

THE CHANGING RELATIONSHIP BETWEEN PEOPLE AND GOODS

A fresh perspective on our need for “stuff” and the role of sustainability in emerging consumer behaviour

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The changing relationship between people and goods:

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THE CHANGING RELATIONSHIP BETWEEN PEOPLE AND GOODS



Preface

Success in business requires understanding customers, getting close to them and analysing their behavior. Figuring out what truly makes customers tick is key. This allows the creation of tangible and intangible products that customers truly desire and the communication of these benefits in the best way, in the right place at the right time.

Sitra received an opportunity to participate in an honestly international study on changes in consumer behavior with Alice Labs. We were excited, because this type of broad understanding is precisely what is needed: the lessons from this study must be available to Finnish companies. We also wanted Finland as a country to be included in the study, so that we could compare Finland to other countries. Where are we lagging, where might we be front runners? Where do the greatest opportunities lie?

It is our hope that this report will also provide the reader insights on the role sustainability plays for consumers, as well as tools for bringing sustainability to the fore. A common refrain is that consumers care about sustainability in surveys but only about price when in stores. This study provides some thoughts on how sustainability often plays an important part in creating a well-rounded product.

Helsinki, April 20th, 2017

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Sitra studies 122

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May 2017

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Introduction

Historically, abundant choices have defined consumer society. Shopping for new and a greater range of goods occupies the core of developed societies. In other parts of the world, emerging-market consumers have rapidly adopted these habits. Collectively, we have come to believe that access to and ownership of products define our lifestyle and quality of life, as well as our happiness.

This philosophy drives many consumer-goods businesses. Today successful goods companies are developing new products at an increasingly rapid pace, advertising them as the newest and greatest. From technology to fashion and household items to fast-moving consumer goods, innovation often draws upon novelty. Novelty, however, quickly wears off, necessitating replacement with newer and better products.

The technology industry offers a prime example of this trend. Replete with cycles of programmed obsolescence, consumers expect and “need” new models more frequently. Many products last only a couple of years, often three at most.

Such is the modern mass-market reality.

In early 2016, inspired by the belief that the market status quo was being challenged and shifting, we set out to identify the nature of such transformations and the potential impact on business and society.

This study revealed an emerging story about consumption, characterised by the emergence of market-shaping consumers who are

more mobile, versatile and demanding. These consumers, with their grassroots market power, are beginning to influence industries to change. Furthermore, this study serves to shift traditional market assumptions from fast cycles, novelty and ownership towards ideals of selectivity, longevity, collectivism and resourcefulness.

The key component of this study is the identification and intense observation of a group of consumers we refer to as the “leading edge.” On three continents (North America, Europe and Asia), leading edge consumers share a crucial set of values—that is, their curiosity, open mindedness and desire to learn about what is new on the marketplace. These individuals believe in creativity and finding innovative solutions to today’s problems. They also exercise their soft power in terms of leadership and influencing change.

We believe the new direction these consumers have shown us is not only valid for the leading edge, but will also become increasingly relevant for the mass market. Their consumption habits create new business opportunities, while simultaneously placing more pressure on established businesses to change and adapt to meet a new set of expectations.

A shift in our relationship to stuff

A structural shift has changed consumers' relationships to goods. This shift is not an abrupt move away from the existing model. Rather, it better reflects a new set of behaviours, values and needs emerging in parallel alongside those that already exist.

STARTING POINT

Stuff is inherently human

We organise our lives around stuff. Furthermore, stuff will continue to play an important role as we move into an increasingly digital age.

The role of goods constantly changes

These changes lend increasing importance to the digitisation of everyday life and the emergence of new business models. These changes relate, for example, to how we work, environmental issues such as climate change, increased political and economic uncertainty and the emergence of post-materialism values.

Change occurs from within the market

Shifts are occurring from within the current market and, therefore, can sometimes be mistaken for simple evolution.

Change requires businesses to adapt, innovate, embrace new technologies and develop new business models

For example, the "sharing economy" is a part of this development, but neither the only nor the most dominant model.

The nature of the emerging change

Stuff and owning stuff is important. Envisioning a future where stuff does not continue to play an important role in people's lives is difficult. That role, however, is changing, and it is quite likely that the overall amount of material goods will decrease, particularly in more developed markets.

Leading edge consumers do not necessarily aspire to own goods associated with fast cycles, novelty and an individual's status. In addition, changes can be seen in the mass market itself.

In essence, new consumer behaviours come into play.

Possessing stuff for a long time is desirable and attractive. Keeping and using things for a longer period of time and possessing things that evolve or improve through use became valuable. This behaviour, characteristic of generations past, represents a fresh approach among today's consumers. Fast consumption is increasingly seen as old school or "passé," particularly among leading edge consumers.

Distinction comes from skills and autonomy; stuff tells a story. The quest for status symbols is being gradually supplanted by the quest for symbols of distinction. For today's new consumer, distinguishing oneself is not merely accomplished through buying more exclusive and more expensive products. Success is multi-dimensional, and the desire to acquire items as trophies indicative of economic success gives way to a desire to possess items that tell a story about one's personal knowledge, experience and acquired skills.

Stuff helps make the world a better place. In the past, consumption of mass-market products served to satisfy personal desires. Increasingly, today's consumers seek to connect with collective interests and products that support those interests. This collective interest can take the shape of reflecting environmental values or choosing to consume products that create connections with others, such as local communities.

Stuff helps us to achieve our personal best. Choosing specific goods and how people interact with things may also allow us to regain a sense of control in a fast-moving world. Choos-

ing specific goods can serve to externally express non-materialistic self-improvement through the quest for items that correspond to functional or aesthetic perfection or support our aim to achieve optimal performance. Such a quest can include searching for the perfect work clothes, the ideal sport shoes or the perfect nutritional balance in a meal substitute. Conceptually, consumers discriminate by finding the item that perfectly corresponds to their unique set of requirements. By removing unnecessary clutter, consumers can create a space for calm personal development.

