

2008 is well underway now, so it's about time we highlighted the "EXPECTATION ECONOMY", an umbrella trend that neatly captures the zeitgeist for mature (and rapidly maturing) consumer societies, while also incorporating and explaining many other subtrends. Yes, it *will* keep you busy.

"THE EXPECTATION ECONOMY"



Even though you've heard about the New Economy, the Experience Economy, the Surprise Economy, the Attention Economy, the Leisure Economy and so on, we can't help but throw yet another Economy your way: the **EXPECTATION ECONOMY**. Capturing the essence of 2008's demanding consumer arena, it is—surprise, surprise—all about those pesky, demanding consumers:

"The **EXPECTATION ECONOMY** is an economy inhabited by experienced, well-informed consumers from Canada to South Korea who have a long list of high expectations that they apply to each and every good, service and experience on offer.

Their expectations are based on years of self-training in hyperconsumption, and on the biblical flood of new-style, readily available information sources, curators and BS filters. Which all help them track down and expect not just basic standards of quality, but the 'best of the best'."

The **EXPECTATION ECONOMY** has been building slowly in the background. The biggest difference from five to ten years ago? Word of mouth now travels the world in a flash, making product launches instantly global, turning every new brand—big or small—into a potential 'player', and most importantly, rewarding exceptional performance with immediate interest and approval from consumers. Basically, Joseph Schumpeter's ['Creative Destruction'](#) on steroids.



In fact, never before has intelligence on the best, the cheapest, the first, the most original and the most relevant been so openly available to consumers. And **never before have consumers enjoyed doing research and 'competitive analysis' as much as they do now, and doing it far more diligently than most corporations do.** Blame (or thank) sites, blogs and mags such as:

- [Core77](#), [Inhabitat](#), [Design*Sponge](#) (design, furniture and objects)
- [Gizmodo](#), [Engadget](#), [Ubergizmo](#) (cutting-edge gadgets and electronics)
- [Treehugger](#) (eco-chic products)
- [Curbed](#) (real estate)
- [Cool Hunting](#), [The Coolhunter](#), [Josh Spear](#), [NOTCOT](#) (cool, beautiful, have-to-have 'stuff')
- [Gridskipper](#), [superfuture](#), [Jaunted](#), [Wallpaper](#), [TripAdvisor](#), [Monocle](#) (hotels, restaurants, architecture)
- [Flavorpill](#) (coolest city events)
- [FlyerTalk](#), [SeatGuru](#), [Skytrax](#) (best airlines and seats)
- [Luxist](#), [Born Rich](#) (most desirable luxury goods and services)
- [Autoblog](#), [Jalopnik](#), [Hybrid Cars Blog](#) (automotive scoops)
- [JC Report](#), [The Sartorialist](#) (fashion and style)
- [Kotaku](#), [Joystiq](#) (video games)
- [Styledash](#) (beauty)
- [Slashfood](#), [Chocolat & Zucchini](#) (food and beverage)
- [EUKicks](#) (sneakers)
- [Vinography](#) (wine)
- [FirstShowing](#), [/Film](#) (movies)
- [Digital Photography Review](#) (photography)
- And so on!

** This avalanche of consumer intelligence has even spawned a subtrend: consumer info as entertainment, consumers informing each other on the best of the best without feeling the urgent need to actually purchase anything. What started with armchair travel and TV chefs is now applied to virtually every industry or object that consumers desire. We've dubbed this phenomenon "VICARIOUS CONSUMPTION": consumers can now vicariously consume everything and anything through the eyes of curators and other consumers, and the written/spoken/taped reports they freely share. And yes, this will lead to even more [INFOLUST](#) and [TRANSPARENCY TYRANNY](#) and [NOUVEAU NICHE](#), so please re-read our previous briefings on those trends.*

Irritation and indifference



Tomorrow's consumer forecast: ongoing annoyance with occasional showers of boredom and indifference

The effect of the EXPECTATION ECONOMY on consumers' moods? Once high(er) expectations have been set, they are bound to go largely unmet, since the majority of brands still choose not to keep up with the best of the best (more on that later). In 2008, well-informed consumers will thus find themselves in a perpetual state of indifference and/or irritation.

