



## KEYNOTE

# IS THERE A NEW NORMAL?

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## ABSTRACT

THE PERCEIVED WISDOM WAS THAT 9/14 LIKE 9/11 WAS GOING TO USHER IN A NEW TYPE OF SOCIETY. THE COLLAPSE OF LEHMAN BROS AND THE SUBSEQUENT ECONOMIC CRISIS WAS TO HERALD A NEW TYPE OF WORLD WHERE HUMAN NEEDS CAME FIRST, ECONOMIES REVOLVED AROUND THE IMPORTANT REALITIES OF FOOD, HOUSING AND HEALTHCARE AND, ABOVE ALL, WE LIVED WITHIN THE EARTH'S CAPABILITIES!

Fears of a double dip aside, it now seems that the world is coming out of its crisis. The financial institutions are back in profit, the bonus system is in full swing, luxury sales, thanks to China, are predicted to grow by four percent to \$214 billion this year. It now seems clear that many people and corporations are not open to change: they have a stake in the status quo and keeping things the way they are.

Yet, beneath the surface, there is real change bubbling away. The biggest shift has to be within consumers themselves. They are busy wresting control from marketers, celebrity based media and insensitive corporations to take charge of their own lifestyle and purchasing decisions.

Empowered by the growth of social media, the massive technical advances accompanying DIY designing and manufacturing, a new understanding of what 'value' and 'values' truly mean and a growing desire to criss-cross market segments at will, consumers are now in charge of the vendor. In this new climate, companies now need to listen, form relationships and talk to their customers.



## THE 20TH CENTURY AGENDA OF CONSTANT NOVELTY, RAPID CHANGE AND STYLE OVER CONTENT HAS NOW GIVEN WAY TO A MORE CONSIDERED APPROACH THROUGH WELL-THOUGHT OUT PRODUCT, REDUCTION, SIMPLIFIED DESIGN AND LONGEVITY.

### PARTNERSHIP BRANDS

According to Henry Jenkins, Director of the Comparative Media Studies programme at the Massachusetts Institute of Technology, we are living in a "participatory culture, where we all contribute and feel socially connected, living much more public and increasingly creative lives." Jenkins continues that brands are now expected to behave like people, moving from a model that was once 'transactional' to one that is now about the 3 'C's – conversation, collaboration and creation.

Other imperatives for companies busy turning their brands 360 degrees into partnering processes when both seller and buyer are aligned in a common goal is real time branding, where

consumers can communicate with a brand on a 24/7 basis, and coaching where brands tutor consumers to be better at what they do or how they use the products they have bought i.e., Apple with its Genius Bars and eBay with its 'eBay University'.

The "You Design Movement" is another huge part of the story where the public is not only invited to design its own garments and products but also have them mass-produced. One of the earliest crowd sourced labels is Threadless, which is based in Chicago and began what is now a much-copied on-line T-shirt contest in 2000 with only \$500. By 2005, its annual income had reached \$6.2 million. Today the company has a global talent pool and focus group of more than

1.2 million. "Instead of managing the community, the community manages us. It's us working for them," says Jake Nickell, co-founder of Threadless.

Catwalkgenius.com is an Irish website that asks fashion fans to buy shares in up-and-coming designers. There are several consumer/brand partnering initiatives happening in advertising eg, Microsoft teaming up with Zooppa, a website that allows companies to publish advertising briefs and source one-off creative teams for its new Windows phone campaign.

### THRIFT FACTOR

Partnership branding not only gives the consumer a sense of empowerment, but also a better sense of true value. And that's important because thrift is a key factor in buying decisions today.

This new frugality, particularly seen amongst today's middle-class, is not a temporary reaction to the economic slump, but a long-term mind-shift underlining the 'new normal'. This is partly due to personal desire but also financial necessity.

Home equity loans have disappeared and the fall in house prices and stock market values have resulted in a \$13 trillion loss in personal equity in the US alone. Also, the consumer will have to fork out more in higher taxes and rising energy prices for years to come.

To live within their means, families are looking at renting or moving to scaled-down living spaces. The average US home size fell from 2,629sq ft in the second quarter of 2008 to 2,400 by the third quarter – a tendency pushed along by changing demographics where already 33 percent of all households only include one person and 66 percent have no children.

