

THE : FUTURE : LABORATORY

: : FUTURE FORECAST

: : 2018



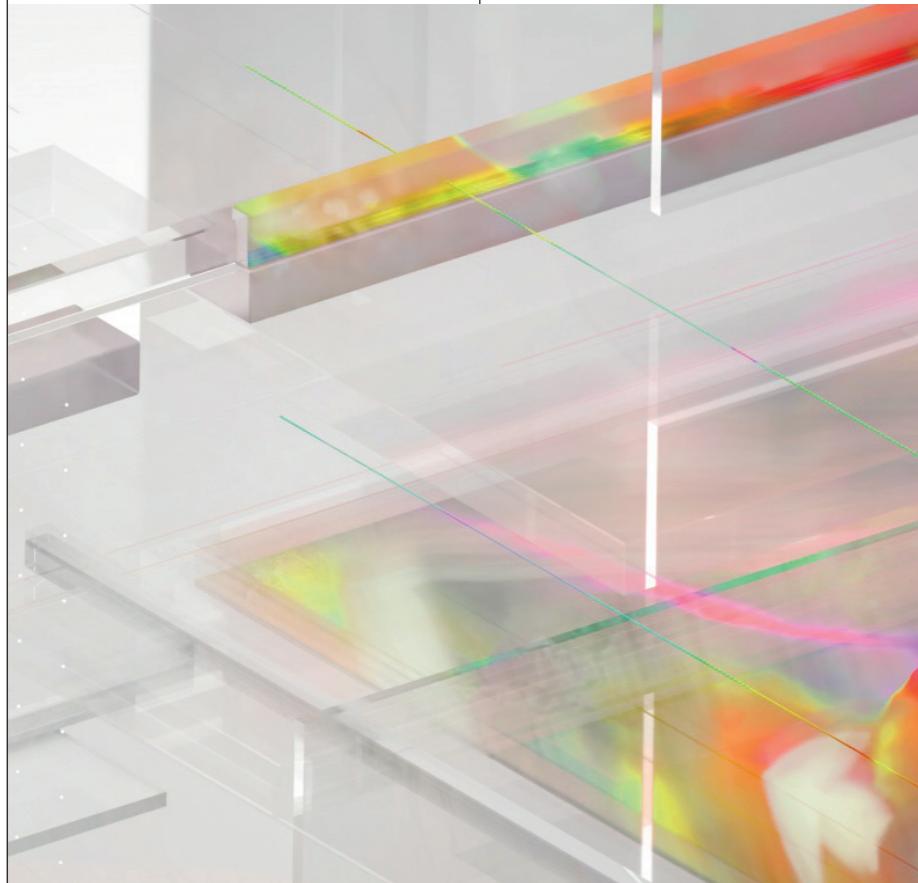
Introduction

2018 will set a new benchmark for innovation across the consumer landscape. From synthetic cocktails to the rise of augmented retail, our Future Forecast report will introduce you to the 40 key micro shifts that will have the biggest impact in the coming year.

At the end of 2017, we predicted that the conversation about sensitive skin would be louder, that traditional health products would be rebranded as Post-pharmacy Brands, and that there would be a greater erosion of traditional luxury signifiers such as heritage. Not only have these and dozens more of our predictions come to pass, they have also influenced a host of new micro trends.

For the 2018 Future Forecast, we've made it even easier for you to discover what's coming next. Everything has been arranged into 10 core sectors full of micro trends, market focuses and big ideas from industry leaders.

We evaluate our trends against seven fundamental human needs that dictate the development of our economies, cultures, societies and technologies – **Purpose, Belonging, Fulfilment, Security, Attainment, Identity and Curiosity**.



A DEEP DIVE INTO ARTIFICIAL INTELLIGENCE,
RESEARCH PROJECT BY FIELD



TRAJECTORY BY CATHERINE KA HEI SUEN

These are analysed alongside long-term global changes that will shape the world over the next decade and beyond. These five Global Drivers are: the rise of an **Urban Mindset**; the connectivity of **One World** that comes with globalisation; the age of **Advanced Living** where everyone quantifies themselves; the geopolitical turbulence of a **New World Disorder**; and the growth of a **Non-demographic World** in which old definitions of identity no longer apply.

From the increasing importance of artificial intelligence, to the rise of activism in the travel sector, the 40 revelations you're about to discover are just the tip of the cultural iceberg. If you truly want to harness their implications and make your business fit for the future, get in touch and together we'll help you navigate what lies ahead in 2018 and far beyond.

TheFutureLaboratory.com

Future Forecast 2018

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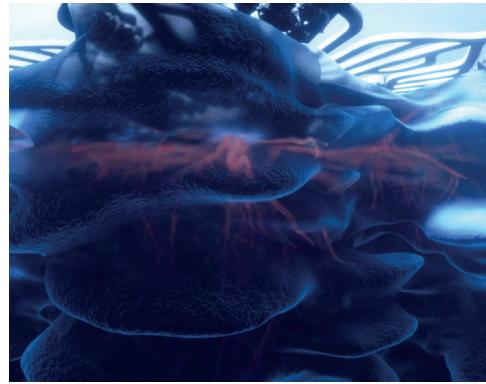
New materials based on space exploration; digital avatars exert their influence; and conscious consumers embrace African designers

A close-up photograph of Ruby chocolate pieces and a yellow flower. The chocolate is a vibrant pink color and is shown in various states: a whole bar, broken pieces, and small shavings scattered on the surface. A yellow, star-shaped flower with a dark center is positioned on top of one of the chocolate bars, partially submerged in it. The lighting highlights the texture of the chocolate and the delicate petals of the flower.

Food

Food

The dominant narrative will not be about new flavours or aromas, but about finding security in what we eat



REIMAGINING CLIMATE CHANGE AT THE MUSEUM OF THE FUTURE, DUBAI

1/3 of UK consumers are less trusting of food products and retailers than they were five years ago

Source: NFU Mutual

Lab Notes: Nutrition Salvation

With the rise of food scandals in recent years, a third of UK consumers are less trusting of products and retailers than they were five years ago (source: NFU Mutual). They seek reassurances that the food that they eat is labelled correctly, and that it is not only transparently made but also sustainable in its production methods.

Beyond simply rethinking waste, a microtrend that has become more prevalent in the past couple years, there will be more long-term approaches, from novel production methods to alternative packaging materials.

And while food is inherently political, in 2018 it will become even more of a flashpoint for activism as geopolitical manoeuvres – from Brexit to US immigration policy – affect the industry.