New expectations and opportunities

These behavioral changes are creating new requirements and expectations in the market. In this report, we introduce four opportunities to create new value in the market. We call these "value territories," because they include different attributes that create value when combined.

FLEXIBLE STUFF. This represents a value territory focused on constant innovation providing solutions to everyday challenges. Such solutions are multifunctional, flexible, adaptable, resourceful and planet friendly.

This value territory combines personal mobility with the solidity and reassurance of the physical realm. This territory allows individuals to reduce the volume of objects in their life, while also providing the safety and security of ownership.

For example, consumers may want multi-purpose clothing suitable for both work and sports.

PERFECT STUFF. This value territory identifies the extraordinary in the ordinary, providing the perfect version of the mundane object. Such perfection would reduce consumption while providing confidence to do and be more. Perfect things support the consumer's quest for an optimised daily life.

Such consumption requires an extreme selectivity. The perfect object is fit-for-purpose and does not necessarily adhere to the latest trends. Perfect objects characterise a consumer

who choose based on skill, independence and wisdom. Such a consumer is responsible. A low negative impact on the environment is also becoming a significant component of the perfection formula.

For example, one respondents described his idea of a perfect backpack as having an integrated solar power panel and kinetic power generator linked to his walking shoes, providing a source of clean energy to charge his smart-phone and to heat water.

STUFF FOR PLEASURABLE ENGAGEMENT. In this territory, priority is given to a collective and shared value. Physical objects represent means of expressing the personal values of the “engaged” consumer. The value of things extends beyond material goods and takes into account the human and environmental impact. Yet, goods also provide pleasure. Enjoyment and removing the guilt associated with consumption help the conscious consumer renew their collection of goods through pleasurable consumption.

This territory allows individuals to enjoy consumption, but in a responsible way. Here, aspects of hedonism and luxury relate to sustainability.

For example, consumers may seek to buy premium goods, such as a pair of sneakers made from ocean plastics. Such an option makes the purchase even more appealing.

FAMILIAR STUFF. Objects falling within this final value territory focus on longevity and familiarity. Such goods endure and evolve with the consumer and appear to improve over time. Consumption slows down, replacement cycles diminish and resources are protected.

This type of consumer choice renders objects more valuable over time and creates an experience of newness or renewal. Perhaps because we are conditioned to expect frequent

change, the long-term ownership of objects that age and evolve through use appears new.

For example, consumers want to buy a product that evolves with them and that ages gracefully. Such products include a kitchen knife or a leather bag that with more use gradually fits its owner’s hand better.

THE ROLE OF SUSTAINABILITY.

Across all territories sustainability plays a crucial role.

Sustainability emerged not as a stand-alone requirement for consumers, but as a characteristic linked to other attributes.

For instance, for flexible stuff, sustainability is based on multipurpose products and materials. One example lies in Lynk&Co¹, launched by Chinese manufacturer Geely in collaboration with Volvo. Leveraging the benefits provided by the internet, the carmaker’s system is described as the “smartest driving platform ever made”, allowing consumers the option to buy, lease or simply borrow a car.

Among perfect stuff, goods are produced aimed at perfectly fitting a function. Here, a few high-quality products replace multiple lower performance or quality items. One example of perfect stuff lies with Ministry of Supply apparel,² the founders of which are driven by their desire to understand the problems individuals face related to formal workwear. Ministry of Supply was launched through a Kickstarter project aimed at making the perfect men’s formal work shirt. Emphasising the use of innovative fabrics and tailoring methods that reduce waste, the company’s founders claim to make the best workwear ever produced.

Stuff for pleasurable engagement combines gratification, guilt-free consumption and sustainability. For instance, exclusive carmaker Tesla³ combines a premium driving experience with clean energy and societal benefits. Its appeal is undeniable, whereby Tesla’s most affordable car, the Model 3, received 400 000

1 <http://www.lynkco.com/en/>

2 <https://ministryofsupply.com>

3 <http://www.tesla.com>

pre-orders.⁴ With Tesla's electric models, we see no evidence that individuals eschew consumption for sustainability. New consumers no longer seek a purist view of sustainability; instead, they seek sustainability as a product benefit, one symbolising that they are responsible citizens while also satisfying their consumption desires.

Familiar stuff primarily signifies sustainability through reuse, repair and longevity, stressing the ideal that some things age beautifully and improve over time. Companies such as Patagonia emphasise the repair and reuse of their garments, as illustrated by their "Stories We Wear" video collection on YouTube.⁵

Smart brand developers, product developers and marketers will recognise these opportunities to establish additional value on the market. These include using sustainability as an integral part of any value proposition, rather than simply ticking a checklist item or meeting a legislative requirement.

Lessons for businesses

Consumers increasingly demand more in particular ways.

Contemporary consumers, especially leading edge consumers, adopt a multifocal approach when buying.

Leading edge consumers expect many things simultaneously. Merely branding goods as ecological or sustainable is insufficient to sell a product. Ensuring that sustainability forms a part of the mix renders a product desirable.

As illustrated in the value territories described above, consumers expect goods that are at once both new and old. That is, goods can be luxurious and sustainable, as well as unique to an individual, but also appear to universally satisfy some task in the best possible way.

