

Trend Analysis: An Approach for Companies that Listen

by Justien Marseille and Ilan Roos

In business, innovation is the link between the possibilities of invention and the realities of consumer needs and desires. It is a dynamic relationship, one Justien Marseille and Ilan Roos argue benefits from trend analysis. In the context of different customer types and different time frames, this tool helps managers maintain the allure and value of their brands and products.

Trend analysis is a structural mapping of expected changes in the behavior of societies, markets, and the consumers who drive them. The instrument has become a tool for marketers, as well as for brand and design managers. As markets become more diffuse, products and services (and their distribution channels) become more numerous, and with the speed at which consumer opinion and preference change increase, trend analysis has become a tool for brand and design managers, as well as for marketers. Despite their growing interest, only a few companies have structurally incorporated trend analyses in their product and brand management. In most cases, it is used only for major innovations, new brand or product



Justien Marseille,
Trend Analyst



Ilan Roos, Brand Strategy
Consultant, SCAN
Management Consultants

introductions, or large repositioning processes (mergers and acquisitions, for instance).

In the past year, consumers have been remarkably quick to adopt trends and developments such as the digitalization of imaging and sound. Driven by social, political, and technological developments, shifts in public opinion have taken rapid turns. This is why it is now crucial to keep track of those first ripples in the consumer ocean—not only when introducing new products, but also for day-to-day tracking of existing brands. Trend analysis can lead to a wholesale change of brand strategy, but with early warning, such strategic changes can be managed with limited means and simple tools, avoid-

ing dramatic and expensive operations. Moreover, trend analysis gives companies the opportunity to innovate with less stress. Organizations that encourage innovative thinking and trend watching will be surprised less often by rapid changes in consumer preference. These “listening” companies will avoid out-of-budget costs, as well as last-minute stress caused by anticipating the behavior of their competitors.

The brand as actor in the change process

A brand can be seen as an active link between changes in society and changes in its market. Decisions made around brand development and strategy not only influence the brand’s performance but also affect the marketplace—by communicating shared values and by triggering discussion. For example, when Apple’s iPod set a new standard in music experience, Bang & Olufsen reacted by introducing an iPod “facilitator.” Brand design and communication are visible; therefore they are both influencers of and influenced by the outside world. The design/brand manager who is capable of linking his or her own strategy to “hypes,” as well as to medium- and long-term trends, will find that these trends can work for the brand. Instead of merely coping with or trying to change the environment, a brand manager should “surf the waves.”

Knowing your brand

Because the underlying forces that drive changes and trends are complex and linked to each other, as well as to the object—the brand itself—brand managers should be aware of sudden changes in public opinion. Brand managers who seldom or never consider the realities of the fast-changing world of consumers are likely to cause harm. Examples of this can be found in music publishing and photo printing—two industries that may disappear altogether if changes in consumer habits aren’t acknowledged and incorporated.

The Brand Future approach is a way of thinking about and managing trends and brands discovered over the past several years—years in which SCAN Management Consultants and The Future Institute worked together for a variety of clients. The concept accepts that companies, just like people, can be separated into innovators, early adopters, and the mass market. Therefore

we suggest that brand managers be very honest about where their companies stand on that continuum. Although most companies like to say they value innovation and [adaptability?] as core values (in itself a hype), only a few really act that way. This deliberate blindness often leads to me-too products and brands: not a great position to be in, in a world where consumers long for unique experiences.

Innovative companies, like innovative people, don’t really care about what others are doing. They create their own waves and find their own markets. They lead markets, take more risk than others, and dare to be different. Like some consumers, brands with a mass character tend to be slow in adopting changes; they long for security more than for adventure. They only adopt changes when they have been proven. Innovative companies drive short-term trends and are usually the first to conceptualize signals into a new domain.

How to discover significant trends

Keeping ahead of trends means keeping track of significant, as well as insignificant, signals. When even weak signals leading to the same concept appear in a variety of target groups, they may signal a burst of opinion that may lead to something significant.