1. Alt Packaging

With brands such as **Pringles** being shamed across social media and boycotted for its difficult-to-recycle packaging, next year will be defined by a search for sustainable alternatives.

Dutch fruit and vegetable supplier **Nature & More** and Swedish supermarket **ICA** are already showing the impact of removing plastic labels from vegetables with their laser marking system. The technique uses a laser to remove pigments from the skin of fresh produce and uses 1% of the carbon emissions needed to create a comparable sticky label.

The next generation of designers are also taking up the cause. Central Saint Martins graduate Maria Kurian, for example, has developed a range of short-use products made of rice starch and gelatin that degrade at variable speeds depending on required usage time. MIT **Tangible Media Group's** experiment in flat-pack pasta, which takes its final form once boiled, resulted in a reduction of 67% in air volume normally present in packaged dried pasta.



SUPER-SYNTHETICS BY MARIA IDICULA KURIAN



UNDER RESTAURANT BY SNOHETTA

2. Replenishment Architecture

As the conversation on sustainability in food moves from farm-to-table to an increasingly nuanced look at our food systems, more and more projects will be aimed at replenishing food products that humans have decimated.

In Norway and Scotland, two projects are already under way to restore mollusc populations. Architecture firm **Snohetta** is designing Under, a restaurant that will be partially submerged in the North Sea. Its concrete exterior will serve as the rock to create an artificial mussel reef that will encourage biodiversity and clean the water around it.

Meanwhile, **Glenmorangie** is aiming to restore the wild oyster reef of the Dornoch Firth after it was fished into extinction more than 100 years ago. The naturally filter-feeding oysters will clean any by-product of the Glenmorangie distillery that is not purified by the whisky brand's new anaerobic digestion plant.

Both projects illustrate the growing need for brands to consider how their products can have a purpose and a life beyond their initial function.

3. US Focus: Activist Dining

The dining table has always been a space for discussion, planning and debate, but in 2018, a mid-term election year in the US, it will become an even more important space to foster cross-cultural empathy and civic action.

With migrant workers' jobs under threat, local eateries in the US will increasingly take a stand on social issues and engage in social activism to protect their workers. The Sanctuary Restaurants movement is already paving the way for change with its programme aimed at safeguarding the rights of workers in the US restaurant industry at a time of growing anti-immigrant sentiment.



TRAWLER TRASH

4. Beneficial Biotech

Industry Innovator: Finless Foods

Big idea: Making lab-cultured fish that is not only environmentally friendly, but healthier too.

Why it matters in 2018: Increasing awareness of food security issues and climate change means that more consumers care about where their food comes from and how it is made. The debate between 'natural' and 'synthetic' will become louder, and Finless Foods will lead the charge in redefining the former.

'If you create something using biotechnology that benefits the environment as well as people, people will be more likely to change their behaviour'

Michael Selden, co-founder, Finless Foods



Drink

Drink

Tradition will take a back seat as an urban mindset that prizes convenience over provenance takes hold among many consumers

Globally, alcohol consumption is declining at a faster rate than it has in the past five years, yet at the same time spirits consumption is on the rise

Source: IWSR



NORDIC SPIRITS LAB

Lab Notes: Quality Control

Although curiosity is often at the heart of drink purchases in both the on- and off-trade, this has to be balanced with the desire for attainment. Consumers want to obtain things more quickly, but they also want access to things they've never tried before.

This is why the time is ripe for synthetic alcohol to live up to its promise. Even though alcohol made in a lab remains a nascent idea, it will become even more developed next year as consumers increasingly recognise its benefits.

But there is another tension in the world of alcohol, because even as consumers strive to attain the inaccessible, they are also more interested in quality than ever before. Alcohol sales may be down, but spirits consumption is up, and that tale of quality over quantity will continue next year. New narratives, such as those on terroir, sustainability and geographical distinctions, will be used to attract consumer interest.



COCKTAIL AT CUB RESTAURANT

5. Sci-Fi Spirits

While the conversation on lab-grown ingestible products mostly centres around cultured meat, alcohol created in the laboratory is becoming a larger part of the conversation. And although consumer concern over 'hacked' foods is latent, the synthetic offerings that show a clear benefit may find some appeal.

In Los Angeles, **The Lost Spirits Distillery** has been working to age rum and whisky synthetically in record time using a high-tech reactor that uses heat and light to speed up the process, creating the complexity of a 20-year-old liquor in just six days to satisfy the impatience of many drinkers.

Professor David Nutt at Imperial College has spent the past decade inventing alcosynth, a synthetic alcohol which mimics the positive effects of alcohol while negating the toxicity of it, which can lead to hangovers. Also on the market now is **Bellion's** Functional Vodka, which is created using NTX technology, a proprietary blend of additives said to lessen the damaging effects of alcohol on the liver.

6. The Reign of Terroir

In 2018 tradition will give way to a conversation around terroir, which will give spirits a greater sense of place.

Some spirits, such as tequila and whisky, have to be produced in particular regions, but to compete in a crowded market, more will be made of the specific locations within a region as a point of difference.

In Scotland's Isle of Raasay, **R&B Distillers** has begun production of its whisky, and is focusing on local elements such as the volcanic mineral content in the island's water supply as well as planting barley trails to determine whether the climate is suitable for growing and ripening the plant.

'Terroir is not simply a notional concept. It really does shine through in our food and drink, and enables us to experience the history and traditions of a place through our palate and senses,' explains Claire Smith-Warner, head of spirits education for **Moët Hennessy**.



VOLCAN TEQUILA



KO HANA HAWAIIAN AGRICOLE RUM

7. UK Focus: Brexit Booze

The UK will face an upward battle when it comes to drink sales, thanks to the continuing uncertainty surrounding the future post-Brexit. But while imported wine, beer and spirits may be more expensive next year, it could be an opportunity for domestic products to shine.

A record one million grapevines are expected to be planted in the UK from April 2017 to April 2018, and the growing category of English sparkling wine could become a more attractive option on the shelf. English spirits alternatives may also find favour, with recent launches of innovative products such as **Southwestern Distillery's** take on pastis, an aniseed-flavoured liqueur from France.

8. Closed-loop Agave

Industry Innovator: Sombra Mezcal

Big idea: Creating a sustainable solution for mezcal production by planting one agave plant for every one harvested and using spent agave fibres to create adobe bricks for local community buildings.

Why it matters in 2018: The tequila market is forecast to grow at a steady rate of 3% a year until 2021 (source: Technavio), and current agave practices may not be sustainable enough to feed this growth. Sombra Mezcal is investing its distillery with a sense of purpose, not only by practising restraint in its production, but also by ensuring that its work enriches its community overall.