With this comes a new 'voluntary simplicity' movement where the aim is to cut back on material possessions. Services are springing up to help people in selling excess household items. Indeed, according to a recent US survey by Metropolitan Life Insurance Co, 47 percent of survey respondents in early 2009 said they had all the things they needed compared to just 34 percent in 2008. This move away from the idea of possession will increase in younger generations like the New Millennials, which, for example, do not feel the need to own physical CDs or DVDs, but just have access to content.

This feeling is paralleled in a new desire to 'make-do-and-mend' with sales of sewing machines, haberdashery and thrifty cooking books all booming. And, if they are not running price comparisons, shoppers can now routinely be seen 'negotiating' 20 percent off the marked price simply by haggling according to Which.

According to market research from The Research Group, 72% of American consumers have haggled over the last few months compared with 56% a year ago. Swap parties remain a rage from New York Upper East Side to nail bars in London's East End. Bartering (some 600,000 companies across the US now barter services and goods) and layaway purchasing are both on the up. Car sharing is on the rise.

The new frugality is, of course, changing the face of retail. While most of the High Street suffers, budget retailers like Poundland, Primark, Aldi and Asda are all growing strongly. We are seeing more companies launch cheaper private label brands (according to Mintel, there has been a 36 percent growth in own brand sales in the UK). In the grocery field, Walmart has launched private label Wal-Mart Deli, Safeway has Signature Café, while Ocado, London's biggest on-line grocery store has launched a new value range called Everyday. Not only that, the consumer is increasingly choosing a product in no-nonsense, straight talking graphics and packaging, thus re-assuring the customer they are paying for content not image!

### THE DESIGN IMPACT

The knock-on effect can clearly be seen in design. The 20th century agenda of constant novelty, rapid change and style over content has now given way to a more considered approach through well-thought out product, reduction, simplified design and longevity. Once a major source of pollution, design is now closely tied to cradle-to-cradle principles. There is now a new social face to design as architects, for example, no longer strive to create stunning retail environments but buildings that truly help the physically and socially disabled.

Nowhere is this better seen than in the

luxury market. Yes, booming economies like China and Brazil still want status-ridden product, Bling and logos, but markets in Japan and the West are going for brand quietness and modesty from the packaging to the look of the product itself. What they are looking for is: understated luxury; a niche, anti-mass association; a tiered-up offering; a sense of investment; heritage and proven pedigree; a seamless transaction process; the experiential not the flashy; products that promote a better quality of life and bring emotion; subtle inside status marketing; and eco and ethical considerations.

### PROPERTY V HOME

Another big shift comes in how consumers now regard their houses as 'homes' rather than 'properties' to be mortgaged against credit or sold on for profit. With this comes a new feeling for 'homesteading' expressed through the desire to stay in and entertain at home. This is particularly seen in two areas – home entertainment and cooking and gardening.

In 2009, when most retail sales were tanking, sales of e-games and Wii game players were up over 25% in the USA. According to Mintel, British families will spend £50 billion on technology by the end of 2010, happily sacrificing other forms of entertainment to get the latest in-home gadgets. Business will only increase as the gesture revolution goes mainstream later this year when Microsoft releases a new videogame system, which works without hyper-sensitive hand-held controllers, just body motions. Meanwhile, Hitachi is planning TV's that can be controlled by simple hand motions.

Far from the world of technology, the kitchen is also changing hugely becoming a farmhouse style, communal meeting place rather than a high-tech snack bar. According to Mintel, all those celebrity TV chefs

stressing the importance of home cooking and quality ingredients means 41 percent of us now cook everything from scratch and only 11 per cent use a microwave regularly. Cooking is now a slower and more considered activity where over-indulgence is frowned upon and fewer but better ingredients are used (Mintel is forecasting double digit growth in egg sales).

Certainly, the kitchen and garden are growing together. Indeed, outdoor space is increasingly coordinated with the house, as colours, patterns and materials used inside will increasingly be found outside. Roughly 45 percent of 1,800 US consumers polled by NPD Group said they had purchased some type of outdoor entertainment product within the past 12 months ie, outdoor sofas, lighting, sound systems, fireplaces etc.

