



# Introduction

“Business as usual” is undergoing a transformation brought on by changing consumer tastes and dramatic economic pressures. Companies now have to find new ways to appeal to consumers scarred by the economic crisis of 2008-2009. These consumers spend less and save more; many are jobless, many lack trust in businesses, and many expect the government to provide a high level of service.

Business operations are under numerous other pressures, including constrained credit, economic uncertainty, threat of increased inflation, low dollar valuation, excessive consolidation in many industries, the rapid pace of innovation, rising commodity prices and a constant pressure to do things better, faster and cheaper.

The good news is: business is reorganizing and finding its way forward. To help you ensure the future of your business, we offer 12 trends that span the range from new consumer attitudes and emerging disruptive technologies to the latest marketing and business operation practices.

Think of these trends as opportunities you can seize to give your customers more of what they want.



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# Consumer Trends

## Trend 1: Short-Termism

The financial crisis that brought us to the brink of monetary end-times made consumers realize that governments, institutions and even brands don't have a good sense of the future—and they certainly can't control a quickly developing crisis. Consumers have become fearful of what might happen next, and they no longer trust that enterprises operate towards a stable, long-term future.

"People are thinking more about the here and now, and less about things that may or may not last a long time," says noted trend analyst William Higham, author of *The Next Big Thing—Spotting & Forecasting Consumer Trends for Profit*. "This sentiment leads us to buy based on our immediate needs. It also makes us want to take greater responsibility for ourselves across a range of sectors, rather than relying on media, politicians, professionals or brands, who we feel have let us down. For example, we are increasingly self-diagnosing and self-treating; scheduling media at the times we want; and making our own playlists rather than buying new compilation albums."

Additionally, people now understand that the pace of innovation rapidly outdates expensive technology purchases. The relative usefulness of smart phones, navigation systems, laptops, software, and televisions lasts no more than a year, sometime only months. When it comes to new technology purchases, consumers have learned to adopt a "wait-and-see" attitude.

## Trend 2: Brand Aid

Companies are now building brand loyalty by helping their consumers navigate through today's complexities and difficulties. "These brands want to be seen as helping consumers through life," said Higham.

Brand aid typically takes the form of advice, information or free services provided to the public. Examples include:

- Microsoft: Publishes a free online magazine, *Home*, offering unbiased Internet guidance
- Charmin: Offers free public restrooms for shoppers in New York's Times Square during the holiday season
- Evy Baby: This diaper company places branded changing rooms in Turkish shopping malls



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- American Express: Created openforum.com to help business owners find success

Higham thinks the trend will expand to an entirely new aid market: "Tomorrow's consumers will pay a premium for brands that help them avoid activities that are either difficult, time consuming or unpleasant. This will be a particularly strong driver in the luxury sector, as definitions of luxury evolve from ostentation to experience and more recently convenience and privilege."

### Trend 3: Conscious Consumerism

You know those people who buy something only if it's organic, eco-friendly or made locally? Soon most of us will make our purchases based on such highly selective, specific criteria.

"Companies should think about their consumers in terms of what, why and how they purchase," says Higham. Impulse buying is waning, giving way to purchases that are driven by enduring core values.

"With less money to spend, there will be a reduction in impulse purchasing and a growth in conscious consumption: where individuals limit purchases to products that matter to them. Brands will increasingly need to provide a meaningful reason for consumers to buy their products: from strong aesthetics to durability, heritage to

sustainability. And they will need to target their products more specifically to particular attitudinal and needs segments."

### Trend 4: Simplification

One of the key trends of the 2000s was the growth of choice. But a backlash has begun, as more and more consumers suffer choice fatigue. "Consumers will increasingly seek, not unlimited choice, but an edited choice," says Higham.

Simplification creates three distinct marketplace opportunities for nimble companies, including:

- **Recommendation as a service:** Recommendations and shortlists of options that give us the right choice rather than an abundance of choices will become increasingly popular. Additionally, products that reduce the need to make a choice will benefit from this trend.
- **Single-occasion products:** Certain single-occasion products such as birthday cakes, wedding gowns and event insurance have long been with us. Now companies are elevating daily activities into occasions that pair with their products. "You can buy bottles of wine made to be drunk with specific dishes like fish or chicken; or coffee brands that are made to be drunk at specific times of the day." This pairing serves to simplify choice.



