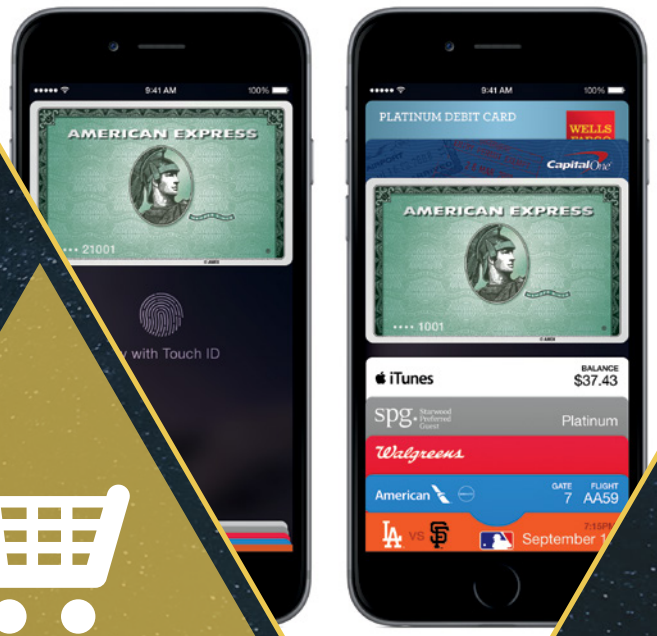
FUTURE EXPERIENCES

THE RISE OF THE UBER-SUMER

2015 MOXIE TRENDS REPORT

If knowledge is power, then we are entering the first phase of the extraordinarily powerful consumer: the "uber-sumer." Society continues to become "smart," as more and more individuals are plugged into the most intimate details of their lives and the world around them. From the ubiquity of smartphones to the emergence of smart wearables, the connectivity and access to information now available to each person is unprecedented. This personal information explosion, combined with amazing technological innovation, has fueled new consumer expectations and behaviors that will challenge businesses in surprising ways. From frictionless commerce that redefines the very nature of shopping to a power shift in data ownership, these five trends are the guideposts to a new marketing road that brands must face.

FRICTION LESS COMMERCE



Mobile payment systems have been in place for years, but with the exception of Starbucks, there have not been many success stories. Apple's adoption of NFC contactless payment technology, via Apple Pay, has changed all of that. Mobile is 25% of all e-commerce traffic, and Apple devices are used for 70% of that market. The company looks set to continue that dominance with the latest iPhones, iPads and Apple Watches. Apple Pay will allow one-touch/click purchase within thousands of online retail sites, combining payment and shipping information and reducing cart abandonment, which is the bane of e-commerce.

The ubiquity of mobile is a panacea for the new retail ecosystem. Mobile's ability to provide insights on both digital and physical activity is creating new opportunities for brands to personalize and optimize the path to purchase and has become the centerpiece in omnichannel retail.

Security is playing an equally important role in the adaptation of frictionless retail. The growing use of biometrics, whether fingerprint scanning or other bio-markers, the use of tokens (which hide credit card information) and the adoption of EMV chip technology systems have greatly increased the level of security

FRICTIONLESS COMMERCE
(Continued)

for mobile transactions. These security enablers will begin to reduce the billions of dollars in annual credit card fraud that plague commerce. Apple Pay will also streamline offline payments, finally making digital payments easier and safer than using cash or credit cards. This explains the rush that started in the fall of 2014 by credit card issuers to become the shopper's default card in Apple Pay. These factors will all combine to ease consumer fears and lessen the headaches (and costs) for retailers and banks.

Retail is the third spoke in the wheel spinning frictionless commerce. The amount of information available to the shopper to research and compare has changed the way retailers must think about the multiple paths that are possible in the consumer journey today. Beacons, both in store and out of store, allow retailers to track potential shoppers' movements and behaviors and give marketers greater insight into the overall customer journey.

In 2015, we will see the potential shopping experience progressively move out of the store and away from the screen. You see someone walking down the street wearing a great pair of shoes — just snap a picture and buy them immediately. Have a great brand experience at a food festival or concert or fill-in-the-blank and a purchase is a few swipes and a tap away. The limitations of the impulse aisle or end cap or any other traditional "retail" spaces are gone. This new frictionless commerce world upends the very idea of what it means to "shop," redefining the retail experience and effectively collapsing the space between brand engagement and sales.

EXPERIENCES OVER THINGS

With the rising costs of secondary education and the reality that entry level jobs are no longer able to facilitate what have commonly been considered traditional rites of passage — buying and owning your first car, owning a home, getting married, having kids, investing via the stock market, just to name a few — millennials appear to have been served the short end of the stick. But there'll be no moping here. This group has refashioned its "shortcomings" into wins. Welcome to the new world order: experiential, on-demand experiences. Ownership is no longer in style. In fact, it's nearly frowned upon and thought pointless.

