause friction between brands and people (see right).

**In this report, we are looking at the forces of change through the lens of those 11 tensions.**

Some of the changes *will increase tension* and pose even greater challenges to people and brands coming together. Conversely, some of the forces of change represent opportunities for brands to *reduce the tension* and friction that gets in the way of them truly connecting with and satisfying people.

Increasing Brand Tension



Decreasing Brand Tension

We hope this report sparks ideas, inspiration and discussion about the potential of the human experience in the decade ahead.

**Starcom. The Human Experience Company.**

## Examining Forces of Change Through the Lens of Tension

In our work across virtually every category vertical and hundreds of brands, we have identified that there are fundamentally 11 sources of tension that cause friction between brands and people:

### Lack of Awareness

People don't know about you

### Lack of Understanding

People don't get you

### Indecision / Commitment Issues

People aren't ready for you

### Novelty Seeking

People want to try something new

### Utility / Convenience

People don't think you are worth the effort

### Price / Value

People don't think you are worth the cost

### Inertia / Avoidance

People don't want to change their habits or routines

### Lack of Desire

People aren't interested in you

### Functional Issues

Your brand / product doesn't do what people want it to

### Unmet Expectations

People don't think you are good enough

### Lack of Trust

People don't believe you



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—— TENSION ——

## **Clear Opportunities for Brands to Reduce Tension with People**



# You Are What You Listen To: Audio Identity

Audio as an entertainment format is experiencing a resurgence, offering brands new opportunities to connect with people. We've seen this force of change take hold in podcasts and new content consumption behaviors. Listening is on the rise as people want to experience their passions, connect with fellow podcast followers. A new adage emerges "You are what you listen to."

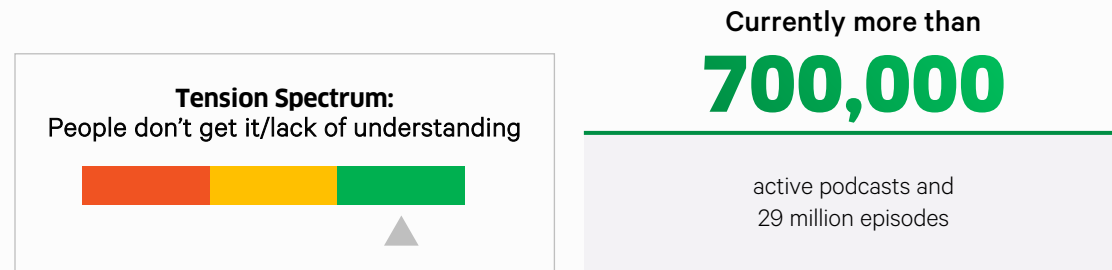
This moment is a chance for brands to leverage the power of audio to reduce the tension of 'People don't get it/Lack of Understanding.' Today, digital audio advertising encompasses streaming audio, podcast and smart speaker advertising opportunities. Savvy brands and marketers are thinking about how to engage on this channel with frequency (strategically, no one-off's) and build the brand's user experience or story through music intelligence, mogos (musical logos), and audio brand identity.



Visa is integrating sound as part of the brand experience by adding tones and haptic responses to their transaction ecosystem.



Pandora's audio brand consultancy, Studio Resonate, seeks to help brands think through an end-to-end audio strategy.



# The Rise of Self-Care & The Wellness Trojan Horse

In the 2020's we will see more brands turn to self-care and wellness to grow brand relevance with people outside of their core demographic or extend their brand promise into adjacent categories.

A common tension brands face is that *people don't want to change their routine*. With the rise of self-care, we are actually seeing this tension lessen as people make positive changes. As this force of change continues to take hold, more brands are seeing the potential in the wellness market. With the nature of the category being more experiential, 64% of people say that they primarily explore self-care products in-store vs. online.

It will become increasingly harder to untangle where self-care, wellness and lifestyle brand intersect. Brands without their own wellness angle could find themselves under more scrutiny.



Lululemon launched a new line of personal care products.

**Tension Spectrum:**  
People don't want to change routine/habit



## 22%+

of total income the average  
American spends on self care



Miller Coors will launch Vizzy, a new hard seltzer with antioxidants, in 2020.



# Innovation Leapfrogs Adoption

Indecision, commitment issues and people’s unwillingness to change are all common tensions that have plagued brands for decades (“People aren’t ready for it”). Brands have always grappled with how to accelerate peoples’ adoption of new things, but today, technology is forcing our hand.

With no choice, people are finding themselves in a connected home, autonomous driving car, wireless headphones or smart TV – simply because the old technology was put out of production. This is innovation adoption leapfrogging where technology laggards immediately catch up to the bleeding edge simply due to the model year.

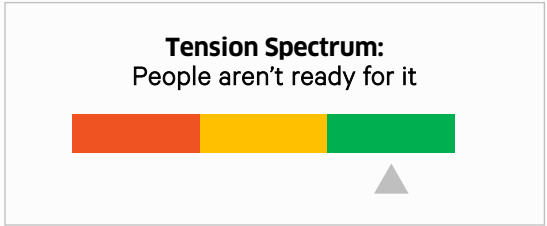
Today’s hardware manufacturers innovate to obsolescence faster than ever, forcing consumers to keep up by dropping support for older models. This new adoption curve disrupts purchase cycles, forces connectivity and drives new content behaviors that wouldn’t come naturally to many consumers. Whether they are ready for change or not, it’s here.