These signals can, of course, easily be misinterpreted or ignored. This is what has happened in, for instance, the music publishing industry. This industry, which saw itself as innovative, blinded itself to consumer demand and acted like a mass market or even a laggard by neglecting the signals that indicated a fall was coming. The signals were there to be read. Innovators were downloading their music, not as a form of kleptomania, but because downloading is a very comfortable way of acquiring new music and embracing social and technological change. These were the same signals that inspired Apple to start up its iTunes music store, which led to the iPod, which led to a much stronger Apple brand. Noting and reacting to the waves of one’s market is essential in this fast-changing society.

Organizations and brands that are early

*Trend analysis
gives companies
the opportunity
to innovate
with less stress.*

adopters (by which I mean they are innovative, but more cautious than the true innovators) can use the brand future approach to create new medium-term concepts to strengthen their brand. Microsoft, for instance, has for years been a typical early adopter. A mass market leader, it waits until others have proven the success of a new technology.

Sometimes new concepts don't fit into an existing brand world. In such cases, new brands must be created to seed the next generation of consumer wishes. The Nike/Converse case is a good example.

The Nike/Converse case

Converse was a typical old-school sneaker loved by innovators: artists, designers, and creative people (figure 1). This group had stopped wearing, for instance, Nike years ago. Nike had developed into a typical mass brand. But more importantly, during the past decade, the mass market actually conceptualized the idea of individualism, which had been seen as subversive and even snobby, into the idea of "individual creativity." Being different and creative was now a positive thing. So the beliefs of the Converse brand became the beliefs of the early adopters—the group the Nike brand was no longer reaching. However, knowing that people in this group

are the opinion leaders, the new market makers, Nike simply bought the Converse brand. In this way, they could be in on the next big thing and translate it into a mass creative brand. The current Converse advertising campaign is focused on being creative—really being creative.

Consumers are being encouraged to film and send in their own commercials (see www.conversegallery.com). The people who love the brand are thus spearheading the campaign. There is a risk of cannibalism—but on the other hand, what are the chances Nike will ever co-opt the innovators and the early adopters again? The original, die-hard Converse fans are lost already, in any case. They reacted to the takeover by starting an anti-brand: the black-spot sneaker (figure 2). The Converse sneaker as a political, as well as a fashion, statement is a signal that can be read as an indication of a long-term change that has now reached the early mass market: consumption as a political act.

Selecting relevant trends

Trends tend to develop within different time frames and on different levels. The Brand Future approach aims to relate to these trends with brand management tools that enable the manager to anticipate appropriately.



Figure 1. The Converse sneaker, beloved by eccentrics and creatives for many years, was coopted into an early-adopter darling when Nike bought out the company.



Figure 2. The original Converse fans reacted to the Nike buyout by creating an anti-sneaker.

Trends can be grouped into three time-related categories:

Short-term hypes—less than two years' duration

These are the most eye-catching trends. They are sudden experiences, mostly linked to subcultures; their impact is short-term.

These types of trends usually require a quick response in order to maximize commercial opportunities or, sometimes, to avoid damage to a reputation. In terms of brand management, short-term trends require more tactical interventions—for instance, e-marketing, sales promotion, and public-relations work to react to an issue or a crisis. Take, for example, the global success of the yellow LiveStrong wristband (figure 3), which was followed by numerous similar initiatives. More than a million consumers were attracted to the yellow band, cleverly co-marketed by Nike and the Lance Armstrong Foundation, which seeks to help people who are living with cancer. The yellow band itself could have been a “one-day fly.” In fact, it was a huge success. As a short-term trend, it may be seen as an interesting indicator of tomorrow’s mass-market concept. In this case, the yellow armband is part of a trend toward helping, sharing, and perhaps altruism in general—perhaps a medium-term trend toward increased social awareness among consumers.



Figure 3. Lance Armstrong’s LIVESTRONG armbands were a huge hit with a society trending toward a more empathetic attitude.

Medium-term trends—duration from two to four years

With medium-term trends, we usually see a direct relationship with changing consumer needs or a change in consumer perceptions—often influenced by economic climate and

changes in social beliefs. Acting upon these trends does not imply changing the proposition of a brand. Rather, these trends ask for adaptations on the level of new positioning of communications, new tone of voice, and different visual style for both advertising and packaging design.