Why book a pricey room at a hotel when you can stay in a designer tree house or castle or in a regular house or condo where "real" people live in the city you've been dying to visit? Airbnb currently has over 550,000 listings in 192 countries and is expected to surpass InterContinental and Hilton in the number of rooms it offers by the end of 2015. It is valued at nearly $10 billion — more than hotel giants like Wyndham or Hyatt.

EXPERIENCES OVER THINGS
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According to a report from Navigant Research, global membership of car-sharing programs will rise from 2.3 million in 2013 to more than 12 million by 2020. This trend is further amplified within the millennial segment of the population, with 53% of 18–34-year-olds interested in participating in a car-sharing service. Another report suggests that, on average, 35% of consumers are expected to forego a car in the next 20 years and predicts these consumers will use alternative options such as car-sharing services. Uber has effectively positioned itself as the ultimate friend who doesn't let friends drive drunk. Its presence in the marketplace has become so dominant that it's now in the coveted space of being used as a verb — commuting on demand — and as often an adjective — describing on-demand services in any category.

It's not just tourism and travel that have had their traditional business models disrupted and are now being refashioned as slick, digitally served experiences. A report from Juniper Research predicts that over 3.5 million people will utilize cloud-based services by 2018, up from 2.4 billion in 2013. The report also highlighted that the growth of connected services within cloud-based storage, music and games will drive consumer demand over the next five years. Why buy when instead you can use when you want to — and you don't have to be burdened with the responsibility of having to carry, maintain or store items?

2015 will see more upstart businesses infiltrating, redefining and challenging time-tested business models in traditional segments. Look for on-demand car insurance, academic degrees and the continued explosion of media on demand. Traditional brands will either mimic this growing trend or make headlines for having to close their doors.

CONTENT DEMOCRACY

U.S. digital TV and movie audiences are growing faster than previously expected thanks to increased viewing on tablets and smartphones. Netflix gained 50+ million subscribers in 2014, making it larger than HBO. 63% of Americans use Netflix to stream TV, and these people spend more than 1 billion hours watching content on the platform, burning through 45 gigabytes of data each month. Video production services are responding to the cravings of this growing audience, producing rapidly growing, content-rich libraries of titles. And with personal, rather than home, entertainment options continually improving, people are less likely to head out to their local multiplexes. What has prompted this extreme content consumption, which is otherwise known as binge watching?

Netflix CEO Reed Hastings points to convenience, stating, "Consumers are enjoying more than ever being in control of their own schedules, able to click and watch whenever they want."

Across the ecosystem of devices, connected TVs support popular streaming services available on mobile, such as Netflix and Hulu. Set-top device makers Roku, Google Chromecast, Apple TV and Amazon are becoming all-in-one studios and distribution networks.

CONTENT DEMOCRACY
(Continued)

This has resulted in the explosion of revenue from subscription video services for content — from $3.3 billion in 2013 to a projected $10 billion by 2018. In an effort to differentiate and dominate, some brands are making bold moves that potentially promise gold. In May 2014, Google bid $1 billion to purchase Twitch, a live streaming game site where people can watch other people play video games. This site has more Web traffic than Facebook and is competitive with Comedy Central and MSNBC during peak use hours. Amazon officially acquired Twitch in August 2014 for $970 million in cash.

In an effort to not get left behind, traditional networks are joining in. You only have to look as far as the first-of-its-kind Fox/Netflix partnership that has the entire season of "Gotham" available for viewing on Netflix — while on Fox, the highly anticipated series concurrently airs on a weekly basis. Individual content creators are reaping the benefits of this disruption as well. In 2015, look for Hollywood to follow suit by redefining the opening box office weekend. Mainstream theatrical releases will be simultaneously multi-cast in theaters and on demand across digital devices.

Anyone who continues to believe that video content on demand is just a passing phase is ignoring the influential power of YouTube celebrities, who are more popular than Hollywood stars. Hollywood has taken notice, offering full-feature deals to select cream-of-the-crop content producers. Last, but certainly not least, the telecommunications industry may have the fastest horse in this race. Heavyweights such as AT&T and Verizon distribute the mobile devices on which all this content is consumed. "In every household" will no longer be the goal; "in the palm of every hand" will take its place.

EVERY THING ON DEMAND

"A decade ago, we got iTunes and the ability to buy a song bought and delivered with the push of a button. Then Facebook helped us stay in touch with our spread-out friends and family from the comfort of our couch. Then Netflix DVDs started coming over the air instead of to our mailboxes." – ReCode.net "I Want It, and I Want It Now — It's Time for Instant Gratification"

The insatiable, "I need it right now" consumer culture, which is continuously fed by innovation's ability to deliver a better and faster response, has industries creating and delivering products and services at lightning speed. At the rate that on-demand services are evolving, the coveted two-day shipping option will soon become as archaic as mail being delivered by a postal carrier riding a horse.

