

MSRA 2016
The Connected Consumer

Synopsis

It's time to think differently. Today's consumers are harnessing technology to reinvent themselves, their lives and their communities. They are changing the existing value system. Connected Consumers embrace freedom, acceleration and intimacy. Are you ready? The future is now.

Today, consumers are very much in an “in-between” or transitional period. One foot in the old world and one foot in the new. We are eight years out from mass adoption of the smartphone and social media usage. Half of the world's population now lives in urban areas, and this number is expected to grow to 2/3 by 2050 (Source: UN Department of Economic and Social Affairs, July 2014).

We see that many of businesses are transitioning their focus, moving from understanding the millennial generation, to thinking about the implications of marketing to a post-millennial consumer. This is the context in which you should be thinking about your market, consumers and brand.

The essence of this paper is to debate the need for more focus on what we call the Connected Consumer seeking to answer how we can maximize the opportunities the Connected Consumer offers.

This paper will seek to answer;

- How is it playing in a world where the consumer is looking for technology with a human face?
- Do we have the right insights to leverage technology as a conduit to develop more personal, intimate connections with consumers?
- Do we understand what consumers seek when they are looking for a “relationship” with a brand?
- How are new communication channels and platforms impacting the way in which consumers interact with brands?

We are very much at a tipping point of moving away from technology for technology sake to true and meaningful integration into consumers' lives.

Introduction

As we start to explore the Connected Consumer and the future generation, it's important we shed light on what our future holds...

A. Urbanisation

Right now, more than 50% of the world's population live in urban areas and the number is projected to increase to two-thirds by 2050, according to the UN Department of Economic and Social Affairs, July 2014. The lion's share of this growth is happening in what are now known as the "developing economies". This force has implications for not only how many consumers' live their lives, but far-reaching implications related to urban planning, transportation, and demands on the food supply chain and water availability.

At a local and regional level, in Kenya this is will be accelerated by the devolved form of government which is seeing rapid urban growth in areas previously under-developed. In Tanzania too, the Government's drive to move its operations to Central parts of Tanzania will see urban growth. Other countries within the East African region are also developing and urbanizing at a fast rate.

B. Empowerment

In the next 20 years, more than a billion women are expected to move into the workforce, a shift that is as big as the populations of India and China. 94% of these women will be in developing economies. Some of the regions with the lowest previous female work-force participation are catching up. Women's labour-force participation saw notable increases in South America (up 21 percentage points since 1990 to 59% in 2010), Caribbean (up 9 points to 48%), Central America (up 8 points to 43%), and North Africa (up 6 pts to 29%). Source: The UN Statistics Division report, The World's Women (2010)

A thing to note, leading economies like Germany, UK and maybe the US too have women holding political power, what does this mean for Kenya and Africa as a whole?

C. Vacation

And many are even projecting we will have the availability for commercial travel to the moon. Virgin Galactic¹ among other companies are looking towards commercialising travelling to the moon before the end of this decade.

¹ Virgin Galactic is licensed to fly tourists into space <http://www.sciencealert.com/virgin-galactic-just-got-awarded-their-operating-license>

D. Obesity

Many have predicted that a billion people globally will be considered obese by the year 2025, putting increasing strains on healthcare systems and adding to the prevalence of diseases such as diabetes, heart disease and cancer.²

E. Development

In China, it is projected that 40 billion square meters of floor space will be built in five million buildings – that's twice the size of Wales in the UK. 50,000 of these buildings could be skyscrapers. That's the equivalent of constructing ten New York Cities³.

F. Provide

Going beyond espionage, military, retail helpers and hobbies – drones may delve into a whole new era of repairing cities and infrastructure for the future. Here are a few of the examples of this;

- i. Water in reservoirs evaporates but covering the surface with an extremely thin layer of nontoxic chemicals derived from coconut or palm oil can cut evaporative losses. Drones equipped with sensors could someday monitor reservoirs and signal where oil needed to be re-applied⁴.
- ii. New initiative led by the University of Leeds in the UK, infrastructure repair and maintenance – research project carries the overarching aim of ushering in “self-repairing cities.” The goal is to develop a team of small robots that detect problems with infrastructure as soon as they pop up, to prevent them developing into inconvenient roadworks or other larger repair projects⁵.
- iii. Foster + Partners (award winning British architects who have an innovative, modern and sustainable approach to architecture and integrated design) has unveiled designs for a drone port in Rwanda, which will be used to transport urgent medical supplies to remote parts of the East African country. They are working with a technology company on the Droneport project, which will see its pilot scheme completed in Rwanda by 2020⁶.