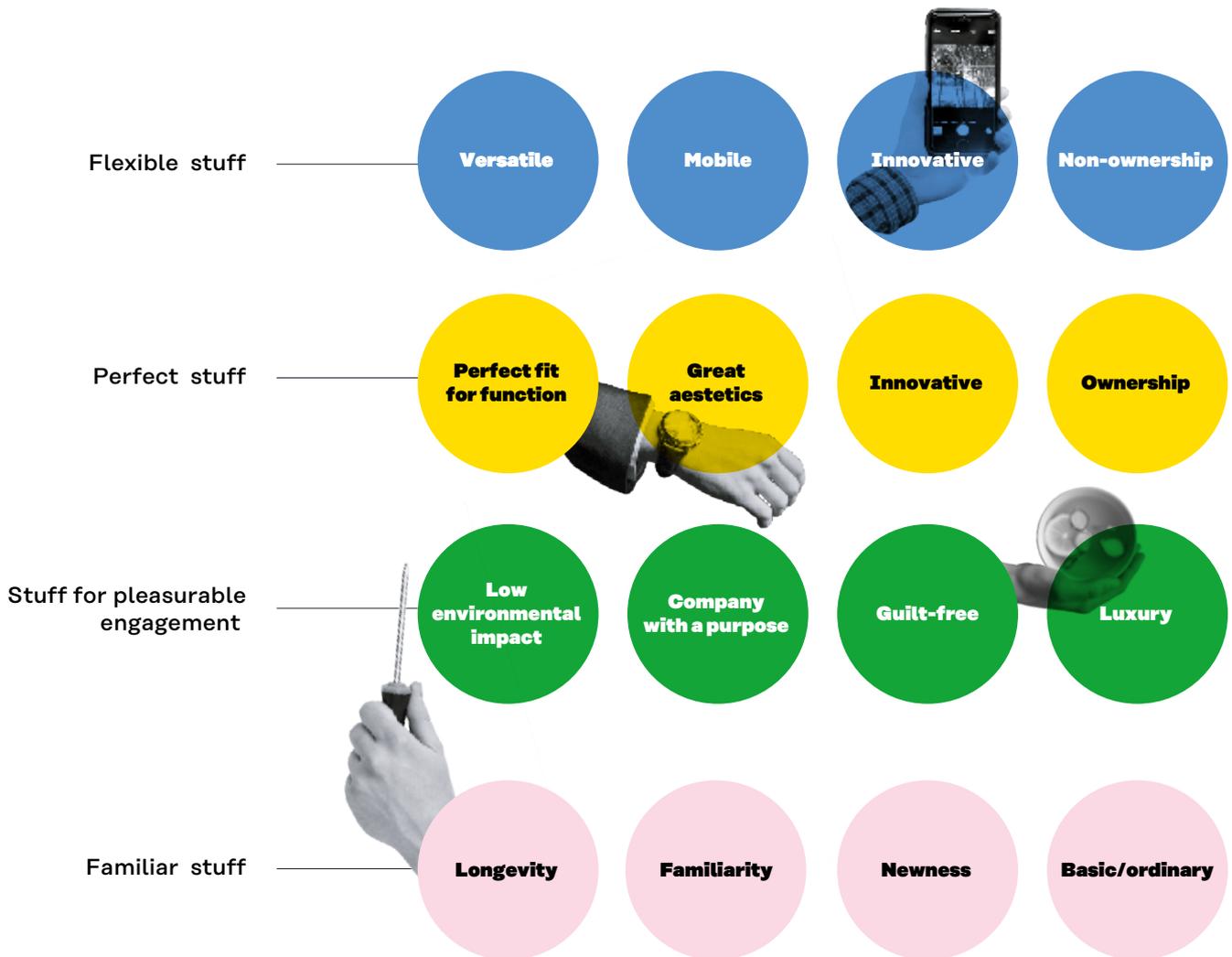
In this study, we found an easy coexistence among sets of seemingly contradictory ideals concerning business models and products.

Being culturally relevant today means building tensions into a product. Satisfying one or another benefit no longer suffices — often two and even three sets of benefits must be combined to create a competitive and clear business model. The competitive edge emerges more through systemic thinking than by narrowing one's focus.

⁴ <http://www.theverge.com/2016/4/21/11477034/tesla-model-3-preorders-400000-elon-musk>

⁵ For example, https://www.youtube.com/watch?v=llufipzI8_k

FOUR OPPORTUNITIES FOR CREATING VALUE



WE MUST:

Understand changing consumer behaviours

Applying the perspective of the leading edge consumer represents an effective means towards action while looking towards the future. In what follows, we describe how to quickly identify market dynamics and interpret them as consumer requirements.

Revisit market definitions

Traditional tools do not allow for a pluralistic view of the market. Consumer segmentation, for example, is not necessarily the best way of understanding people's seemingly contradictory needs and values in the market. We encourage companies to apply alternative methods to understand today's consumers. One option lies in focusing more on understanding the dynamics of certain behaviours instead of focusing on differences between consumers.

Learn to manage new value propositions that create aspirations

New management requirements consist of various dichotomies, such as fast–slow, old–new, personal–collective and luxurious–inclusive. Digitisation and digitally empowered business models make possible the establishment of businesses that leverage and drive multiple benefits. Airbnb⁶ — the successful sharing platform for renting rooms, flats and houses — built their business on extreme convenience, global coverage and low prices. Simultaneously, Airbnb allows for a truly local experience.

Emphasize sustainability as a part of the overall value proposition

Obviously, sustainability and its related values represent an important component across all of the value territories identified. The leading edge consumer expects companies to have a purpose beyond serving its shareholders. What is good for society and the environment as a whole needs to be a crucial component of what a company does and sells.

⁶ <http://www.airbnb.com/>

The Stuff in Flux project

*“The future is already here
— it’s just not evenly distributed.”*

(William Gibson, 31st of August 1993)

The Stuff in Flux project aims to understand how the relationship between consumers and goods is changing and whether this change represents a systemic and structural shift away from what we call the “abundance model.”

The abundance model refers to a late 20th century mature-market form of Western consumerism. This form of consumerism focuses on the idea that shopping and the acquisition of goods or things is hedonistic, pleasurable and linked to enhancing individual identity and status.

In this project, we sought to examine a cross-category perspective to evaluate whether shifts in behaviours and requirements occur across multiple categories simultaneously or if they only relate to specific product categories.

First, we examined goods and consumers holistically, focusing on an understanding of the overall change in how people value goods today and how goods are likely to be valued in the future. We studied big-picture dynamics in relationships between people, life contexts and macro-level trends, and how these impact expectations, attitudes and behaviours in relation to goods.