'Rather than taking the notion of tradition at face value, [at Sombra] we have opted to dissect it further. We've evaluated tradition for its environmental impact, its sustainability and its ethical considerations'

Richard Betts, founder of Sombra Mezcal



Beauty

Beauty

As consumers become more educated about product ingredients, the line between synthetic and natural will become blurred



DECIM PRODUCTS RANGE

Some **23%** of consumers in the UK, US and Europe are planning to purchase more items at specialist beauty stores

Source: UBS

Lab Notes: Irritant-Free Identities

In the past few years, there has been a shift in beauty towards more natural products as consumers' desire for transparency in ingredients moves from the things they eat and drink to what they put on their skin.

With consumers becoming more educated about synthetic and natural ingredients, the issue will be more narrowly defined in the future, with 'irritant-free' becoming a key beauty watchword in 2018.

As consumers seek out specialist beauty stores across multiple retail channels, the connection between their beauty routine and sense of identity is growing stronger. This means that the definition of the term 'beauty' is now up for debate. For the past few years beauty has been defined as an 'effortless' and 'natural' look, but over the next 12 months consumers will increasingly explore how the make-up they wear defines them.

But in 2018, the nascent make-up movement will emerge – where women reclaim their right to wear make-up however they want.

CoverGirl's withdrawal of its 20-year-old slogan Easy, Breezy, Beautiful CoverGirl in favour of the new tagline I Am What I Make Up is a sign of the times. Next year, beauty campaigns will focus on the power of make-up as a form of self-expression, and innovative products such as the Pout Case, phone case containing a make-up kit, will empower people to apply their make-up however and whenever they want to.



GLOSSIER YOU STORE, NEW YORK

9. Cosmetics Crusaders

Alongside the proliferation of make-up tutorials created by beauty bloggers online, make-up shaming – where commenters question women's make-up habits – is becoming more common. Some 55% of US adults believe that women mainly wear make-up to trick people into thinking they are more attractive, while in 2016 Japanese private railway company Tokyo Corp released a video designed to discourage women from applying make-up on trains.

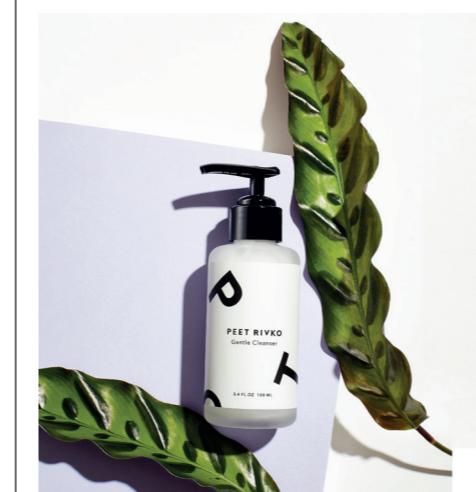
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10. Zero-Tolerance

Claims of 'natural' will no longer be enough for beauty brands. As consumers seek efficacious formulas that truly protect their skin, beauty ingredients will come under increased scrutiny. Next year, 'zero-irritants' will become the new standard in natural beauty.

With certain varieties proven to irritate some individuals' skin, beauty consumers will be increasingly wary of products containing essential oils. Brands such as Peet Rivko and Marie Veronique offer essential oil-free ranges, including the latter's Dara's Oil, which is also fragrance-free and tocopherol-free. There is a growing need for brands to evaluate their use of such irritants. But rather than demonise essential oils or refrain from using them, brands have an opportunity to educate consumers about why and how they use them in their products. Natural skincare brand Oille, founded by clinical aromatherapist Kirsten King, only uses pure, unadulterated and undiluted essential oils in its products.



PEET RIVKO GENTLE CLEANSER



WASO CAMPAIGN

Japan Focus: Aesthetic Principles

While South Korean products, tips and techniques have dominated the beauty headlines over the past few years, as the 2020 Olympics in Tokyo edge nearer, Japanese brands are developing innovative products inspired by the local aesthetic principles of kanso, shibui and seijaku (simplicity, understated beauty and energised calm, respectively).

Shiseido's new skincare line Waso is inspired by the tradition of washoku (traditional Japanese food), and comprises a series of holistic and natural products.

12. Active Skincare

Industry Innovator: Lixir Skin

Big idea: Focusing on active ingredients – synthetic or natural – that do not irritate the skin.

Why it matters in 2018: While more brands will be touting their natural credentials, a new criterion will emerge that doesn't focus on whether ingredients are grown naturally. Instead, says founder Colette Haydon, it will be about whether they are effective and do not disrupt the skin.

'Fundamentally, a good product is based on good ingredients.'

There are good, safe and effective ingredients, and there are bad, harmful and unsafe ingredients'

Colette Haydon, founder, Lixir Skin

A woman with long dark hair tied back is sitting on a row of blue stadium seats. She is wearing a white tank top and black shorts with 'snapbac' printed on them. She is leaning forward with her head down, resting her chin on her chest, appearing exhausted or in pain. The seats are numbered 4, 5, 6, 7, 8, 9, and 10 from right to left.

Health & Wellness

Health & Wellness

Inclusivity will trump privilege, with widespread wellness communities becoming deeply embedded into the fabric of cities

£90bn

The value of the wellness lifestyle real estate and communities market hit £90bn in 2017. This is expected to rise to £116bn by 2020

Source: Global Wellness Summit



MANIFEST 1.0, BROOKLYN. PHOTOGRAPH BY JULIE MOLLOY

Lab Notes: Post-fad Wellness

We are at risk of fatigue concerning wellness – the peak period for global searches of the term ‘wellness’ over the past five years was from 19 to 25 February 2017, according to Google Trends, but searches for the term ‘health’ are rising steadily. Consequently, wellness must move beyond its association with inaccessible ‘fitspiration’ influencers – Instagram influencers who post inspirational body shots – and fad diets in the next year. As people increasingly look for ways to belong in a world defined by disarray and disconnection, health and wellness will become community safe havens. There will be a movement towards more inclusivity, as it becomes clear that wellness should not be the preserve of a certain class of society. More wellness narratives will also be geared towards men, whose gender-specific health problems tend to be less vocalised.

As health and wellness are finally entrenched as a mainstream mindset, they will become embedded into cities, with more wellness communities and real estate projects on the horizon. In addition, our data-driven Advanced Living tendencies will lead to more wellness services aimed at servicing our brains through neuro-modulation technologies.