On demand has gone way beyond being a matter of shipping and logistics and now plays in the background as an everyday occurrence in ways we never anticipated. The continued commercialization of 3D printing and the accessibility of 3D printers will make going to the store — to hunt through bins for that pesky missing screw — obsolete. It will be a matter of click and print, and that

screw will be ready and waiting to be used. Currently, the barrier to entry is high, as even the most affordable 3D printers are considered cost-prohibitive for the home. To address this, UPS has set up 3D-printing shops that allow customers to send them files for printing and pickup and Amazon offers thousands of items that are 3D printed and shipped on demand. This is done much in the same way that customers can conveniently print documents and send faxes at a FedEx Office from the comfort of their homes. Small things, such as smartphone cases and toys, are just the tip of the iceberg. Nike has streamlined production of some of its most popular shoes for consumers and professional athletes by 3D printing the soles. With 3D printing, building a car, a home and even human tissues is now doable in a short time frame.

On demand is hardly limited to 3D printing. More than $4.8 billion in capital has been invested in on-demand companies. Of this staggering amount, $2.2 billion was invested in the last 12 months. Uber is branching out into businesses other than on-demand car service, experimenting with services that run the gamut from lunch delivery to toiletries to ice cream. Google and Barnes & Noble Booksellers recently joined forces to offer same-day delivery for books. Streaming video-on-demand providers, such as Netflix and Hulu, can instantly and simultaneously deliver content across all of the user's digital devices. The current dark horse in this segment is the use of drones as a mode of delivery. In the United States, sentiment around the use of drones as both personal and enterprise tools for delivery has been met with skepticism, fear and legal hurdles. But adoption and adaptation by the mainstream is ultimately anticipated as the convenience and speed of delivery — of product and services — will continue to drive innovation in this space until the question becomes "What isn't available on demand?"

BRING YOUR OWN DATA

More data is collected today than ever before. Big data, the aggregate use of information that tracks groups and populations, has turned into small data, the information about individuals that is used to target people uniquely based upon their habits. Some of this data is collected by explicit permission, some of it implicitly, and some of it is collected without any permission at all — with brands and governments collecting first and dealing with privacy issues later.

Today there are more devices than ever collecting data — mobile Web perma-cookies, surveillance cameras, smoke detectors, wearables — essentially creating an encyclopedia of people's lives. Brands, of course, are also trying to track users across this digital landscape to get a better picture of their habits so that brand messages (ads, etc.) can be displayed at the perfect moment.

As companies collect data at an ever-increasing rate, people are starting to question what, how and why this data is being gathered and are starting to reclaim ownership of all of this information. Individuals are seeing the value of their data to companies and are starting to want something of value in return. This awareness of the value of user-generated data, coupled

BRING YOUR OWN DATA
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with data breaches and misuse of the collected data, is causing a rethink of who owns this data, and how it should be disseminated, both on the individual and the governmental level.

In Europe, where individual privacy rights are stronger than in the U.S., there is a lot of talk about "the right to be forgotten," but in the Age of the Internet, this seems to be virtually impossible. Something more attainable, from the individual's viewpoint, would be the right to not be tracked, but efforts to attain this have been met with everything from minor compliance to outright defiance.

But as the pendulum swings from brand ownership of small data to the individual's ownership, it is not implausible that consumers will have to explicitly "allow" businesses to access their data for that information to be used. It is conceivable that an individual may make particular data available for some entities but not others. And in some cases, even leverage their data to make the company serve them.

For instance, individual health data generated by wearables and other devices could be shared with a physician but not their health insurance provider, who would certainly want this data. Would the insurance company require this data in return for coverage, or could they give a discount for handing over anonymized or personalized data?

For marketers, the tightrope walked with consumers' data will continue to be tricky. Millennials, the most sought-after audience, are surprisingly more concerned about data privacy than previous generations, and they switch brands more readily if they deem their privacy is compromised. As more and more consumers realize the value of their data, brands will have to generate real, contextual value in exchange for the ability to precisely market to the individual.

FUTURE EXPERIENCES

WHAT'S NEXT?

If we've learned anything over the past year, it's that the innovations we embrace don't exist in singular, 12-month capsules of time. If anything, these innovations should be considered organic and evolving, shedding what doesn't work and pushing forward with what does — as far as technology allows our collective imaginations to push. Mobile, as the remote of our lives, has only become more predominant over time, eking its way into every aspect of our existence. The same is true for big data. Although many are cautious of its ubiquitous nature, it is the lifeblood and connective tissue of both our personal and professional lives.

In 2015, we will watch and participate in the mainstream emergence of the uber-sumer. It will be exciting to see how the #MoxieTrends outlined here keep pace with their collective evolution. Even more exciting will be how the market that serves us all continues to evolve and, in the process, reshapes culture right before our eyes.

How will these #MoxieTrends change the way your business works?

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Who We Are:
Moxie Future Experiences (MoxieFX) delivers insights on our digital future. We future-enable our clients by identifying the implications of new and emerging technologies, trends and disruptive ideas. We drive brands forward by applying real-world digital and physical solutions that lay the groundwork for strategies, products and systems.

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Want a quick guide to the 2015 Trends? See our interactive overview here:
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