Indifference will hit those brands that consumers *know* are underperforming, and that they can avoid due to sufficient availability of the best of the best. If you're working for one of those underperforming brands, the scary thing is not just selling less (or nothing). It's that indifferent consumers will stop being forgiving, they will stop being cooperative and giving you feedback on how to be more like other, better performing competitors. They'll just leave and never return, without telling you why.

Perpetual irritation is just as bad: this will occur when consumers are forced to buy from an underperforming brand, due to limited or no availability of what they already know is the best of the best.** In this light, pay special attention to fake loyalty and postponed purchases:

- **Fake loyalty:** consumers will continue to purchase from underperforming brands if the 'real thing' isn't available. To the underperforming brand, all may seem quiet on the western front, until the best of the best suddenly does become available. Good examples of fake loyalty can be found in the airline industry: millions of frequent flyers around the world *know* that Virgin Atlantic, Singapore Airlines and Emirates offer a superior experience, but since these airlines don't fly on all routes, consumers have no choice but to fly with subpar airlines now or then, or all of the time. Count on them to vote with their wallets every time new routes are added by these 'best of the best' carriers, even if they've never flown with them before.

- **Postponing purchases:** some 'best of the best' brands like Apple actually manage to indirectly convince consumers to postpone certain purchases. Many consumers would rather wait for the iPhone or MacBook Air to become available, than to buy a new phone or laptop. Again, due to the dissemination of information, even local product launches are, from a VICARIOUS CONSUMPTION angle, instantly global. Digital services have already succumbed to phased distribution; the physical world is next.

** Only if the best of the best can be classified as truly UBER PREMIUM, i.e. financially out of reach to most, well-informed consumers are not upset if they don't get that kind of experience wherever/whenever.

The Next Generation



Let's face it: in the past a brand could get away with not performing at its peak, since consumers didn't enjoy full transparency of the best, the cheapest, the first, the most original, the most relevant. That's really over. And things are bound to get even more radical: the EXPECTATION ECONOMY is a given for younger generations, who are unburdened by an era of mass production, mass advertising and above all, mass ignorance.

So: not knowing who's doing exceptional things and setting your customers' expectations is not an option. Which brings us to the following:

A cross-industry mind is a joy forever



The light at the end of an (industry) tunnel is a train ;-)

Sure, we know that what you really, really want is to be told which trends will dictate *your* industry. If you're in automotive, you want to know about the future of transport; if you're in food and beverage, you're no doubt interested in everything healthy and green and organic. And of course you have a near-obsession with what your main competitors are up to. But in an EXPECTATION ECONOMY, business professionals should obsessively think and look cross-industry, as opposed to suffering from industry tunnel vision.

Here are three reasons why looking cross-industry isn't just great for inspiration, but a prerequisite for understanding how to fuel innovation in an EXPECTATION ECONOMY:

1. Your competition could be anyone



First of all, focusing solely on your own industry will obscure the fact that in economies of abundance, consumers are increasingly spending their 'play money' on goods and services that **net them the experience**, the indulgence, the excitement, the satisfaction they're looking for at a specific moment. Which could be new sneakers (even though they already own five pairs), or a new cell phone (even though their current one is perfectly fine) or a long weekend away (even though, if they're European, it's probably their fourth getaway this year). So if you're, let's say, Nike, you're definitely competing with Reebok and Adidas and Onitsuka Tiger once a consumer has made up his or her mind that it's sneakers he or she desperately wants. But before minds are made up,

when shopping for a certain kind of excitement, it may as well be Nokia or Starwood Hotels. Or Zara. Increasingly, you'll be competing with anyone and everyone, which means you need to keep an eye on anyone and everyone.