13. Destigmatised Male Medicare

Although the wellness industry tends to be dominated by services that appeal to women, more start-ups will focus on issues that specifically affect men’s health.

With expiring patents on branded prescription drugs such as Viagra, and a rise of telemedicine – obtaining prescriptions over the internet – start-ups are beginning to offer men medical solutions to common problems. The focus is on destigmatising the issues and making them seem less clinical through a simple e-commerce experience and modern, minimalist packaging.

One start-up, **Roman**, is already streamlining the process of obtaining prescription drugs for erectile dysfunction, while recently launched **Hims** aims to be a one-stop wellness shop for men, with its products for balding such as DHT-blocking shampoo and prescription drug Finasteride. It is a ‘wellness brand intended to serve our customers for multiple decades’, says Hims founder Andrew Dudum. ‘Maybe you will come for hair loss products initially, but you will come back for sexual wellness products, then cholesterol wellness products. We want to grow with you as different challenges arise.’



HIMS CAMPAIGN

14. Inclusive Fitness

In 2018, being fit and healthy doesn’t have to be the preserve of affluent white people. As health and wellness become mainstream lifestyle pursuits, more gyms will offer an inclusive approach to fitness, not just in their marketing but in their infrastructure as well.

The **Everybody** gym in Los Angeles is leading the way with its non-gendered locker rooms and regular events and programming for specific communities, such as its Fat Kid Dance Party. The gym also offers membership packages that acknowledge that it is part of the gentrification of the neighbourhood in which it is located. Membership fees start at £23 (\$30, €26) per month for gym access for low-income members.

Similarly, boxer Floyd Mayweather has announced that his new franchise of gyms, **Mayweather Boxing & Fitness**, will also offer different membership fees based on the area in which they are located. Both are positive indications that belonging will become a core tenet of wellness.

15. India Focus: Athleisure

With India’s youth population making up almost half of the country, the wellness industry there is reaching a turning point. The nation will experience industry-wide growth to 2020, with gym and fitness centres expanding at a compound annual growth rate of 18% (source: FICCI/Ernst & Young).

This increasing interest in wellness has contributed to a rise in the Indian sportswear market. While brands may find the Indian market difficult to break into, **Under Armour** entered the country earlier this year through **Amazon Fashion**, while **Adidas** is focusing on changing its model from franchise stores to opening 20–40 mono-brand stores in the next five years.



JESSAMYN STANLEY INSTAGRAM ACCOUNT

16. Luxury Cognition Centres

Industry Innovator: Field

Big idea: Creating a private members’ club for brain optimisation and neurotechnology that has the same experience as a luxury spa.

Why it matters in 2018: With the definition of health and wellness expanding beyond physique, consumers’ interest will increase not only in brain training, but also in seeing scientific measures of their cognitive improvements. Field, due to open in the spring of 2018, will set an example in how to create a service-led experience for neuromodulation technologies.

In general, people have a very murky sense of how their brains work. As an experience, Field aims to give people a better understanding of themselves and how they function’

Devon White, co-founder of private members’ club Field



Youth

Youth

The voices of marginalised groups will grow louder as young creatives begin to develop materials that reflect their lived experience



CYBER WITCHES, GUADALAJARA

18%

The average percentage of people in Africa, Latin America and the Caribbean that are aged 15–24

Source: United Nations

Lab Notes: Emerging Youthquakes

Demographics across the world are changing, and by 2030, the world's population will increase by more than 1bn to reach 8.6bn (source: United Nations).

In developing markets such as Africa and Latin America and the Caribbean, a new wave of consumers with increased purchasing power will emerge. This will be driven by the regions' large youth populations – with consumers aged 15–24 comprising 19% and 17%, of their populations, respectively, in 2017 – and increasing access to technology.

A new dynamic is emerging from this global shift of power when it comes to the world's youth population. As a generation that has grown up knowing nothing other than one borderless world, who are connected to communities through technology, it is inevitable that collectivism and a unique sense of national pride will be the defining features of this demographic.



AZEEMA MAGAZINE

17. Collective Destiny

There will be a move from individual empowerment to collective strength. This is a mindset that stands for sharing, learning and pooling resources, and will be driven by young consumers' need to evaluate their purpose in a world of digital relationships.

Collectives that encourage competition, respect and collaboration offer a solution to the crisis of identity felt by consumers. Physical gatherings, in particular, are bringing together online communities that might otherwise never meet, and forging close relationships that are not possible in the online world.

This is particularly evident in the rise of non-binary safe spaces created by collectives including **UNITI**, **Gal-dem**, **BBZ**, **Sirens** and **Batty Mama**, which are frustrated by the lack of representation of women, people of colour and LGBTQ+ issues in mainstream culture.

'All of our BBZ crew knew each other online, but nobody connected in real life,' says Tia Simon-Campbell, co-founder of BBZ. 'We are a community that is there to support you completely.'

18. Home School

As the American Dream continues to fade and Western countries are no longer regarded as progressive utopias, many young expatriates from emerging markets such as China and Africa will leave the West and return home. There, they will re-interpret their cultural heritage and drive positive definitions of national identity.

'Us Millennials are like sponges,' explains Cang Nguyen, a 24-year-old shop owner who founded a contemporary fashion boutique in Ho Chi Minh City, Vietnam after studying at Parsons School of Design in New York. 'We go abroad, absorb what we see, then return home to create something original.'

Thanks to the globalising effect of the internet, in 2018 more young creatives from these emerging markets will have a platform to demonstrate a twist on their national identity. 'The internet is a great leveller,' explains Samuel Mensah, founder of Ghanaian fashion brand **Kisua**. 'The speed with which you can access markets and generate awareness about your brand is unprecedented.'



SANCHEZ KANE, NEXICO



SPUTNIK 1985 CAMPAIGN

Russia Focus: 19. Deeper Underground

Russian youth are increasingly frustrated by poor social mobility efforts, the state of business and science, the rise of mass consumerism and measures taken by the government to silence protesters, according to the Russian research NGO Levada Center. 'Young Russians in large and medium-sized cities tend to have more liberal views than their parents, and believe more in their ability to trigger change,' says Denis Volkov, sociologist at Levada Center. In the next year, youth culture in Russia will be driven by demands for change and self-improvement by growing creative collectives and an underground scene that is thriving.

20. Grassroots Representation

Industry Innovator:
Azeema magazine

Big idea: Creating a modern platform for women of colour from North Africa and the Middle East.