- **Multi-use products:** "If you own a single device that acts as phone, camera and music player, you don't need to decide which of several single-use products to take with you when going out." Multi-use products are marginalizing certain types of single-use products.

### Trend 5: Mobile Purchasing

Cell phones are becoming virtual credit cards and mobile credit-card processing terminals. In Japan and Sweden consumers have long been using cell phones to make purchases. The U.S. has been slow to adopt the technology, but currently has four forms of mobile phone transaction in use, and these may become widely adopted, though who knows which technology will ultimately prevail. The four models for cell-phone transactions are:

- **Swipe your phone:** Customers can securely swipe their cell phone and use it just like a credit card, making for a quicker transaction. Businesses can use this technology to gain more sales and increased conversion. One provider, [BlingNation](#), is spreading this technology via community banks, which provide local merchants with a phone-swipe terminal and checking-account customers with a small adhesive tag that sticks to the back of their phone.

Swipe the tag over the terminal to make a purchase. The transactions are processed directly by a local bank which results in lower fees than merchants normally pay for credit card transactions. This system is currently being tested in two Colorado towns. It appears to be work well for high-volume, low-price purchases.

- **Accept payments with your phone:** You can now buy a small card reader made by [SquareUp](#) that hooks to your iPhone, Android or Blackberry. When a customer wants to buy something from you, they simply swipe their credit card through this gadget connected to your phone, then they sign their name on your phone, and the transaction is complete. You can also email a receipt to the buyer. This solution works well for traditional businesses that want to sell items off-location at trade shows or festivals, and for consultants, one-person businesses, or artisans who want to accept payment by credit card but either can't get a merchant account or don't want one because of the fees. With this service you don't need a merchant account and there are no contracts or monthly fees. The cost per transaction hasn't been disclosed yet. This service, which aims to be available in Q2 2010, is brought to you by the people who invented Twitter—expect it to be highly disruptive to traditional merchant accounts.



- **Enter your phone number online:**

Customers shopping online can enter their cell phone number to check out and pay. They must reply to a text message sent by the site to complete the transaction. The customer then pays the charge on their monthly cell phone bill. Using a cell phone number is a lot quicker and easier than entering credit card and address info online, and it appeals to younger people and those who may not have a credit card. What's the rub? The transaction fee is painful—as a merchant you must give 35 to 50 percent of the sale price to the mobile carrier that processes the transaction. These fees may drop in time.

These nascent mobile commerce platforms will likely battle it out, VHS-vs-Betamax style, while most of us will be on the sidelines with a wait-and-see attitude. Forward-thinking companies should dive in now, even if they risk adopting a platform that goes the way of Betamax.

- **Transfer money via cell phone:** You can now transfer cash via text message. Both the sender and recipient need to register for a free account with a provider such as [Obopay.com](http://Obopay.com); once that's set up, sending money costs 25–50 cents per transaction, and the money can go directly from and to bank accounts. For small business owners it's an easy, inexpensive way to send or collect payment overseas. Wave goodbye to the fees, long forms and bank visits associated with wiring money.



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## Marketing Trends

### Trend 6: Emotional Branding

"Companies will increasingly base their brand on emotion, to avoid basing it strictly on price," says futurist and Vistage speaker [David Houle](#). "Brands with strong emotional content will command the highest prices."

Most successful brands establish a deep emotional connection with their customers, says Vistage speaker Ronald Strauss, author of *Value Creation: The Power of Brand Equity*. Smaller businesses, he says, think of their brand only in terms of marketing collateral, logos, letterhead, and colors. Many CEOs are not yet tuned in to the emotional aspects of branding.

"Giving your brand emotional content is not easy," says Strauss. "You must first learn to think of your brand as an organizing lens for how you run your business. You then have to understand how your stakeholders look at your brand and how you create or destroy value as your business delivers, or fails to deliver, on its brand promise."