2. Expectations are often set outside your industry



Secondly, limiting yourself to your own industry will make you miss important changes in consumer expectations, and will thus put you at risk of disappointing or even annoying consumers. Every industry has its own 'innovation competence', and the innovations they're bringing to market not only excite their own customers, they also shape their expectations for other industries. Whether it's Singapore Airlines' sense of status, Starbucks' understanding of indulgence and rituals, H&M's obsession with making up-to-the-minute fashion affordable, or Apple's prowess in design and usability. And while flawless execution is never easy, the thinking and attitude behind it isn't impossible to mirror. Consumers know this, too. Hence their aforementioned indifference and irritation when it comes to the non-H&Ms, the non-Singapore Airlines, the non-Apples.

Broad trends based on consumer needs and wants will obviously unlock more of these expectations. Just take a look at our previous briefing, [8 trends for 2008](#), to figure out how these trends set expectations across the board: consumers will come to expect *all* industries to also start offering them the indulgence of PREMIUMIZATION, the green status fix of ECO-ICONIC, the budget-saving, experience-multiplying pleasure of SNACK CULTURE, the instant gratification of SEE HEAR BUY, the try-out meets relevance joys of BRAND BUTLERS, the uber-personalization of MAKE IT YOURSELF, and the satisfaction of being heard when participating in CROWD MINING. And they really don't care if you're in real estate, financial services, travel or telecom. More hands-on examples to follow below, after point 3.

3. Just copying competitors is a race to the bottom



Another dynamic 'smart follower' innovation session.

Last but not least, **if you're obsessed with what your direct competition is doing, you will always end up copying new concepts in your industry.** Which means that, unless you're comfortable with being a 'smart follower*', this is not going to unleash your innovative brilliance ;-)

Now, all of this is of course not to say that you shouldn't actively track what's happening in your own industry. But in the next 12 months, do also constantly ask yourself: who are our other competitors? What experiences could our product or service be traded in for? And what can we learn from other industries setting consumer expectations across the board?

** Management speak for waiting to see whether innovative initiatives by more creative and daring competitors are worth copying: if they are, you're too late, and if they're not, well, by then they're probably working on something newer that does work.*

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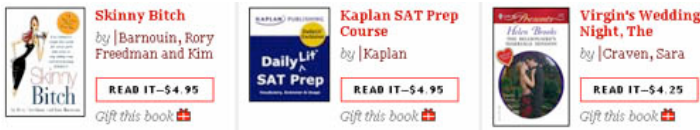
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Examples

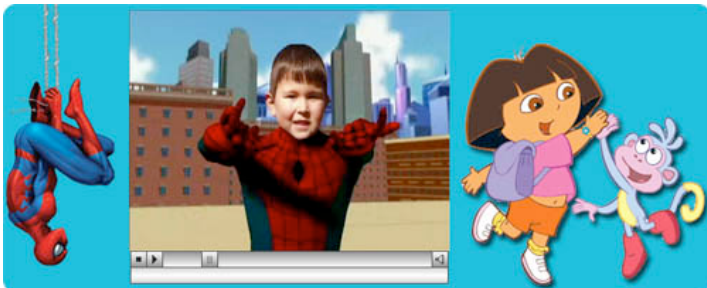
Enough theorizing: let's look at some expectation-setting (niche) brands, products and services, taken from our sister site, [Spring-wise New Business Ideas](#):



DIY & apparel | [Tomboy Trades](#), a Canadian start-up aimed at DIY for women, has developed steel-toe boots in pink, green, blue and red. Matching tool belts, safety glasses and hard hats soon followed, as did retail partnerships with Home Depot and Zellers, a Canadian department store. Expectations being set here? Female versions of everything and anything! More examples in our [FE-MALE FEVER](#) briefing.



Media & publishing | [DailyLit](#) offers more than 500 classic and contemporary works free of charge along with a smaller assortment of Pay-Per-Read titles, most of which are priced below USD 5. Books are sent by email or RSS in individual instalments on the days and times selected by the reader—for example: every weekday at 7:45 a.m.—and each instalment is small enough to be read in less than 5 minutes. Expectations being set? A [SNACK CULTURE](#) that is truly pervasive and cross-industry.