Why it matters in 2018: The conversation about inclusion is being driven by a generation that is used to living in a globalised world. The limits of globalisation will be tested in 2018 from a political point of view, so it will become more important for grassroots representation movements to have a larger platform.

'We want people to feel empowered and inspired by people who look like them. We want them to feel like they do not have to fit into a box or go along with cultural traditions'

Jameela Elfaki, founding editor of Azeema magazine

A woman with dark hair is wearing a VR headset. The headset has glowing, colorful particles (red, blue, yellow) floating around it, suggesting a virtual environment. She is looking directly at the camera with a neutral expression. The background is dark.

Retail

Retail

Augmented reality, which is yet to be successfully executed by any brand or retailer, will finally have its breakthrough year



MOBY MART BY WHEELYS

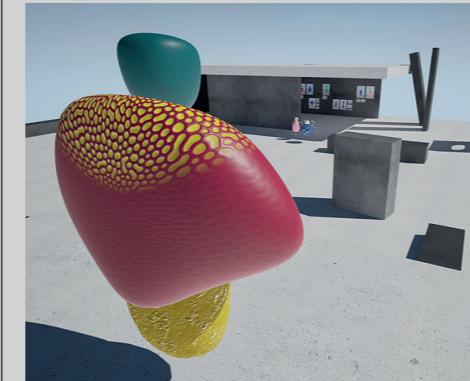
'At some point, we're going to look back and think, how did we not have a digital layer on the physical world?'

Greg Jones, director of VR and AR at Google

Lab Notes: Convenience Tech

Long-heralded technologies will finally have real impact on the retail sector in 2018. But the success of augmented reality and blockchain will be driven by consumers' Urban Mindsets and expectations around hyper-convenience. The technologies that succeed will be the ones that move from gimmicky experiments to practical uses which satisfy consumers' need for attainment and brands' desire for loyalty.

Yet retail will not be subsumed by materialistic narratives. Ethical consumption will still be an important trend, but will be shown in new ways, particularly through sustainable spending. No longer satisfied with buying products for the sake of it, consumers will look for more fulfilling spending moments that enable them to reduce their impact by spending consciously.



DIGITAL ETHOLOGY BY CORINNE CORINNE VAN GREVENBROEK

21. Sustainable Spending

As consumers' conscientiousness about their spending continues to grow, next year will be defined by more digital tools coming to market that will help shoppers evaluate the sustainability of their purchases.

The drive for sustainable spending is being pushed by financial services such as online bank **Aspiration**, which has a tool within a mobile app that encourages spending with a conscience. The firm analyses data points of thousands of businesses to generate an individual Aspiration Impact Measurement (AIM) score. This valuation is based on how well the company treats its employees, as well as its environmental impact.

A vast majority (94%) of consumers say they are more likely to be loyal to a brand that offers full transparency, and brands that do not highlight their sustainability credentials risk losing out on an opportunity worth £859.7bn (\$1.1 trillion, €966bn) (sources: Label Insight, Unilever). With consumers looking for brands they can trust, we expect sustainable spending offerings to grow in the coming months.



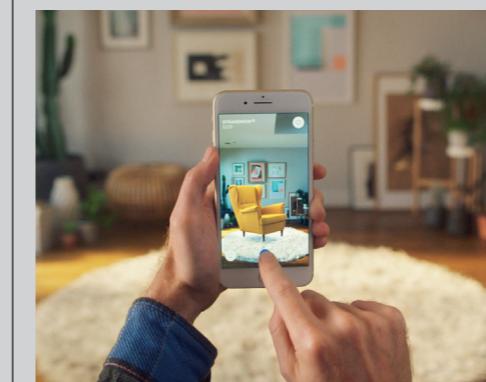
GENTLE MONSTER STORE THE NEW GENERATION AFTER TSUNAMI, CHENGDU

22. Augmented Retail

Thanks to the launch of **Apple's** iOS 11 and its ARKit augmented reality (AR) application development platform, AR will finally enter the mainstream in 2018, and will have a huge impact on retailers and how they reach their audience.

Until now AR in retail has been a novelty, but in future the successful retailers will be those that use it to fix a problem. Both **Amazon** and **Ikea** are showing AR's potential in the inspiration phase of shopping, with Ikea's Place app boasting 98% accuracy in scale, and also rendering 3D images to react to light and shade.

In the US, home improvement store **Lowe's** has launched an AR measuring tape that enables users to take measurements of furniture and spaces using their smartphone's camera. It is the ability to bring AR to scale that could mark 2018 as the turning point for Augmented Retail.



IKEA PLACE APP

23. China Focus: Live-stream Shoppers

Next year will be pivotal for the Chinese retail market, especially in terms of cross-border growth. Cross-border retail sales, which include those shipped directly to shoppers from overseas or that are from warehouses in China's free-trade zones, are expected to hit £86.2bn (Rmb758bn, \$114.2bn, €96.8bn) in 2018 (source: McKinsey/iResearch).

For overseas retailers keen to attract Chinese online buyers, the coming year will be crucial to attract new loyalty before the government intervenes with new regulations at the end of 2018. Live-streaming will be a vital discovery tool for local consumers. It 'introduces brands to a new demographic of customers that are unaware you exist on Facebook, Instagram, or even at all,' explains Liyia Wu, founder of live-stream platform **ShopShops**.

24. Blockchain Loyalty

Industry Innovator: GatCoin

Big idea: Transforming the retail loyalty system by letting brands launch their own digital currency tokens that can be spent not only with their brand, but elsewhere or exchanged for cash.

Why it matters in 2018: Loyalty programmes have been suffering, and the ramifications are serious. Market research firm 500friends has found that consumers who are unsatisfied with loyalty programmes are more likely to abandon a retailer or brand altogether. As retailers try harder to regain customer loyalty in the coming year, GatCoin will give consumers a sense of security and control over their spending.