Second, we applied a sociocultural lens to investigate the relationship between people and goods to explore how individuals interact with stuff in the context of everyday life. By doing so, we framed consumer opinions within a deeper understanding of social and cultural contexts as a means to develop deep human insights and to answer our key research questions.

Third, we integrated thinking on new technologies and business models with our insights into the evolution of consumers. The future is about more than simply replacing the old with the new. In most cases, the future represents a reality where multiple values and approaches coexist.

Finally, and perhaps most importantly, this project ultimately aimed to establish clear guidance for managers on preparing for the future. Whether a company is already directly or indirectly selling consumer goods, or planning to do so in future, this report was created to help companies become and remain competitive, both in Finland and globally.

The appendix provides further details on our methods and an overview of our approach.

After completing thorough background research identifying the key themes of change, we interviewed 50 individuals under the age of 35 in Stockholm (Sweden), Malmö (Sweden), San Francisco (USA) and Bangalore (India) who fit our sociocultural definition of leading edge consumers. By this we mean that these individuals are recognised within their circles as authorities in “knowledge about newness.” Such knowledge and accompanying curiosity is confined neither to a specific category nor to “stuff.” These consumers provide us with clues regarding the type and direction of changes to come in the future.

We spent more than 350 hours in one-on-one discussions and activity-based hackfests

with these individuals. Following an intense period of discovery, we formulated a series of qualitative hypotheses about the nature of this change. These were then tested in an online quantitative survey. This online study was conducted in seven markets in September 2016, and allowed us to quantify the leading edge consumer segment, leading edge consumer behaviours and the degree to which such consumers are already impacting the larger mass consumer base.

Leading edge consumers represent approximately 11% of the four-county population which form the perimeter of this report. They were identified by the degree to which they correspond to a set of shared characteristics. These characteristics, previously identified through a descriptive study, are shared among leading edge consumers:

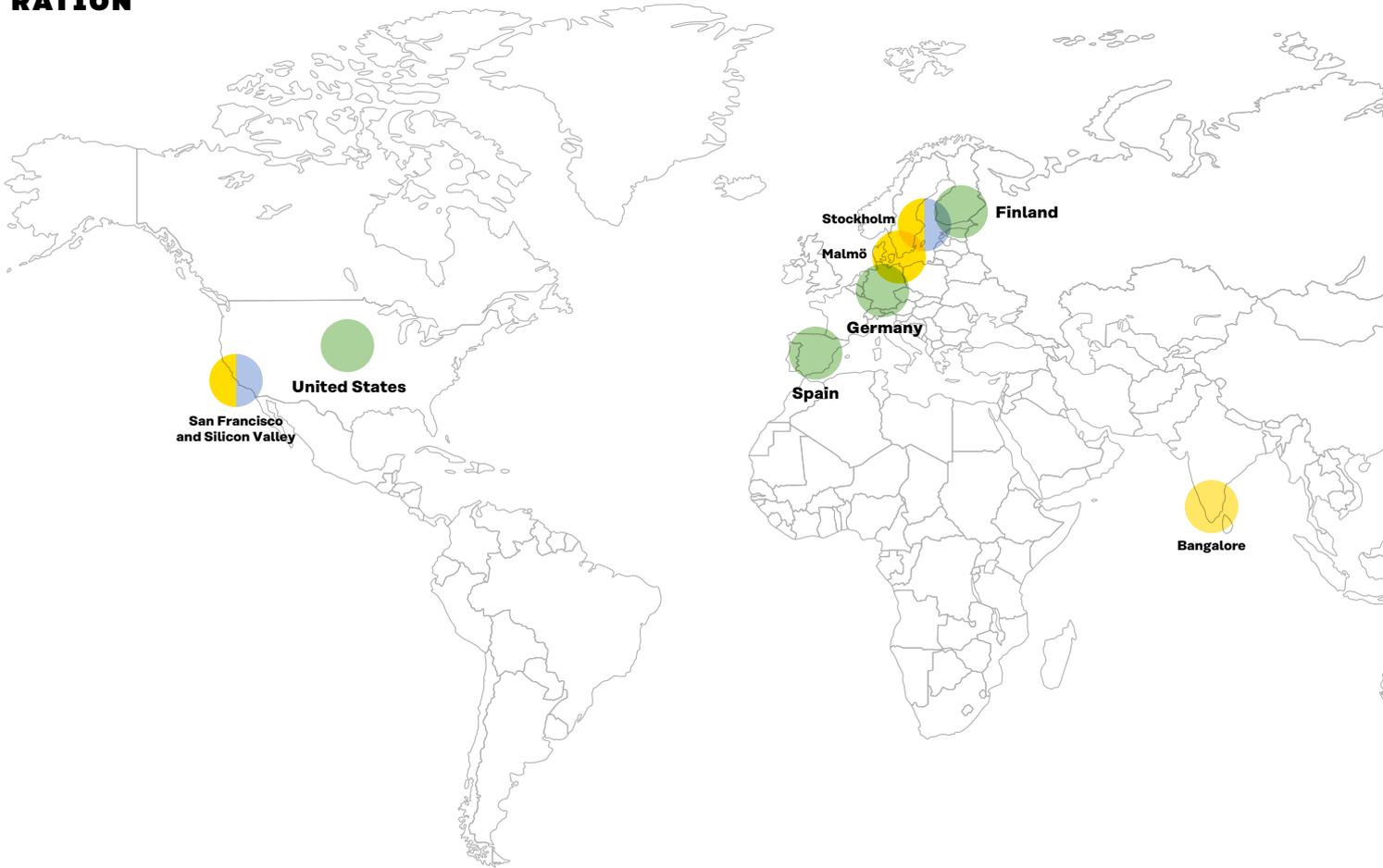
- 1.** The individual is recognised by their social circle as a “go-to” person for information on new stuff such as music, culture and technology.
- 2.** The individual dedicates time to creative pursuits and activities. (Notably, creativity has become a highly desirable attribute for those who wish to stay ahead.)