FCA first OEM to sign coop with Google for Autonomous Driving Platform



Samsung does away with headphone jacks.



**57%**

People think that autonomous cars will be a threat



# Technology Enables our Laziness

As human beings, we are inherently lazy. Our basic nature is to take the path of least resistance and to favor the smallest amount of effort; especially when it comes to low involvement, routinized decisions. This creates a common tension between people and brands about whether *it's worth the effort*.

Technology continues to provide interesting solutions to meet us on our lazy desire lines. Automation, e-commerce and delivery services are increasingly integrated into our lives to simplify and reduce effort from daily activities. And technology is becoming more invisible which means that effort moves into the background while simple outcomes move into the foreground.

The question is: How do non-technology brands take advantage of technology to find new ways to thrive by meeting people on their lazy desire lines? Brands that use technological advances to reduce our effort (and contribute to our laziness!) will win.

**Tension Spectrum:**  
People don't think it's worth the effort



**41%**

Driven by brands like Grub Hub, Door Dash and Uber Eats, the food delivery industry increased 41% YOY in 2019.



E-commerce and mobile payments are driving growth for fast-food chains in mainland China.



Amazon Prime now has 150 million subscribers globally



———— TENSION ————

**Mixed; Possibility  
of Both Reduced  
and Heightened  
Tension**



# Extreme Choices, Extreme Culture

We live in a world of extremes. These extremes play out through politics & popular culture, and the divided nature of our world is carrying over into brands, too. To combat the tension of *people aren't interested/lack of desire*, we'll see more brands occupying extremes, reducing the appeal of the middle.

We're seeing brand extremes across categories. From a QSR perspective, restaurants either offer super healthy options or deliver on indulgence. In consumer goods it's new / highly technical vs. old and retro. From a fashion perspective, you have the option of disposable clothing vs. luxury/investment goods.

What will the decade ahead mean for the brands that occupy the middle? Time will tell. But if consumers continue to be attracted to more extremes, brands should consider how to put their stake in the ground. After all, any brand can be the "most" or "least" of something.



A tale of two fast-casual extremes: Burger joint Shake Shack and veggie-forward Sweet Greens both experienced rapid growth in 2019.



Even with streaming music at our finger tips, we've seen a resurgence in purchasing old fashioned LPs, each offering unique music listening experiences.

**Tension Spectrum:**  
People aren't interested in it



## 29%

Luxury is fastest growing category in top 100 global brands, with the sector increasing 29% in value in 2019.



# Green Pressure & the Accelerating Expectation Gap

Across categories, expectations for brands has never been higher, and we will only see the expectation gap accelerate further in the decade ahead. People expect brands to deliver new product innovations and digital advertising magic, while also taking stances on critical issues and being a societal force for good. But people are questioning: *is it good enough?*

One area in particular where brands are feeling this tension is around green pressure. With the ever growing climate crisis, consumers, investors and NGOs are pushing brands to take action and reduce their carbon footprint. This includes making commitments to reducing packing, creating more sustainable sourcing and supply chains, and more.

As eco-expectations heighten and become the norm, brands will need to make changes that will truly have a positive impact. And they'll let you know via comments or dollars if they don't agree.



The Greta Effect, named after climate change activist Greta Thunberg, has put pressure on brands.



Food & beverage companies like McDonald's & Starbucks are partnering to create a more sustainable cup through the Next Gen Cup Challenge.

**Tension Spectrum:**  
People don't think it's good enough



## 84%

of marketers who responded to a recent WARC study said 'conscious' consumerism and sustainability would impact their marketing strategies in 2020.



## Smart devices, Simple things

While the Alexa skills store has over 100,000 apps, the most popular thing to do with a smart speaker... is to listen to music. The capabilities of our technology is outpacing our ability to integrate them into our daily lives.

Only 28% of people use it to buy things. When they do, purchases are typically smaller things that someone could buy without necessarily having to see it physically.

People are generally OK with ordering detergent, but not a dress. And even with basic tasks, it can be frustrating when you ask Alexa to play music and she starts playing the wrong song. Brands need to get creative to motivate people to move beyond asking Alexa for the weather or to set a timer - providing practical, easy solutions for consumers to engage with connected devices.



Sticky hands & recipe book pages don't go together, so Kellogg's created a voice app to help families make Rice Krispie Treats



For pizza lovers, Domino's made it easy to place your pre-set easy order, place your previous order again, and get order status/tracking

**Tension Spectrum:**  
It doesn't do what people want it to



**37%**

of people who are dissatisfied with their device say it's because "it's not as helpful as I thought it would be."