All that decking so popular in the 1990s and 2000s is being replaced by vegetable patches and herb gardens. 25% Americans, 30% Britons, 32% French, 16% Scandinavians,

40% Russians want to grow their own food in their own gardens. According to the principal local authorities in England, 76,330 people are waiting for an allotment – in some areas, people could be waiting as long as 40 years. In addition, families will not just be connected to allotments, but to a working micro-farm owning poultry and cattle.

In fact, the whole house is changing. They will be lived in and extended in an unconventional, estate agent-unfriendly manner to suit the needs of the family. Although there are more childless and single-owner properties, there will also be more reformed (two families merging to become one after re-marriage etc) and LAT families plus all those twenty-something boomerangers unable to afford an independent lifestyle. That means a demand on space. Living rooms will be turned into communal spaces, bedrooms into self-contained bedsits or dormitories and extensions added on Lego-style.

### RETAIL MOVES

The face of retail will also continue to change. E-tailing, now that it is embracing still more consumer participation and co-creation in terms of marketing and merchandising can only grow. Social media will continue to replace other channels of marketing and communication. 'Pocket shopping' will become more common as smart phones, Wi-Fi and mobile banking allow customers to scan and buy products at the touch of a button. In bricks and mortar terms, expect more 'untethered' or 'nomadic' retail, rent-to-own locations, second-hand stores, the use of abandoned spaces and self-storage services plus more design emphasis on 'escape' emporiums and 'fantasytailing'.

And as for the consumers themselves, how are their very characters going to change? The next decade will be one of transition. It will be a time of 'altru-individualism' as people find a balance between the 'me' mentality of the past two decades and a new sense of sharing, community and voluntary

simplicity. It will be a period of serious self-questioning – how much space do I actually need; how do I promote myself via social media channels?

Change is definitely going on. There is a 'new normal' that is definitely different to the 'normal' of yesterday. And this change can only accelerate as we start to enter the world of the unpredictable as rapid advances in bio-engineering, nano-technology and robotics kick in! But that's still another story...

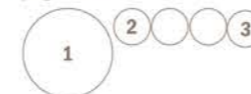
A full review of 'The New Normal' can be read in the magazine, VIEWPOINT Issue #26, published end May 2010.

Contact [www.view-publications.com](http://www.view-publications.com) for more information.



**CHANGE IS DEFINITELY GOING ON. THERE IS A 'NEW NORMAL' THAT IS DEFINITELY DIFFERENT TO THE 'NORMAL' OF YESTERDAY.**

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1

In 2009, sales of haberdashery at John Lewis Partnership, the UK department store group, went up 20%. In the same year, Liberty of London restarted its hand-knitting, embroidery and sewing courses after a lapse of many years.

2

Once a major source of pollution, in its desire to create the constantly but needless 'new', design is now closely tied to cradle-to-cradle principles.

3

America's National Gardening Association estimates that the number of US homes growing vegetables will increase by 40% this year compared to 2 years back. New York based Harris Seeds says sales are up an astounding 80% from a year ago.

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4

Houses will be lived in and extended in an unconventional, estate agent-unfriendly manner to suit the needs of the family. Says Ilse Crawford: "The interior design rule book will have been thrown away and people will be more confident to do whatever best suits their specific requirements, choosing interior arrangements, no matter how unusual, that fit the need of the family."

5

According to a Gallup Poll for USA Today, 32 percent of Americans are saving more than they were a year ago (up to 42 percent of under-29s). The personal saving rate (the percentage saved of one's personal disposable income) is now at 1.3 percent in the US – twice last year's rate. But this is still low by International standards. In China, the elder generation saves from 40-50 percent.

6

Growing economies like China and Brazil still want status-ridden product, Bling and logos, but markets in Japan and the West are going for brand quietness and modesty from the packaging to the look of the product itself.

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7

Shopping from your pocket one of the big retail futures. Smart phones, Wi-Fi and mobile banking will allow customers to scan products, try them and buy them at a touch of a button from their mobile.

8

According to the UK's Mintel, 41 percent of us now cook everything from scratch and only 11 per cent use a microwave regularly. According to a survey from UK supermarket giant, Sainsburys, 62 per cent of customers are now more concerned about wasted food and are more likely to use left-over's to cook with.

Delia Smith Frugal Food jpegs article 1056587 d 36ba00 and D586400

The 2008 re-issue of Delia Smith's 1970s classic cookbook was headlined "NOW MORE RELEVANT THAN EVER".