Today, consumers are very much in an “in-between” or transitional period. One foot in the old world and one foot in the new. Eight years out from the global economic crisis of 2008, consumers are generally feeling better economically, but the events of 2008 have cast a long shadow and continue to influence economic attitudes and behaviours.

² Source: <http://www.theguardian.com/society/2015/oct/09/obesitys-global-spread-un-goals-diet-related-diseases-fail>

³ Source: McKinsey Global Institute: Preparing for China's urban billion, March 2009

⁴ Source: The Atlantic, December 2015

⁵ Source: https://www.leeds.ac.uk/news/article/3774/leeds_wins_42m_funding_to_develop_robot_fixers_of_the_future ; October 2015

⁶ Source: <http://www.dezeen.com/2015/09/16/foster-partners-droneport-drones-medical-supplies-rwanda/> September, 2015

We are eight years out from mass adoption of the smartphone and social media usage. Half of the world's population now lives in urban areas, and this number is expected to grow to 2/3 by 2050.⁷

And lastly, we see that many of our clients are transitioning their focus, moving from understanding the millennial generation, to thinking about the implications of marketing to a post-millennial consumer. This is the context in which you should be thinking about your market, consumers and brand.

We are also seeing that the consumer perception around technology is changing. It is less about the novelty of technology and the "I need to have that" aspect of obtaining the latest gadget. What we are seeing now is that increasingly technology is moving to the background and it is no longer technology for technology's sake. We are moving into a new area from **connectivity** to complete **integration** into our lives.

And we're really seeing the movement of technology going from the foreground to the background.

When looking at GfK's FutureBuy (2014) study, we see that the year 2013 was the leading year for reported "smartphone showrooming" activity at 37% – that is, going into a brick and mortar store to look at a product, and then buying it online. Similarly, when looking at GfK's Point of Sale data and projections from GfK Digital World, we see that 2013 was the high point in our **Consumer Connectivity Index** (117, using 2010 as base at 100).

We don't believe these metrics are showing less connectivity, but they are showing a change in the Connected Consumers needs and behaviours, and the movement away from technology simply for the sake of technology.

Facebook as a brand isn't 'In' or 'Out' ...it just 'Is!' This is one quotation that we heard recently from a millennial in the US, when we asked the question whether Facebook was a brand that was "in or out". Puzzled by this question (perhaps not even thinking about Facebook as a brand), this millennial simply said that Facebook "is".

The trends that we're going to talk about for the rest of this paper are truly global in nature. However, we do see that some of the quickest momentum in these trends is happening in the developing world, where various technologies are leapfrogging traditional ones. For example, smartphone penetration is currently growing the fastest in emerging APAC and Middle East /Africa at 22% and 18% respectively.

⁷ Source: UN Department of Economic and Social Affairs, July 2014

Fundamental Shifts in Consumer Behaviour

This paper is now going to talk about three areas of opportunity where we see the Connected Consumer moving – **freedom**, **acceleration** and **intimacy**.

Freedom

In our annual global study, GfK Consumer Life / Roper Reports Worldwide, we ask people all around the world about their core values, or the “guiding principles” of their life that are the building blocks of who they are as people. One of those values on the increase is **freedom** and described as “having freedom of action and thought”.

For many consumers, freedom manifest itself in the marketplace as convenience. According to a recent study by our social media experts: The single most important attribute of smartwatches to the consumer is **convenience** or ease of use (at 31%)⁸.

And we are seeing freedom increasingly move to centre stage. Even as little as three years ago, the scepticism on mobile wallets was profound. However when we now see mobile phones are the #1 item younger smartphone users, our future generation, are bringing ... ahead of their wallets . This is according to the GfK Consumer Life/Roper Reports® Worldwide, 2014 mixed mode, done in core 20 countries across the world. 94% of all global consumer age 15 plus bring a wallet when leaving the home; 89% bring a smartphone. Among 15-29 year olds, 95% bring their smartphones.