- 3.** The individual feels a connection to the world around them, and believes that all actions cause reactions and that their own actions can bring about change. (Notably, this mimics a form of systems thinking.)

Through the identification and quantification of the leading edge consumer category, we also identified and quantified the fast follower and mass adopter segments of consumers. In our quantitative analysis, we examine two primary dynamics within these segments. The first is the proportion of leading edge consumers who are already adopting new behaviours. The second is the proportion of mass adopters lagging behind in the adoption of new behaviours. This contrast allows us to formulate predictions regarding the adoption potential and, to an extent, the relative speed of adoption.

In this report, we confine our discussion to responses from individuals in four (Spain, Germany, Finland and the USA) of the seven markets we studied.

**QUALITATIVE
AND QUANTI-
TATIVE EXPLO-
RATION**



● Qualitative exploration

350

hours total

50

leading edge participants

● Collaborative work:

10

senior decision-makers
from 4 companies

● Quantitative exploration:

4

markets
(7 total)

2400

respondents

What is changing globally

Historically, post-World War II mass production combined with a shift from a demand-driven to a supply-driven economy drove the abundance model within business.

For more than 50 years, marketing efforts have focused on influencing consumers to feel a need for larger volumes or greater quantities of goods. These efforts go hand-in-hand with the creation of a self-generating model — that is, the more you have, the more you want or need. John Berger, in his 1972 book *Ways of Seeing*,⁷ described this process as making consumers “envious of the selves we might become” once the advertised product is acquired.

Although this theory still holds true, we find change taking place among leading edge consumers.

We now see an ongoing shift from the abundance model towards a multifocal model.

This multifocal model seeks to satisfy several different sociocultural needs and values simultaneously. Previously, the consumption of goods was primarily a matter of personal identity and status, accompanied by a sense of security derived from occupying a “normalized” position within society. Now, amid an increasingly more fluid digital world, goods relate to behaviours that represent an entire spectrum of needs. Among these behaviours, we identified four predominant themes.

SKILLED, MOBILE AND AUTONOMOUS

To align with a volatile world in constant motion, consumers actively experiment with decluttering. They become mobile and autonomous while simplifying and making parts of their lives more convenient.

BETTER ME

Consumers seek goods as a way to focus and regain a sense of control in a fast-moving environment. Some goods also express the individual’s quest for non-materialistic self-improvement or “betterment.”

BETTER WORLD

Goods can connect to a larger narrative, whether environmentally or socially. Therefore, consumers see their choices as carrying a long-term impact.

STABLE AND ENDURING

Consumers seek to balance their need for mobility with things that provide a sense of stability and longevity.

We found these four disparate behavioural themes emerging alongside more familiar consumer behaviours. That is, they do not oppose existing behaviours; they represent progressive alternatives.

⁷ Berger, John (1972), *Ways of Seeing*, British Broadcasting Company and Penguin Books. London.

Such consumer behaviours occasionally advocate for brands that do not invest in marketing, preferring brands that give back to the community in some way. For example, the company Tom's Shoes⁸ was created based on the idea that a company could develop a strong following through its ideals rather than through marketing. In this case, for each pair of shoes Tom's sells, the company donates a pair of shoes to a needy child. Given the success of this approach, Tom's later extended the practice to eyewear as well.

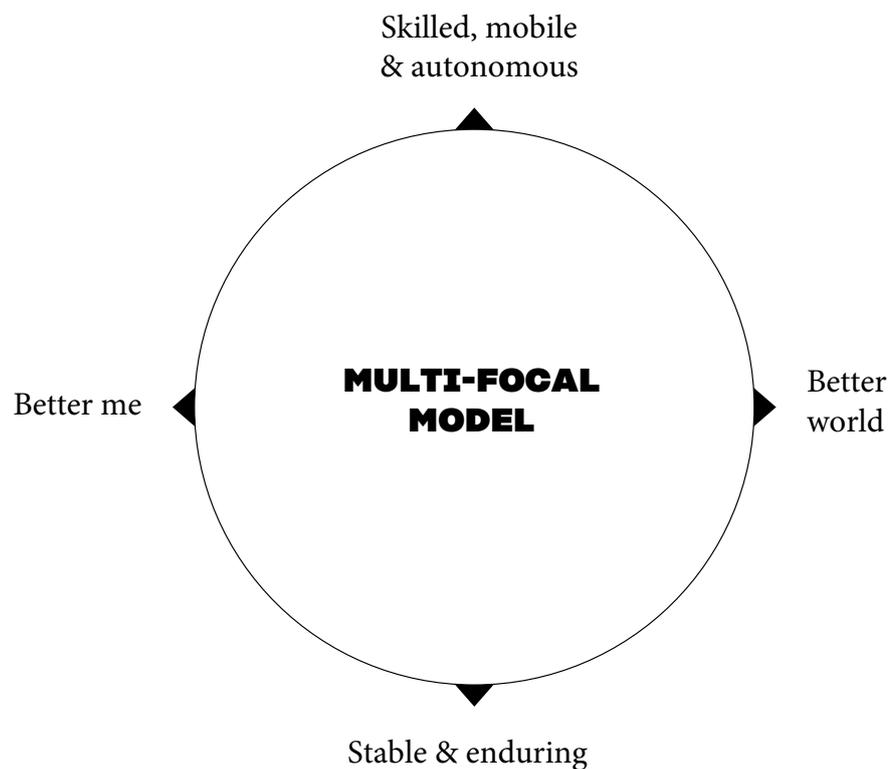
Such behaviours could also lead to replacing existing purchases with products that carry an inherent collective benefit, such as the phi-

losophy driving Method⁹ household products. Method is committed to delivering products to create a clean home, but with the added innovation of doing so in a planet friendly way.

These behaviours threaten any goods business that continues to rapidly push products to market while adhering to late 20th century formulae for success. However, these same behaviours simultaneously open up new opportunities and create new markets. In many cases, these behaviours disrupt existing aging markets that resist innovation.