'You can hook people on an eco-system, but you can't insist they only carry your card with their points to spend at one outlet any more'

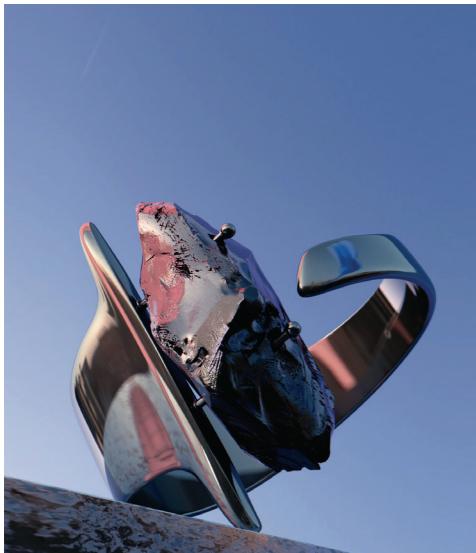
Simon Cheong, founder, GatCoin



Luxury

Luxury

High-end brands will use cryptocurrency to engender deeper trust, and offset the e-luxe boom by diversifying their portfolio of offline experiences



ON SUPPLIERS OF NEW DESIRES, NEUROMARKETING AND JEWELRY BY ADA SOKOL AND ETIENNE GARACHON

**By 2025,
e-commerce will
become the world's
third-largest luxury
market after China
and the US**

Source: McKinsey

Lab Notes: Digital Luxe

Luxury brands used to define themselves by remaining offline, and therefore as a rare entity that you had to make an effort to find in-store, but now e-commerce is on track to become the world's third-largest luxury market by 2025, according to McKinsey. This means that in 2018 technologies will make new interactions possible with luxury goods, both online and offline.

This is particularly true of blockchain technology, which is well suited to an industry obsessed with authentication. This technology will increasingly be used to provide immutable, traceable records of potentially contentious luxury goods such as diamonds. In addition, cryptocurrencies will bring a new level of attainment for aspirational luxury consumers, who will be able to buy a share of luxury items such as artworks using the digital currency.

In the world of offline luxury, brands and consumers will form more intimate relationships and brands will move into unexplored spaces such as in-home concierge services and property.

In Miami, **Aston Martin** and **Porsche** are working with property developers to offer branded apartment towers. Set for completion in 2021, the Aston Martin Residence will offer amenities such as spa, cinemas and art gallery as well as direct access to yacht marina. **Airbnb** is also venturing into branded accommodation with high-standard apartments in Kissimmee, Florida. The brand is streamlining the process of renting out its apartments for the residents, promising to coordinate the letting process. A master host will be on-site to assist guests, and cleaning services will be mandatory to ensure a high standard of accommodation.



DESIGN FOR ASTON MARTIN RESIDENCES, MIAMI

25. Brandlords

As our relationships with brands become increasingly intimate, future-facing businesses will expand their luxury services by offering branded homes and apartments.

Luxury department store **Harrods** has announced it will start offering a residential concierge service to manage 10 newly built gated mansions on Hamilton Drive in St John's Wood in northwest London. The service will enable residents to access helicopter and private jet charters, as well as maids, butlers and cleaning services.

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26. Crypto-luxury

The rise of blockchain will reshape the industry as decentralised authentication offers new levels of traceability for luxury buyers.

The jewellery industry, and in particular the diamond trade, will be at the forefront of this shift. At present, transparency is difficult to achieve because a single stone can go from mine to aggregation to market, and then to lapidary to market again, to manufacturing, wholesale and retail, before finally reaching the customer. To counteract this, London-based company **Everledger** is complementing traditional handshake deals with technology-enhanced traceability, using **IBM** blockchain technology to track a diamond at each stage of the supply chain. This enables the buyer to trace a diamond's provenance and verify its authenticity.

Blockchain technology will also become increasingly popular among art dealers and collectors, for whom the privacy and the transparency of the transaction process will be a big draw. For instance, gallerist Eleesa Dadiani started accepting cryptocurrency payments earlier this year.

Similarly **Maecenas** is a decentralised art gallery that offers investors a share in works of art, which are traded using cryptocurrency. 'Investment in art is attractive because it is stable and appreciates in the long term. But you have to be rich to buy a major artwork – until now,' says Marcelo García Casil, CEO and co-founder of Maecenas. 'With Maecenas you can own a fragment of an artwork even though you could never afford the whole painting or sculpture.'



HECTOR ESRWE PERFUME

27. Mexico Focus: Local Luxurians

Mexico is bucking the luxury sector trend of slow market growth. But with the devaluation of the peso against the dollar and an upcoming election in 2018 dampening consumer confidence, the promise will be focused more on local luxury.

In response to Trumpian politics, a new-found sense of patriotism is sweeping the country, especially among local luxury consumers who are buying products that celebrate their home country.

'The luxury market in Mexico is growing very fast,' says Juan Pablo Heredia, operating director of Tulum-based hospitality group **Slow Hospitality**. Innovative local luxury brands are opening up a huge opportunity for Mexico to be a player in the sector, as both a consumer and a creator of luxury internationally.'

28. Upward Mobility

Industry Innovator: Polestar

Big idea: Creating a luxury car brand sold only online. It is paid for through a monthly subscription fee that changes based on services required.

Why it matters in 2018: The luxury market is not immune from changing consumer mindsets around ownership. Polestar combines subscription with additional pay-as-you-use concierge services that add new value to its ownership model, and is something that could easily be translated into different luxury verticals in the next year.

'Our subscription model will define our brand as much as our cars will. Services that exceed the needs, desires and expectations of the premium performance car customer are at the heart of Polestar, removing the inconvenience of ownership'

Jonathan Goodman, chief operating officer, Polestar



Travel & Hospitality

Travel & Hospitality

Activist hoteliers and intrepid tourists will test new boundaries, while innovators will capitalise on the liminal space between destinations

Lab Notes: Unexplored Opportunities

Hospitality and travel providers will have to create even more products that cater for global One World citizens seeking to maximise their time in transit.

This will be demonstrated in different ways, including the rise of a new third-space market that is neither home nor office nor coffee shop. Instead, with more people commuting into cities, increased micro-hospitality offerings will supply downtime on demand. Similarly, in the travel market, innovations in products and services will ensure that travellers are getting the best quality sleep that they can while on the move.

But perhaps the biggest changes in the sector will come from the new consumers who will spend their increasingly disposable income on travel. Brands will have to consider how to cater for new travellers from Africa, Asia and the Middle East. And markets that have remained restricted to date, such as Saudi Arabia, will attract curious minds and offer new opportunities to shape travel experiences in these yet-to-be explored regions.



LOUVRE ABU DHABI

By 2030, most of the growth in international travel will come from Africa, Asia and the Middle East

Source: UBS



HOSHINOYA HOTEL, TOKYO

29. Downtime On Demand

With 3.7m people in the UK commuting almost two hours every day, according to the Office for National Statistics, more hospitality spaces will enable workers to make better use of the time spent travelling between the home and the office.

While coffee shops have arguably offered a third space between work and home for the past 20 years, they are often used as places to do more work. But as blurred lifestyles exert more pressure on workers, a new type of third space will emerge that will become inner-city sanctuaries designed to help de-stress workers and improve productivity.