And we're already moving beyond mobile wallet...

Your face is our wallet – Finnish start-up Uniquil is trying to create “the world’s fastest payment system.” Technology will scan your face and match it against a database in less than five seconds.⁹

Emotions as currency – a Swedish gallery held an auction based on emotions, which sold glass sculptures to those who had the most intense emotional reaction. The bidder’s emotional response was recorded and assigned a value, which translated as their “bid”.¹⁰ And we see that the consumers’ tolerance for the complex – or inconvenient – is rapidly deteriorating. As consumers’ patience shrinks, smart technologies now learn user habits and surroundings to offer personalized, predictive solutions that require little effort on the user’s part. 54% of global consumers agree, “If a new technology is not simple to use, I lose interest”.

⁸ Source: GfK Social Media Intelligence, Scorecard for Apple Watch, Germany

⁹ <http://www.techweekeurope.co.uk/workspace/uniquil-launches-first-of-a-kind-face-recognition-payment-system-122003>; July 2013

¹⁰ <https://www.prote.in/feed/an-auction-based-on-emotions>; July 2014

Up 8 points from 2010. Tailored products are of high interest, but simplicity-seeking consumers may not have the patience to spend time customizing their products.

And as we spoke about earlier those emerging regions that are leading mobile technologies are also losing their patience faster – interesting correlation between their desire and need for the devices at the same time wanting these devices to work seamlessly with their life – again reiterating the freedom and convenience they provide to the Connected Consumer's life.

The next evolution of this idea of ceding control might actually be to cede thinking or decision-making itself.

Amazon has already patented “anticipatory shipping”¹¹. Based upon big data, anticipatory shipping will predict what buyers are going to buy before they buy it, and the retailer will proactively ship that product out. Definitely a game changer in the retail environment and changing the expectations of consumers.

Implications: As **freedom** evolves consumer expectations of marketers will move from understanding and meeting their needs to ultimately anticipating them.

So, are you ready?

- Are you triangulating disparate data sources to accurately predict where the consumer is going?
- Do you have the insights on how to communicate new benefits in relevant and meaningful ways?
- Do you know what new expectations of your category will emerge?

Acceleration

The second growth opportunity we see is that the speed of change is rapidly increasing, and there is no reason to think this will reverse or slow down.

What is the driver of this trend of accelerated living? We are seeing more and more demands being placed on consumers' time. One area where this is evident is in the rise of the number of women entering the work force. As more women work outside the home, household dynamics are changing and this is one of the drivers of accelerated living.

As a result, we see that as more women are working outside the home, more men are doing more in the home – this is true globally, and also is true in the LATAM region. Both men and women are having more and more demands placed upon their time, according to the GfK Consumer Life/Roper Reports® Worldwide 2015.

¹¹<http://blogs.wsj.com/digits/2014/01/17/amazon-wants-to-ship-your-package-before-you-buy-it/?KEYWORDS=amazon+anticipatory>
, January 2014

Not only are we more busy – but being busy is something that provides us with social currency. It is almost unacceptable to say that you **aren't** busy. And there are products and services that are built on this very premise that busy is good. Take for example the energy drink business – providing instant and efficient fuel and fortification to maintain our busy lives.

Think back to last Christmas or holiday season – did you receive any cards that were not only good wishes for the holidays and the new year, but also a recap of everything that individual or family might have done and accomplished in the prior year?

Here's a wake-up call: Scientists have studied humans and have discovered that our **sustained** attention span – that is the time spent continually on a task – has dropped from 12 minutes in 1998 to 5 minutes today. Our "**focused attention**" span – which is defined as an immediate reaction to a stimuli has dropped from 12 second to 8 seconds.

Let's put this in context. The same scientists have studied a gold fish, and determined that a goldfish's attention span is nine seconds. So collectively, we as humans are tracking right with a goldfish¹².