In what follows, we examine all of these new behaviours, and illustrate how these behaviours create new opportunities on the market.

**CONSUMERS
HAVE A WIDE
SPECTRUM OF
NEEDS**



8 <http://www.toms.com/>

9 <http://methodhome.com/>

What is driving change

Since the turn of the millennium, we have witnessed an unprecedented wave of change and instability, culminating in the last decade of economic turmoil. While technology (such as artificial intelligence and robotics) continues to impact how we live and work, climate change is becoming an ever-present threat.

In the a world of volatility, uncertainty, complexity and ambiguity — the so-called VUCA world — society's attitudes and behaviours are changing. In the face of uncertainty, we see an increasing need for preparedness, a sense of mobility and a need for versatility sufficient to adapt to changing circumstances. These newly dominant attitudes and behaviours are driving some of the major changes in consumers' relationships to material goods.

The economic uncertainty following an extended period of unrestrained consumption and affluence has accelerated the emergence of post-material values, predominantly spear-headed by millennials — individuals born between 1982 and 1997. Instead of valuing ownership and possession, these new consumers are more interested in relationships, satisfaction with life and their health. The World Values Survey illustrates how these values have historically evolved, where the Nordic countries tend to top global charts on post-material values.¹⁰

In our analysis, we see how post-material values create new types of relationships between people and goods on the market. But does an increase in post-material values indicate that materialism is declining? Or is materialism being redefined? In late 20th century materialism, or what is sometimes called “terminal materialism,”¹¹ was ownership an end in itself? Is the 21st century about rejecting possessions or becoming more selective with regards to ownership?

In this report, we provide an answer to these questions in the context of the changing

value of goods. We will also illustrate the impact of various post-material tendencies.

Digitisation has become an integral part of everyday life. This change in the way we live has been fundamental, ranging from communication to shopping to entertainment. Digital goods have many benefits, but also create a longing for alternatives to “streams” of content. Unsurprisingly, we also see a resurrection of vinyl records and old-style cameras. The most advanced consumers revert back to a material world in search of stabilising rituals, local connections and, in some cases, mindfulness. In this context, some physical goods take on new meanings as explicit counter-reactions to the digitisation of everyday life.

The many benefits of digital goods are undisputed. In many cases, digital goods have created more flexible relationships to various products. We will discuss the sharing economy, including its current limitations and future possibilities. Furthermore, we understand that sharing and more flexible arrangements involving possessions remain impossible without digitisation. The promises of technologies such as blockchains will only further enable such tendencies.

Powered by an increasing transparency afforded by the internet and better access to technology, consumers are making better-informed choices and progressively opting for products that carry some form of social or environmental benefit. Companies are under increasing pressure, both through legislative changes and consumer expectations, to provide goods that minimise any potential negative impacts.

The convergence of these forces of change generates new and distinct consumption behaviours. The rise of these behaviours shapes emerging sets of requirements, and in turn frames value territories or opportunities for those capable of interpreting the signs.

¹⁰ <http://www.worldvaluessurvey.org/wvs.jsp>

¹¹ Csikszentmihalyi and Rochberg-Halton (1981), *The Meaning of Things*. Cambridge University Press

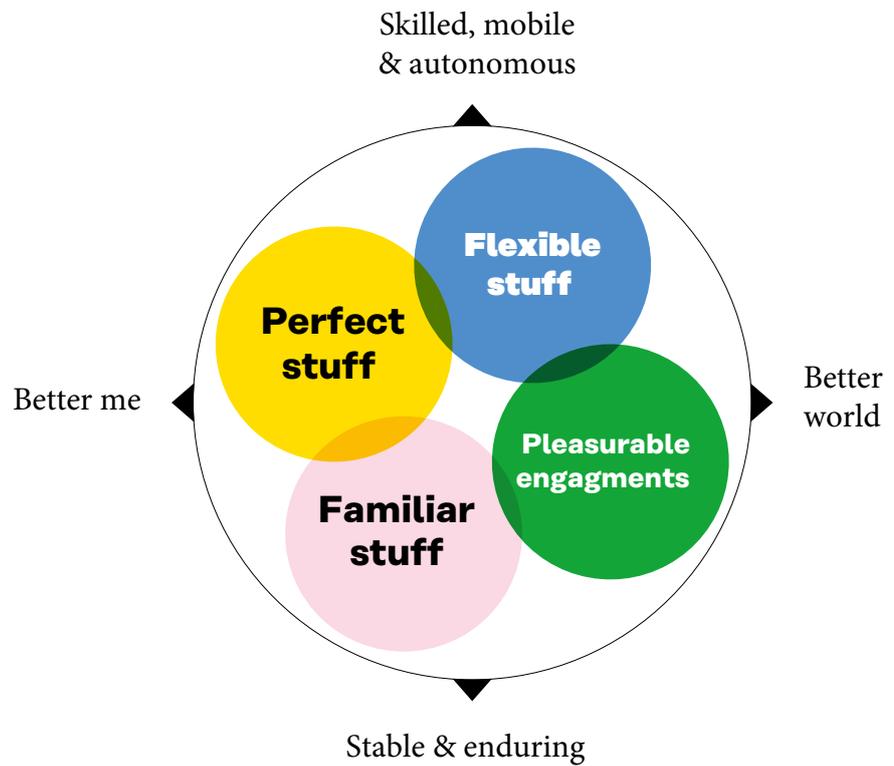
These new requirements can be grouped into four value territories, which we label:

- flexible stuff
- perfect stuff
- stuff for pleasurable engagement
- familiar stuff.

In this section, we describe these opportunities, identified through our conversations with leading edge consumers and quantified through our quantitative survey among mass market.

CHANGING BEHAVIOURS, CHANGING REQUIREMENTS AND NEW OPPORTUNITIES.

Four interconnected and overlapping value territories driven by predominant behavioural themes.