Strauss offer these tips for small businesses to build an emotional-based brand:

- Acknowledge and recognize your customers. Have an ongoing relationship or loyalty program with your best customers. The program should make them want to tell their friends about what you do for them.
- Figure out how to best serve your customers by studying what they do to serve their customers. Help them serve their customers better.
- Infuse your brand with values that drive your products or services. People want to feel part of something bigger than themselves, and values such as quality, creativity, luxury, respect and integrity achieve this.
- At every touch your customer has with your company, treat them consistently well. This makes them feel important.
- Create satisfying experiences for your customers. People value sensory, pleasurable, intellectual, safe and consistent experiences. For products, these attributes are often achieved with packaging and design. For services, they are achieved by building trust, which comes from consistency of treatment.



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The most common failure of brand to resonate emotionally, says Strauss, is when customers perceive indifference.

### Trend 7: Reputation Management

Just as you have to keep your credit score in good standing to own a credit card, you'll soon have to keep your online reputation in good standing if you want to be trusted or have influence online.

"Reputation measurement will become a massive economic enabler as we get better at assessing it," says futurist [Ross Dawson](#), who authors the *Trends in the Living Networks* blog.

Already, within certain domains, user reputations are displayed. eBay displays a "reliability ranking" for each seller based on how much positive feedback they get from buyers, and "Ask Vistage" displays a bar above each user's name that shows how much they participate.

A few sites, such as klout.com, attempt to score reputations. But none yet has cracked the code of offering a comprehensive reputation score.

"Assessing a business's online reputation is becoming more sophisticated," says Dawson. "Soon we'll be able to create measures that tell how trustworthy and

knowledgeable a person or business is based on their online networks, as well as positive or negative reviews, information they share, how that information is ranked and which sites link to it."

Look for reputation management to become as important to driving business online as search engine optimization is now. For small business owners, you should start building your reputation and your business's reputation now. According to Dawson, here's what you can do to start:

- Find out what's being said about you now. There are many free tools to discover this.
- Participate in social media so that you become more visible and have a "right of reply."
- Ask those who genuinely like what you do to recommend you or your work on online sites.
- Don't do anything online you wouldn't want people to find out about—because they will.

Start building your reputation early to get ahead of the trend.

### Trend 8: Behavioral Segmentation

Segmenting your customers by demographics will soon be an antiquated practice. Smart companies are building robust profiles of individual customers.



You can create such profiles based on what your customers do on your website—what content they view, what offers they respond to, what they buy, what information they enter during registration, which emails they respond to, and any other data you can collect on them. Once you build a profile of your prospect or customer, you can use the information to predict what offers and content they are likely to respond to and thereby increase your sales conversion rates.

“Behavioral segmentation is a more sophisticated way to segment your customer than traditional demographics,” says [Dr. On Amir](#), Assistant Professor of Marketing at UCSD’s Rady School of Management. An expert in consumer decision-making, Dr. Amir says that many companies don’t have the internal knowledge to build websites that track behavior and present the most compelling offer to users based on their profile.

“The actual back-end programming is easier than figuring out what you want your program to do,” he says. “The challenge is with the goals, not the programming.”

One cornerstone of successful profiling is determining how different users respond to different offers. Companies use multi-variant testing (also known as A/B testing) to present different offers to similar customers and figure out which offer has a better conversion rate. The goal of testing different messages can vary depending on what type of business you’re in. For example, publishers may use it to serve the exact content a user wants without them having to go looking for it, online stores may use the information to cross-sell and up-sell customers, while small businesses can use it simply to figure out which web page their customers respond to best.

Sites such as Amazon and Netflix are leading the way with powerful recommendation engines based on vast stores of user data. Industry experts use many terms to describe behavioral segmentation; these include psychographic segmentation, customer profiling, web personalization, and behavioral targeting. Could a business practice with this many names be right for you?

“If you think your company can benefit from segmenting your customers,” says Dr. Amir, “then it’s worth the investment.”