This speaks to the fact that there is pervasive, cultural attention deficit disorder (Pervasive A.D.D). Also, our window to reach a consumer and share with them a message is increasingly shorter and shorter.

Implications: As the speed of life approaches, the speed of light is your business getting ahead or are you barely keeping up?

- Are you able to tap into real time insights and act upon that data in meaningful ways?
- Are you articulating your value proposition for the attention-deprived consumer?
- Do you have visibility into new lifestyles that are changing your marketplace?

Intimacy

Lastly, we see that the desire for that human connection is increasingly more valued and more sought after. If we look at GfK's Consumer Life / Roper Reports® Worldwide (2009 and 2015), only 42% of all teens feel the need to be connected all the time (2015 data) ... that is down a significant 20 points in 6 years. To me, this sheds light on just how difficult and complicated this future consumer is to truly understand.

This speaks to the fact that why busy is so important we still need human relationships – meaningful. There is a desire and need for that human, intimate relationship. What is so interesting here is that while the connected consumer wants to "always appear busy", they also are increasingly wanting to be unreachable.

¹² (<http://www.statisticbrain.com/attention-span-statistics/> and National Center for Biotechnology Information, U.S. National Library of Medicine, The Associated Press)

The connected generation is more single innovating for one. And while intimacy and the need for human relationships exist, it's also important to point out that the number of single households continues to increase... and we often encourage our clients to remember this when they build their brand, innovate and communicate¹³. And then we look at social media... it's now easier than ever to not only develop virtual relationships but even find those groups with similar interest, creating the intimacy many need.

In addition, researchers have commented and said "Your blog is your CV, Twitter is your business card" quote is from [@PatrickMeier](#) & [@chrisalbon](#)¹⁴. This is meant to caution those in social media platforms to be cautious what they put out as the digital footprint is hard to erase in case of any misquotations.

Dense mega-cities demand efficiency and accuracy.

Megacity growth driven by Asia and Africa: By 2030, nine of the ten largest cities will be found in Asia or Africa. Six megacities (four of which are in India or China) will be home to over 25 million residents.

China's ambitious new plan will accelerate urbanization: The Chinese government announced a plan in 2013 to move 250 million people from rural to urban areas by 2025, boosting the urbanization rate from 51% to about 70%.¹⁵

And micro mobility allows us to continue to stay personal and attached even in the most urban of areas – as apps, gps, search advertising and so on can now track where we are and what we're doing that need for intimacy is fulfilled.

And finally, we take a look at voice activation and the personalization it can deliver. Take Apple's Siri for instance... In this report the New York Times talks about how Siri had helped a boy with autism learn to develop relationships... it's movements like this that continue to drive the innovation and growth of the connected consumer.

Implications: How are you playing in a world where the consumer is looking for technology with a human face?

- Do you have the right insights to leverage technology as a conduit to develop more personal, intimate connections with consumers?
- Do you understand what consumers seek when they are looking for a "relationship" with your brand?

¹³Euromonitor International 2014 – http://www.euromonitor.com/medialibrary/PDF/pdf_singlePersonHH-v1.2.pdf

¹⁴<https://irevolutions.org/2012/05/09/advice-to-future-phds/>

¹⁵ Source: United Nations, World Urbanization Prospects – The 2011 Revision, New York Times 2013

- How are new communication channels and platforms impacting the way in which consumers interact with your brand?

Wrap Up

So as a wrap up it's important to remember that the connected consumer is very much alive and present – they have and will continue to shape the way we think of our brands, communication and innovation moving forward, to understand the importance of the connected consumer is the not just important, but vital, for the future success of all of our businesses.

We see that we are very much, right now, at a tipping point of moving away from technology for technology sake to true and meaningful integration into consumers' lives. With this movement, it is important to keep in mind the three areas we have discussed – freedom, acceleration and intimacy – that will be increasingly opportunity areas in the future.

Trends in technology are rapidly changing the world we once lived in. From shopping behaviour to buying habits to personal brand and product preferences, consumers now have a growing variety of means through which they can seamlessly “connect” with online data. This constant flow of data leaves a digital trail that can help brands customize and tailor their ads, services and communications to each individual consumer, creating a personalized relationship that establishes brand loyalty and builds trust.

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