Flexible stuff

To align with a world in constant movement, consumers increasingly exhibit a strong need to be prepared to move, change and evolve. They develop strategies to remain light and agile, acquiring skills and seeking products that enable readiness and mobility.

This desire to remain mobile and flexible generates a complex set of requirements for the physical things in their lives. Desirable qualities include lightness (mobility or compactness), flexibility and versatility.

These product qualities facilitate an ease of movement and experiences providing a sense of achievement.

One participant spoke about a favourite bag, illustrating how certain products enhance one's sense of personal capabilities. "Using that bag means that my hands are always free; it's like I have another set of tools available to me."

Leading edge consumers seek out products that combine the promise of mobility and versatility with products providing a strong connection to what is physical and real, while also providing assurance and comfort without being weighed down.

Part of this lightness concerns the environmental impact of products. We found that leading edge consumers seek to combine specific functional qualities with sustainability. Such products minimise their negative impact, including those that have an end-of-life solution. Furthermore, versatile and modular products yield a larger range of functional benefits for consumers. Therefore, consumers need fewer products to create a sustainable future, while managing to do more with less.

In this regard, constant innovation is necessary, because the primary requirement relies on providing new and intelligent solutions to everyday challenges, allowing individuals to adapt their lifestyle to keep pace with their changing environment.

As such, new usage models without ownership find a natural home in this territory. Currently, however, many participants in our study still prefer ownership, primarily because the "sharing economy" has not necessarily delivered on the requirements of easy access and convenience.

“The sum of the functions (of a product or service) adds up to much more than the number of its functions.”

(Male, 32, Stockholm)

Versatile

Mobile

Innovative

Non-ownership



Key behavioural changes

External drivers including volatility and uncertainty create a need for preparedness among consumers, as well as a desire to remain light and agile. The acquisition of skills and knowledge, instead of the accumulation of objects, contributes to this sense of preparedness.

Currently, we are witnessing an important evolution in values across mature markets, as well as a growth in markets characterised by second-generation middle-class consumers.¹² Individuals are redefining their social status not through late 20th century possession-driven ideals, but through the acquisition of skills and knowledge that allow them to assert a degree of distinctiveness. Constant learning, skills acquisition, flexibility and adaptability signify distinctiveness. Distinction, unlike more hierarchical statuses, does not derive from ownership or possessions; symbols of success consist of neither the quantity nor the value of one's possessions.

The link between flexibility, mobility and distinctiveness stems from valorising the acquisition of skills and knowledge rather than material acquisition. This shift becomes visible in how individuals carefully select objects that play a role in their life and their ability to reduce the number of objects they possess. The careful and intelligent selection of an object supports an active and non-material lifestyle. This leads to a sense of self-improvement.

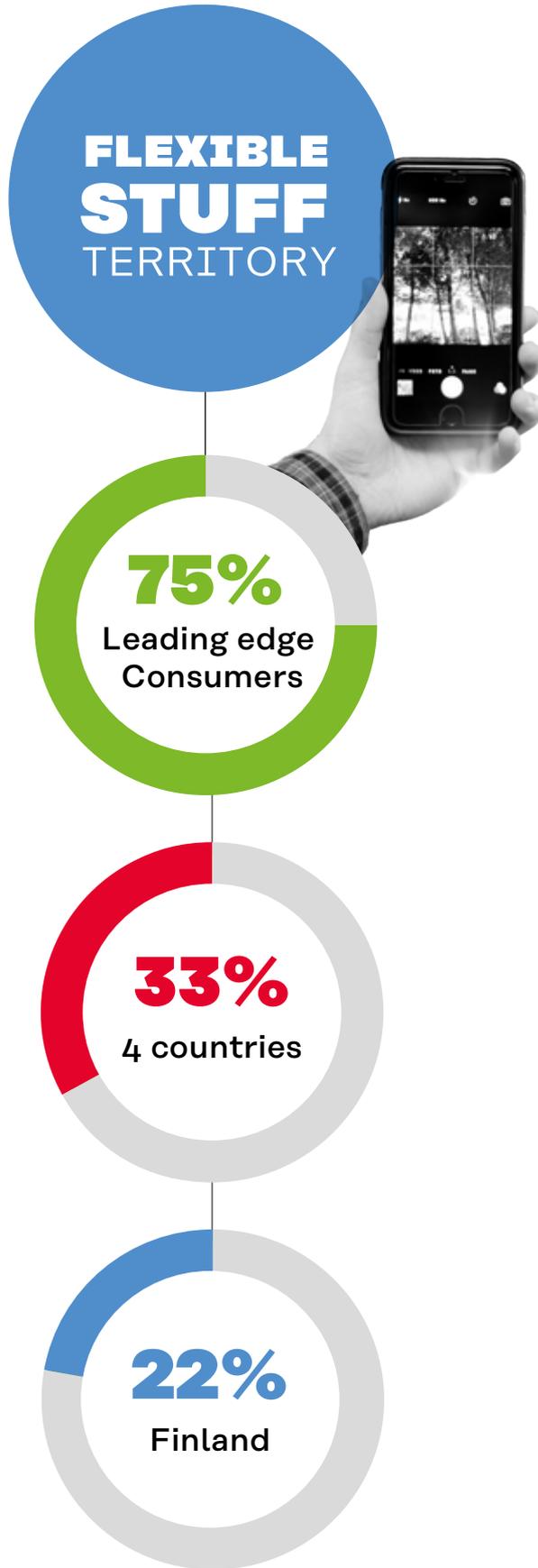
Many of the leading edge consumers in our study relied on vocabulary related to a feeling of “lightness” and “heaviness.” One respondent in San Francisco explained how she clearly distinguishes between furniture and camping gear. For example, for camping she will invest in a very high-quality jacket, providing her with a greater sense of preparedness, mobility and openness to new experiences. By contrast, furniture purchases left her feeling heavy and tied down.