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## Business Operation Trends

### Trend 9: Green, The Second Act

No business can escape the need to address sustainability as it goes more and more mainstream. Soon Wal-Mart will require all products to have a sustainability rating.

"If you don't understand green, you'd better get started," says Vistage speaker David Houle. "Green means saving money and lowering expenses. If you believe in this, you should go green; also, your customers will be demanding it soon. Your customers are going to ask you about your total carbon output, and if you don't have an answer, they may find a new supplier. A carbon footprint will become part of the business balance sheet in the very near future."

But wait, things get more granular. "More consumers will demand product footprinting—a holistic, lifecycle picture of the climate impacts of your products and services," says Ryan Schuchard, Manager of Environmental Research and Innovation at Business for Social Responsibility.

What can you do to get ahead of the trend? For starters, get a carbon audit performed on your company, so you know your precise carbon output when customers ask for it. If your output is less than industry standards, then make a big deal out of it; otherwise, make the number publicly available with the commitment that you'll look for ways to start reducing it.

If you want to go a step further, get a life-cycle impact audit done on your products. Look to your industry association to publish consensus-based standards for products in your sector. Start reducing your impact and advertise what you're doing—it's one competitive advantage of the future.

### Trend 10: Collective Intelligence

"We are now creating a collective intelligence that will filter and respond to what's worthwhile," says futurist Ross Dawson. What does collective intelligence mean for the average business owner? It's the opportunity to distill the "wisdom of the crowd" in a quick, cost-effective manner and get solutions for your pressing business issues. Here are some examples:



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- **Crowdsourcing:** When you broadcast a request for work you need done and people online willingly help, that's "crowdsourcing." For example, say you need to name a new product or want to rename your company. Go to the site [namethis.com](http://namethis.com) and post your request. Users of the site will offer names and vote on them. Once submissions are in, you pick the one you like best. It costs \$99 to harness the crowd's brain—significantly less than recruiting the services of a branding agency—and the money goes to the person who picked the best name. Here are [10 crowdsourcing sites explained](#).
- **Freelancers on demand:** "You can now access the best talent from around the globe to work on your projects," says Dawson, who points to sites such as [elance.com](http://elance.com), [odesk.com](http://odesk.com), [freelancer.com](http://freelancer.com) and [rentacoder.com](http://rentacoder.com). On these sites, companies can post job listings and freelancers worldwide can bid on them, usually in an auction-style format. Caution: while this instant job bidding works well for small and non-complex tasks, it's not always suitable for large or complicated jobs.
- **"My Ideas":** Companies are now gathering the opinions, ideas and recommendation of their customers and

then surfacing the most popular of those. [Mystarbucksideas.com](http://Mystarbucksideas.com) is an example of how to tap the wisdom of crowds to innovate and figure out what your customers want.

"We now have tools to quickly access the knowledge and views of a large number of people," says Dawson. "Business leaders should think about how they can best use collective intelligence."

### Trend 11: Evolution of Traditional Sales Models

The traditional sales process is being disrupted and transformed by robust websites, social media, online reviews and customers who value speed and convenience in purchasing.

"For over 100 years," says Vistage speaker Sam Bowers, "the cold call was the way the potential seller and buyer met each other and where information was shared. The salesperson educated the potential buyer about the features and benefits of the product or service. Marketing was nothing more than the support arm of the direct sales effort."

Smart companies are no longer "selling" goods and services. In the new paradigm, customers do their research online and read



user-posted reviews and then figure out what they want.

Many companies are dismantling their sales forces and replacing them with marketing teams. Some companies, says Bowers, may have to straddle the old and new sales paradigms for a while and incur double costs, as certain industries still rely on the old sales process.

"Now the process has been reversed," says Bowers, "We attempt to get the client to come visit us. Pull marketing instead of push selling."

So what are the elements you need to have in place to "pull in" customers? Here's a partial list:

- a robust website that offers detailed information about your offerings
- an easy way to buy your products or services online
- real (and honest) reviews posted on third-party sites by your customers
- targeted ads that point to your website
- a website that is optimized for search terms

Vistage speaker Tom Searcy, founder of [Hunt Big Sales](#), agrees with Bowers and adds that the traditional mechanisms that triggered large sales are dying quickly.