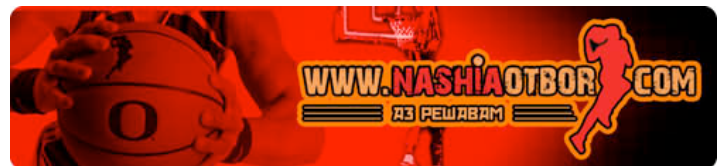


Entertainment | Children can now watch themselves interact with their favourite cartoon characters, thanks to [Kideo](#)'s personalized videos. How it works? Customers upload a photo of their child to

the site, which is then cropped down to a head shot and attached to a cartoon body. A few days later, a DVD is mailed to the customer's house, with an animated movie that shows the child alongside popular cartoon icons like Dora the Explorer, Spiderman and the Care Bears. Besides featuring a child's image, his or her first name is spoken by the characters throughout the video and also appears on the packaging. Also check out [Flattenme](#), which produces lushly illustrated, personalized books. Expectations being set? Consumers can personalize (and star in) *everything*.



Advertising | Japanese [Tadacopy](#) offers university students free photocopies. This 'free love' is made possible by printing ads on the back of the copy paper, which is slightly thicker than normal to prevent ads from shining through. For JPY 400,000 (2,500 EUR / 3,750 USD), advertisers can have their message printed on 10,000 sheets of paper. Tadacopy machines have been placed at a few dozen campuses, and are a big hit with students. A variation on the theme was just launched in the Netherlands; students at the University of Utrecht can sign up with [StudyPrint](#). After registering with their university email address to prove they're students, they can upload documents to StudyPrint's website and pick them up by entering a code on the printer, or can bring their files to the print station on a USB flash drive. Expectations being set? How about a free version of *everything*?



Sports | Undoubtedly inspired by [MyFootballClub](#), which assembled 50,000 football fans to buy a British football club, a professional Bulgarian basketball team is now looking for sponsorship from a crowd of fans. While MyFootballClub first collected enough money from its members and then selected a team to buy, ten-year-old [Start](#) is taking a pro-active approach by asking basketball fans to fund an existing team. Start is seeking a minimum of 10,000 people—in Bulgaria and elsewhere—who are willing to sign up before May 1st, 2008, pledging to pay BGN 40 (EUR 20 / USD 30) each if enough other members register to do the same. Once the money has been collected, the team will organize a bas-

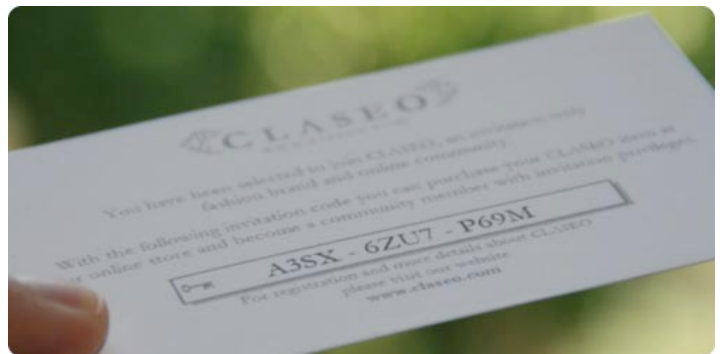
ketball camp and try-outs. Training sessions will be filmed and broadcast on nashiaotbor.com, allowing crowdfunders to help spot and vote for talented new players. Akin to MyFootballClub's setup, members will virtually manage the team, voting online on key decisions concerning players and coaches. Expectations being set? Consumers wanting, demanding and expecting to play a much more active role in what was until now the producer's/brand's domain. More inspiration? Check out [CROWD MINING](#), [CUSTOMER-MADE](#), [STATUS SKILLS](#), [GENERATION C\(ASH\)](#) and [MAKE IT YOURSELF](#).



Automotive | Gilbarco Veeder-Root's new Applause media system brings the power of Google to gas station customers through a live internet connection. Users view maps on the pump's screen, search Google's local business listings by category (restaurant, hospital, gift shop, etc.), and print easy-to-read driving directions right on the pump's receipt printer. Expectations being set? 'Real world' devices and locations that satisfy rampant [INFOLUST](#).