New apps including **As You Stay** and **Recharge** in the US are enabling users to book hotel rooms by the hour or even by the minute, with no minimum stay requirement. In Hong Kong, **Sleep** takes this premise one step further with a technology-enabled capsule hotel featuring smart circadian lighting that induces sleep, and which can be booked by the hour. Each highlights the need for spaces between the home and work that offer respite from pervasive always-on culture.

30. Sleep-easy Travel

Travelling while we sleep is often a necessary evil. It saves us time, but does it help that much if we are exhausted when we get to our destination? While other sectors such as beauty and wellness have started to address sleep deprivation, this is an area in which travel companies are only just beginning to innovate.

Mattress manufacturer **Simba Sleep** has created a high-tech airline seat that monitors passengers' comfort levels and responds accordingly. The seat uses a range of sleep solutions to ensure travellers are well rested, including amber light therapy and adjusting the temperature of the seat to ensure passengers' bodies are optimised for sleep.

This will not only be the focus of airlines and their first-class passengers. Increasingly travellers will look for low-budget solutions that use the dead time of sleep while allowing them to rest. Bus company **Cabin** has built-in bunk beds and offers passengers a comfortable alternative to the typical low-cost flight experience.



SIMBA SLEEP



EATON WORKSHOP HOTEL CAMPAIGN

Saudi Arabia Focus: A Brave Old World

Driven by the need to diversify its oil-dependent economy, Saudi Arabia is relaxing its ultra-conservative image and rethinking laws that have limited its ability to modernise, marking an ambitious new direction for the nation.

Luxury tour operators are already planning to introduce hospitality offerings while still having to work under current restrictions. UK travel operator **Steppes Travel** introduced a £4,895 (\$6,486, €5,572) tour to Saudi Arabia in the company of author and local expert Peter Harrigan. 'Saudi Arabia carries an aura of mystique and intrigue that is a compelling draw card for the curious traveller,' says Justin Wateridge, managing director of Steppes Travel.

32. Liberal Leisure Seekers

Industry Innovator:
Eaton Workshop Hotel

Big idea: Creating a global hotel chain with a politically conscious and liberal social agenda, the Eaton Workshop Hotel will put its politics at the centre of its hospitality offerings from the art on show to the events it hosts.

Why it matters in 2018: With Western nations experiencing political instability – or at the very least uncertainty – politics will be at the forefront of consumers' minds, and it will be a way for service-providers to offer community and conversation at a time when people need it most.

'I'm really interested in proving that a social enterprise or a business with a social mission on a global scale can succeed and be profitable'

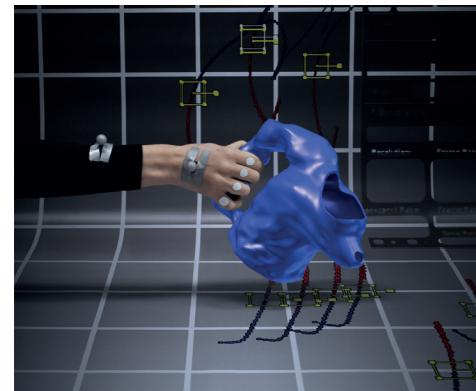
Katherine Lo, founder of
Eaton Workshop Hotel



Technology

Technology

Interfaces will move beyond the screen, while countries implement new policies to gain the edge in AI research



LIFE VFX BY AUDREY LARGE

'No invention before [AI] will match its power to change our world. By century's end AI will touch and remake everything in our lives.'

Kevin Kelly, founding executive editor of Wired

Lab Notes: Taming the Wild West

The biggest issue that technology companies need to solve next year will be how to regulate the wild West.

Artificial intelligence (AI) has already made its presence felt in everything from the range of branded chatbots now available to the marketing campaigns that have experimented with using AI to inform brand strategy. In 2018, there will be an increasing push to regulate the world of AI, especially when it comes to the realm of ethics in both creating these systems and how they interact with everything around them.

While there is still debate about whether general artificial intelligence is coming, it is clear that new systems will have to be put into place to define how and where we should use AI and who takes responsibility when decision-making is handed over to a machine.

Alongside bigger questions on the ethics of the technology we create, there will be micromovements towards practical uses of technology that have long been vaunted.

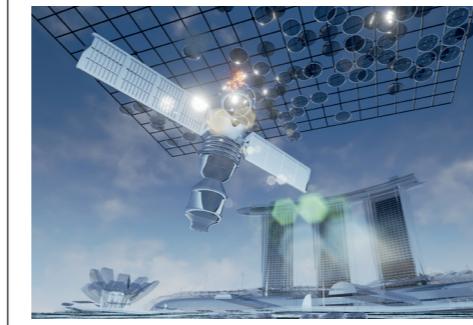
Projection-mapping and motion-controlled sensors will now be harnessed in a more practical way to finally offer an alternative to the screen as the dominant interface of our age.

33. AI Ethics

The increased usage of AI by companies as varied as grocery retailers to fashion brands means that in the next year, our focus will increasingly be on how we regulate artificial intelligence.

AI company Deepmind has launched a new unit, DeepMind Ethics & Society (DMES), comprising internal employees and external fellows who will examine the societal impacts of artificial intelligence. Considering that AI has been shown to have inherent bias programmed in, we must ensure that these systems are held accountable and are upholding human rights. 'How do you scrutinise an algorithm? How do you hold it accountable when it's making very important decisions that affect the life outcomes of people?' These are the questions that DMES aims to answer, according to DeepMind co-founder Mustafa Suleyman.

Experience design duo Arvid&Marie has also claimed that we will have to think about the rights of machines themselves as they become capital-making entities. 'If autonomous machines become their own independent entities and participate in society with taxes, the profits of automation will spread,' says Marie Caye, one half of the duo.



GEOMANCER BY LAWRENCE LEK



SCREENS OF THE FUTURE BY UNIVERSAL EVERYTHING

34. Immersive Interfaces

Advances in projection-mapping and sensor-based technologies will increasingly enable us to free digital content from the constraints of our screens.

Sony Mobile's Xperia Touch interactive projector, which converts any surface into a high-definition touchscreen interface, hints at a post-screen future. By detecting movement via its in-built camera and infrared light, it enables users to interact with digital content projected onto walls, floors and furniture, and creates a shared, rather than a solitary, information experience.