—— TENSION ——

# **Strong Risk of Heightened Tension Between People and Brands**



# Achieving Scale in Our Fragmented World

While TV has historically been the primary channel to create mass awareness, today's video landscape is highly-fragmented making it even harder for brands to combat a common tension: *people don't know about it/lack of awareness*.

There is so much content surrounding people today that even curation algorithms aren't enough to help people filter. Younger generations are discovering shows through the memes they spawn in their social feeds. And, with the quality and quantity of programming across Netflix, Hulu, Disney+ and others, it seems like everything and nothing is simultaneously "must see TV."

Ultimately this all results in a highly fragmented TV/video audience, creating a unique challenge for brands to achieve scale and reach. To fully reach that mainstream audience today, it requires the power of a huge cultural moment (e.g., Superbowl, Game of Thrones finale, or Mandalorian launch) to cut through.



Services like Flixable enable users to search shows across platforms based on type, topics, rating/popularity and more.



Watching live sporting events in Europe is highly fragmented with multiple service providers offering different league play.

## Tension Spectrum:

People don't know about it



# 64%

People who intend to subscribe to a new video entrant said they would downgrade or terminate one of their current video services to do so.



# DTC Changing the Price-Value Equation

The rise of e-commerce, the shuttering of traditional brick and mortar and the rise of direct-to-consumer (DTC) brands will continue to be major forces of change impacting how people shop in 2020 and beyond. But more than that, it will continue to dynamically shift the price-value equation for people and brands.

Value is a common tension for consumers when making purchasing decisions (*"it's not worth the price."*). The rise of DTC brands has helped lessen this tension for people, but has increased that tension exponentially for brands.

Competition within the DTC space has created new challenges for brands, as each attempt to win on price. With pricing models continuing to be dynamic and with an always seemingly cheaper option available, brands need to consider how to build loyalty through product satisfaction and experiences of value.



Quip challenged electric tooth brush pricing



In 2019, there were nearly a dozen DTC bedding companies alone each competing on product and cost.

**Tension Spectrum:**  
It's not worth the price



## \$8B by 2024

Retail and CPG brands are expected to invest approximately \$8B in artificial intelligence by 2024 to manage demand, pricing, and optimize consumer experience



# Shifting Landscape, Shifting Vices

With an abundance of choice at their fingertips, *people always want to try something new*. This tension creates challenges for brands as they attempt to keep pace with shifting consumer preferences. We're seeing this occur in the rapidly changing beverage sector where new ways to imbibe are creating new vices for people and novelty-seeking behavior.

Today **people are rapidly exploring across vices** – from new forms of alcohol to destigmatized newly-legalized cannabis. New healthcare classified CBD products & curiosity about emerging micro-dosing of psychedelics are bringing unexpected explorers to categories.

For marketers, there is undeniably opportunity here, but it's a complex landscape to navigate. People's rapidly evolving behavior across vices is difficult to follow, much less predict. And regulatory uncertainty is a challenge for brands looking to enter the space.



Recreational marijuana sold \$13B in 2019



Hard seltzer sees +66% annual growth in 2019.

**Tension Spectrum:**  
People want to try something new



**-15%**

Decrease in wine/beer sales in legal  
marijuana markets (USA)

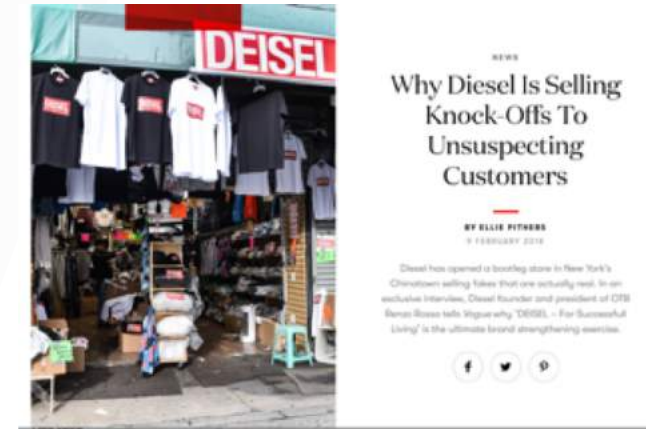


# Fake Will Continue to Flourish

It used to be easy to know what was fake. Bigfoot sightings, a headline in the National Enquirer or maybe a propaganda strewn self-published magazine didn't fool many.

Today, "fake" is an ever present part of the human experience. Fake news is causing us to question mainstream media. Purchaseable social likes, fake clicks and bots are confusing measurement plans and destroying payment models. In our social interactions, people are creating FINSTA accounts and documenting social media optimized fun to showcase a false/optimized version of themselves.

Brands can thrive in this new territory by: Embracing the fakes, making fake things real (DEISEL). Or helping people to battle the fakes (New Zealand's NetSafe and the Jolly Roger Phone app.) But brands beware – skepticism is high in a world where everything can be a fake.



Diesel brand created a line of fake clothing to playfully combat counterfeit fashion brands.



The Jolly Roger phone app answers suspicious, fake calls for customers.

**Tension Spectrum:**  
People don't believe it



**\$1.3B**

Fake followers cost brands  
\$1.3B in 2019 alone





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