Confectionery | Sir Hans Sloane, based in London, offers clients a bespoke chocolate portfolio. Customers work with the firm's master chocolatier, Bill McCarrick, to discover which types and flavours of chocolate they enjoy most. Much like an expert vintner helps clients stock their cellar with wines that please their palate, Sir Hans Sloane designs a unique chocolate profile for each client. No two customers share the same profile, and their selections are logged in a 'Keeper's Book' for future reference. Expectations being set? Premiumization of everything edible and non-edible. If not bespoke premiumization. More expectation-setting [premiumization examples here](#).



Fashion | Claseo bills itself as the world's first closed shopping community with an invitation-only line of clothing. Each member of Claseo is given a limited number of invitations to share with friends, who must enter an invitation code and make a purchase in order to become members themselves. All Claseo items are emblazoned with a unique, visible identification code. Not only does that code allow members to recognize one another in a crowd, but it also enables them to learn more about each other. By entering the code seen on another member's shirt on Claseo's website (or mobile site), a user can learn that person's name. Members can connect through Claseo's online portal, which features profiles, messaging and photo galleries, as well as exchange information

and tips on a variety of fashion and lifestyle topics. Expectations being set? In consumers' search for uniqueness, some will expect any product or service to come with some kind of exclusiveness and limited access.



Celine Dion



Mariah Carey



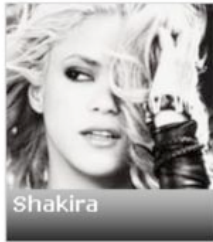
Alicia Keys



Linkin Park



Luis Miguel



Shakira

Music | Anyone who's ever had a song stuck in his or her head, but was unable to place the title or artist, is bound to think South Korean **Midomi** pure genius. Users need only sing, hum or whistle a few bars into their computer microphones, and this online search engine can match the tune against its ever growing musical library. The customer then has the option to purchase the track and can connect with others who share the same musical interests. Expectations being set? Instant gratification of the **SEE-HEAR-BUY** kind. Whenever, wherever.



Food & beverage / Retail | Urban Rustic, located in Williamsburg, NY, is a grocery store and café that aims to connect local urbanites with local farmers and producers, much like farmers' markets do. The store primarily sells food and dry goods produced less than 100 miles from Brooklyn. Anything from farther afield is acquired from sustainable sources. Expectations being set? How about consumers developing a taste for (and demanding) anything and everything organic, eco-friendly, *and* local? Or anything 'storied'? More on to deliver on such expectations in our **STILL MADE HERE** briefing, and our upcoming STATUS STORIES briefing (April 2008).



Cosmetics | Take a high-margin product like cosmetics, and cut prices by at least half. Add online accessibility with customization, community and values. Throw in some demystifying expert advice, and you've got US-based **e.l.f.**, short for "eyes, lips, face". All cosmetics cost just USD 1, and customers can create personalized profiles that generate product recommendations and customized looks. The site also supports the Humane Society of the United States and PETA. Expectations being set? How about *everything* being cheap yet pleasant?

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How to track and set expectations



Tracking and understanding THE EXPECTATION ECONOMY is not a science; in fact it's a nice mix of experience, intuition, and knowing your sources. Grab your notebook and camera and start taking EXPECTATION ECONOMY notes and pictures. As a consumer, and as a business professional. Roam the streets, from Tokyo's Omotesando to São Paulo's Jardins, and scan the list of best of the best sites/publications we mentioned at the beginning of this Trend Briefing.

Find competitors and non-competitors, big and small, who are setting consumer expectations much higher than you've ever been able to. They're more fun. They have better design. Their stuff tastes, looks, feels better. Their customer service actually responds to emails. They're cheaper. Then compile what you think are now the global standards for whatever it is you do, and from there start thinking about new goods, services and experiences that at least incorporate those standards, and preferably outdo them.

If you need more, you should re-read our [5 Trend Watching Tips](#) and our [previous Trend Briefings](#), scan [Springwise New Business Ideas](#), even spend a modest part of your 2008 research budget on our [full 2008 Trend Report](#), which comes in ready-to-share PowerPoint format. Oh, and we of course *expect* you to let us know about any results that are worth mentioning in future editions of this briefing ;-)

Happy spotting!

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