"The trade show was where you saw big equipment or large capital purchases," says Searcy. "Trade-show attendance is down 15 to 20 percent year over year."

"The new initiation points for big purchases take place online in places like LinkedIn groups or industry-focused user groups. Now when people look for a solution, they get recommendations from peers, then they read online reviews and view videos, then they go to a company's website. People don't call the manufacturer first, and they don't take cold calls."

"As you move up in the size of expenditure and complexity of purchase," says Searcy, "trust and credentials become key influencers. Trust used to be built over three to four presentations and dinner meetings with a sales person, but we don't have the time for this anymore. Now the trust curve is built online."

To create trust in the marketplace, Searcy recommends that business leaders take the following steps:

- 1) Capture your legends, fan base, users and products on video and put it on your website.
- 2) Build your credentials by actively publishing articles and white papers, blogging, speaking, and contributing



to LinkedIn groups on your area of expertise. You can also sponsor independent research and publish it.

- 3) Affiliate your business with independent thought leaders. Sponsor their talks, publish their white papers, and invite them onto your board of directors or advisors.
- 4) Get prized certifications and credentials in your industry.
- 5) Partner with organizations that have market mass; for example, become an exclusive territory distributor for a big-name product or service.

"In the new sales model," says Searcy, "thought leadership trumps personality and even relationships in generating trust. If you focus on that, you will have better opportunities coming to you."

### Trend 12: Constant Business Pressure

Constant business pressure, due in large part to slow growth, is a hallmark of the "new normal." Businesses must now focus on creating products and offering services that are better, faster and cheaper than the competition.

Trend analyst and Vistage speaker Morris Segall, President of [SPG Trend Advisors](#), notes that several factors have combined to force businesses into the "better, faster,

cheaper" paradigm. Those factors include: low consumer spending, high unemployment, low growth in consumer incomes, more restrictive and expensive credit, and an aging population.

"Tight controls on cash-flow have been a requirement for operating during the recession," says Segall, "and businesses will need to continue operating with tight controls and creative flexible business models going forward."

Segall offers this advice for companies that need to better control cash-flow and manage the balance sheet:

- Improve working capital by increasing asset turnover, lowering debt, and efficiently managing assets such as receivables, payables and inventory.
- Compensate for low unit-volume sales growth and a competitive pricing environment by employing stringent cost control and planning practices.
- Control labor costs by outsourcing, upgrading to new technology and migrating to more creative, web-based marketing and sales. Additionally, businesses can choose to do more with fewer workers by providing more extensive training, allowing them to take on more tasks.
- Control other costs by revamping



processes and distribution systems, and by partnering with other firms to share costs or augment product and service offerings.

- Seek horizontal business opportunities to generate revenue with moderate additional capital investment.
- Use a flatter management structure (one that shortens a chain of command and relies more on a team concept) to reduce pure management expense.
- Incentivize workers to achieve individual and entity goals, thus aligning their achievements with company success.
- Improve your customer service. Going forward, first-rate customer service and customer service initiatives will define successful companies. Employers should look for workers who can be more complete, more productive and better informed in their jobs to provide great service.

"Being a more productive and efficient firm is not the entire solution," says Segall. To offset slower growth in traditional business lines, he suggests that companies look for opportunities in industries and sectors that have revenue growth potential. Such growth opportunities will come from:

- Healthcare and public education reforms that require technological and process revamping
- Agricultural innovation that attempts to produce more food on less arable land with less water
- Water development and conservation to manage a shortage of potable water worldwide
- Energy conservation technology development and expansion
- Electric power grid and mass transit systems expansion and modernization
- U.S. exports to fast-growing overseas economies
- U.S. Government spending and procurement increases
- State and local government outsourcing of services
- Government and corporate spending on worker retraining
- Real estate rehabilitation and recycling in a shift away from traditional and more costly new development

"The new economy," says Segall, "will require innovation, renewed commitment to customer service and solutions; and, above all, every business owner and manager will have to be an entrepreneur to steer their businesses to success."



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