Dirk van der Broek, a Dutch discount retailer, recently made use of a difficult economic climate. Noting that public preferences had shifted from luxury to modesty, the company successfully changed its positioning from that of “a store for the less fortunate” to “discount is fun and attractive for all of us.” The advertising campaign itself, as well as large parts of its visual style, were successfully adapted without repositioning the company’s business model. Despite a strong competitive environment, the discounter succeeded in increasing its market share. McDonald’s is a typical mass brand. It plays it safe by avoiding selling foods that are too unusual; it is a follower, not a leader. But recently the company chose to redirect its strategy by introducing a line of healthier foods. Driven by public opinion, the fear of claims, or perhaps on moral grounds, they read the signals they were getting from niche markets and rearranged their menu. In their public relations and promotion material, they changed the focus to responsibility and health. Because of the boldness of the brand, this switch is accepted and even respected. The proposition is still recognizable: fast and fun. The necessary actions were taken in product development and communication.

Long-term trends—four to eight years in duration

Long-term trends often find their source in sociological changes or in technological innovation. These trends are usually easy to see, although it is sometimes hard to estimate their long-term effect and impact. They often center around a structural shift in existing paradigms that may, later, have a large impact on consumer perceptions and behavior.

In numerous cases, these trends demand a strategic redefinition of the company’s mission, its vision, and its business positioning. This is because the original brand domain—its category—has changed. Anticipating these trends usually affects brands at the highest level, requiring

a redefinition of brand strategy, changes in brand portfolio, and often a new direction in terms of corporate identity, communication, design, and web approach.

Although we don't have realistic figures, we suspect that the Eastman Kodak Company did not sufficiently anticipate global developments

in digital imaging. The brand, not even a decade ago a market leader in photography and photographic imaging, has been overtaken by companies like HP and Sony. Consumers have embraced the new technology, even though the results are qualitatively inferior to those of traditional cameras. The Kodak brand is still strongly associated with the old 3x4 film. Of course the company is trying to regain lost market share by introducing cameras and mobile printing devices, but one might wonder

if that isn't a step short. Mobile print services seem to be successful, but digital cameras will shortly be a commodity in your mobile phone. Can Kodak make its brand relevant and attractive once again? Or should they buy a brand they can't compete with, as Nike did with Converse?

Summing Up

In deciding whether to react to trends, it is important to carefully define the position of the brand, as well as the target audience. We have explained that brands that think of themselves as innovators need to be more aware and take action earlier than "majority" players.

If companies become more open to signals of short-term hypes, they can at least decide whether to act, or not. Short-term trends can also be a help in deciding which new medium-term concepts the brand wants to accelerate.

Medium-term trends are probably more difficult to neglect, because they have more impact on the perception of brands and products. In day-to-day efforts to make brands more attractive, relevant, and distinguishable, we should incorporate trend analysis. Society constantly provides us with signals of audience perceptions that can lead to adoption of advertising concepts, new packaging design concepts, and more precise general tone and style of communication. Medium-term trends probably have the most impact on daily choices in brand management.

Although less visible as far as their impact on the surface of our society, long-term trends they can be of existential importance for brands. They Long-term trends often cause category shifts, changes in the traditional competitive environment, and loss of credibility. Anticipating these trends requires structural monitoring and the ability to gradually find more evidence with which to read a trend with conviction. If successfully performed, this can save a lot of time and effort.

Every year, we spend thousands of euros on research that tells us how our brands performed in the past. From a historical perspective, this is useful and necessary to learn how we, as marketers, can do better in time. But we rarely offer ourselves the time and money to find out what future developments mean to us in terms of opportunities and threats for our brands. This would provide us with information that can help us manage our brands in time. Of course, trend analysis is not a hard science. It does not provide crystal-clear answers on future shifts in consumer opinion and perceptions. It does, however, provide signals that can in the end save us a lot of money. ■

Reprint #05161MAR68

Although less visible as far as their impact on the surface of our society, long-term trends can be of existential importance for brands.