As it becomes clear that information will exist beyond screens we can begin to imagine future experiences in which everyday objects can be transformed into responsive interfaces. Speculating on emerging technologies such as nano-holograms and flexible materials, Universal Everything has imagined Screens of the Future in which any object can be transformed into a display.

35. Canada Focus: Mass Tech Migration

With the US tightening its immigration restrictions, Canadian cities such as Toronto, Waterloo and Vancouver are looking to lure technology innovators to the north.

The Canadian government recently launched its Global Skills Strategy, which will cut the time a foreign worker needs to wait for a work permit to two weeks, down from months. Alongside new initiatives such as the recently launched Vector Institute at the University of Toronto, a dedicated AI research facility, the country is expected to have more than 182,000 technology jobs by 2019 (source: Canadian Information and Communications Technology Council).



SOPHIA BY HANSON ROBOTICS

36. Singularity-minded

Industry Innovator: Hanson Robotics

Big idea: Creating SingularityNET, a decentralised open market for artificial intelligence that will allow AI systems to share skills.

Why it matters in 2018: Following news that Facebook's AI Research Lab shut down an AI robot because it had developed its own language, artificial intelligence ethics will be a priority – with many concerned about who holds the power to program such bots. SingularityNET, due to be launched in 2018, could signal the beginning of the break-up of the Silicon Valley hegemony over AI.

'I don't think that what is now happening – a few companies essentially owning AI, hiring every AI researcher and buying every AI start-up – is what's best for humanity'

Ben Goertzel, chief scientist at Hanson Robotics



Fashion

Fashion

Consumers will embrace avatar influencers as never before, while identity politics will make designers rethink their customer base



ISLANDS BY MUSLIN BROTHERS FOR JERUSALEM DESIGN WEEK. PHOTOGRAPHY BY DOR KEDMI

64%

The rise in overall apparel consumption, from 62m tonnes today to 102m tonnes in 2030

Source: : Boston Consulting Group and Global Fashion Agenda

Lab Notes: Stylishly Responsible

In the face of New World Disorder, fashion will become serious in 2018. With greater transparency comes an increased understanding of the polluting nature of the industry.

As consumption of apparel continues to rise – fast fashion shows no signs of abating – designers will have to take responsibility themselves to find new materials that can meet consumer demand while addressing fashion's carbon footprint.

The questions of identity and demographics will also come into play in the coming year. Fashion retailers and brands will begin to use avatars as a way not only to offer quicker customisation, but also to ensure a presence in digital environments such as virtual reality and gaming – because how you dress online is becoming as important as how you dress in the real world.

With the desire for attainment driving fashion consumption, there will be a move towards making fashion more accessible. This does not mean being cheaper or more throwaway. Instead, it is about designers creating long-standing civic activations that benefit their communities as well as consumers supporting designers with a different point of view, from emerging markets such as Africa.



SPACEX FLIGHT SUIT BY CLEMENT BALAVOINE

37. Space-age Materials

Although the idea of space travel has long influenced fashion, the increasing speed of climate change will prompt a new wave of designers to look for material suitable for the galaxies as a way to solve problems closer to home.

Maurizio Montalti, a designer whose projects often revolve around design for space, sees his work as a way to find solutions to terrestrial problems. 'What really starts my research and fuels my enthusiasm is the possibilities of creating tangible solutions for our world, which we should cherish before creating other issues on other planets,' he says. 'It all starts with the idea of validating the potential of introducing technologies and materials to a market as suitable alternatives to traditional synthetics.'

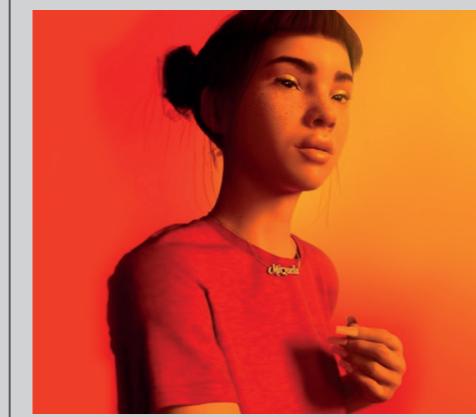
Montalti's **Officina Corpuscoli** collaborated with design consultancy **Our Own Skin** to create Caskia/Growing a Mars Boot, a conceptual boot that is made by growing funghi spores using human sweat. At its heart, the material exploration has an environmental aspect since this boot 'if discarded, simply becomes nutrients and so isn't polluting'.

38. Digital Fabric

Avatars as brand ambassadors will come into their own in 2018, with more brands using avatars as spokesmodels. For fashion brands, this means considering their clothes not only in the physical realm but how they are rendered digitally.

Lil Miquela, a digital social media influencer with more than 450,000 followers on Instagram, has already shown the potential marriage between fashion and avatars when she modelled a dress from New York-based fashion brand Area in a social media post.

Avatars will not only be used as marketing tools, but also as a way to offer greater customisation for online shoppers. The news that in October 2017 **Amazon** acquired **Body Labs**, a company that creates true-to-life 3D body models, signals the growing omnipresence of avatars. 'Being able to create highly realistic 3D models of the human body is essential for making meaningful progress in areas such as personalised shopping, autonomous vehicles, mixed reality and smart homes,' says Eric Rachlin, co-founder and chief technology officer at Body Labs.



LIL MIQUELA, VOGUE MAGAZINE



NATAAL

Africa Focus: Modern Heritage

39.

While still a relatively small player on the global fashion stage, African fashion will attract more interest globally thanks to the proliferation of the internet and a new wave of designers who are re-interpreting local culture. Brands such as **Super Yaya**, **Kisua** and **MaXhosa** are all exporting their African heritage through modern designs. 'The industry is growing fast and although it still faces some very real challenges in terms of infrastructure and funding, it's beginning to reach a wide audience of fashion-conscious consumers,' says Helen Jennings, editorial director of **Nataal**, a global media brand dedicated to celebrating contemporary African fashion, art, music and culture.

40. A Change of Uniform

Industry Innovator: Telfar

Big idea: By designing the uniforms for White Castle employees across the US, Telfar Clemens is using fashion to enact social change in a more permanent way.

Why it matters in 2018: Identity politics will continue to inspire designers to reconsider who their customers are, and how making clothes can be more than simply making a fashion statement. For genderless fashion line Telfar the collaboration is not a one-off activation, but a comment on the future of fashion as more egalitarian.

'A lot of people take inspiration from the streets – and there is this whole language of appropriation – taking something low and elevating it. We don't believe in high and low. The way I see fashion is totally horizontal'

Telfar Clemens, founder of Telfar

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