Respondents referred to backpacks as contributing to feelings of autonomy and lightness. The participants in this study considered smart bags, water flasks (rather than plastic bottles), multipurpose tools and versatile clothing as valuable items contributing to a sense of lightness and mobility. Multifunctional objects empower individuals in their quest for adventure.

We found that 75% of leading edge consumers engaged in this the move from a focus on acquisition and accumulation of goods to a focus on acquisition of skills, knowledge and experiences. From a mass-market perspective, 33% of the four-country respondents have already adopted these new behaviours. The mass-market potential of adopting this attitude is strong across the four markets we studied. At 22%, Finns fall a little below the four-country average; yet there is no evidence to indicate that the mass potential in Finland is weaker than that in other countries. Thus, the shift towards mass adoption may simply be a little slower among Finns.

¹² Take for example China, where today's young adults are the children of those who got ahead due to the opening up of the economy and the first wave of economic growth.

**ADOPTION OF
BEHAVIOURS
RELATED TO
FLEXIBLE
STUFF.**



Key behavior driver:
**Being mobile and
flexible increases
self confidence**

Mass potential
High

Mass potential in Finland
Slower adoption

A new generation of products

A new generation of products lives up to the requirements of this value territory. The desire for mobility and autonomy touches upon all aspects of life.

Mobile phones — more specifically, smartphones — represent the archetypical tools for an autonomous and mobile lifestyle. During the past five to ten years, smartphones have developed into versatile multipurpose devices. Leading edge consumers view smartphones as a commodity (albeit an expensive one) and their purchasing aspirations focus on different product categories for example, backpacks and high performance or technical outdoor clothing.

In addition, we found an increasing popularity of drinkable “super meals,” such as Ambronite, Huel, Soylent and Joylent,¹³ as alternatives for consumers who want to spend less time on preparing meals without skimping on nutritional content. Some brands have developed subscription-based business models to enhance convenience. In addition, traditional product categories, such as rucksacks, bags and flasks, are being reinvented. Crumpler bags, Timbuk2 bags and Seatosummit are brands designed for the urban nomad whose goals are lightness and mobility.¹⁴

The “sharing economy” is a core feature of autonomy and mobility. Accessibility without ownership partially fulfils such market expectations. Until now, the promise of the “sharing economy” left this need unmet, with the possible exception of brands such as Airbnb and Uber. However, in the eyes of leading edge

consumers, these brands represent business-as-usual alternatives to hotel and taxi services.

Convenience, immediacy and accessibility are important foundations for the contemporary consumer. But these qualities do not always stand at the core of the “sharing economy.” Ownership is, in many cases, more convenient than various forms of sharing, such as lending, swapping and co-ownership.

Lynk & Co, a new brand, developed a platform for car sharing as well as ownership. For example, the company created a digital key allowing a consumer to rent a car when it is not in use. Lynk & Co aims not simply to transform automotive technology, but to create the notion of a car as a shareable product.

Innovation also exists in the field of autonomous vehicles. Starship Technologies¹⁵ recently developed a robotised delivery vehicle — a small self-driving unit that can distribute shareable tools and necessities — facilitating the transportation and delivery of goods. In doing so, the temporary use of a hammer or a jacket, for example, becomes more convenient and may change attitudes related to ownership.

Peer-to-peer micropayments, together with trust mechanisms such as blockchain, will boost the sharing economy as payments become more fluid. Blockchain allows for new and decentralised structures. Similar to Wikipedia which does not have a central authority, blockchain build trust between unknown partners in new ways. The technology created a dynamic “contract” system in which participants’ engagement in a contracted activity dynamically recalculates the share of ownership.

¹³ <https://ambronite.com/>; <https://huel.com/>; <https://www.soylent.com/>; <https://www.jimmyjoy.com>

¹⁴ <http://www.timbuk2.com>; <http://www.timbuk2.com>; <http://www.seatosummit.com/>

¹⁵ <https://www.starship.xyz/>

Business implications

Flexible stuff provides a business opportunity for items produced around reducing the need for new materials and for which production negatively impacts the environment.

The challenge is making money while simultaneously reducing “weight” for consumers. The sharing economy forms a part of this; but an inherent need for a sense of long-term relationships to physical things exists, providing a rich and immediate innovative opportunity for companies.

SEVERAL ASPECTS OF FLEXIBILITY REQUIRE BUSINESS ACUMEN:

A modularity and ability to customise for a mobile lifestyle through compact multipurpose products

This includes developing products that can be adapted to different uses.

Physical lightness

Lightness here represents a sense of lightness through independence and not weighing one down. Physical lightness forms a part of this ideal

Multipurpose materials

How can the same materials be used for multiple purposes? By way of example, can clothing be smart for work, as well as suitable for travel or biking, for instance, without wrinkling?

Helping to reduce materials

Perfect products create interest and a commitment among consumers. Companies should tap into this as a means of increasing their credibility on the market.

Helping individuals to move, store and remove stuff

This refers to the opportunity to reduce the weight of consumer materials without necessitating disposal. Here, we refer to the convenient storage of, for example, seasonal products, such as winter clothing.

Perfect stuff

Above, we touched upon the notion of a quest — a concept we will more fully examine in this section. This quest reflects a relentless search to find the perfect fit-for-function item. That is, a product that will not only do what it should do, but will do it better than any other product could. The ideal surrounding perfection builds on an expectation of constant innovation — taking something good and making it even better, keeping it up to date, while incorporating new and incomparably useful functions. This is not about “the latest,” but rather about “the best.”

This area offers many creative opportunities. Requirements for this type of product include innovation combined with a sense of familiarity and comfort. Perfect stuff takes an ordinary object and renders it extraordinary.

Simultaneously, we find a tension in this consumer territory, characterised by balancing impersonal access without ownership with the necessity of personalisation and customisation. This value territory, similar to flexible stuff described above, also encompasses a need for mobility and compactness. But, here, we add the

need for a product that allows the consumer a slower-paced lifestyle and the ability to focus.

These types of products should generate more confidence, comfort and a sense of control. This echoes the flexible living requirement for products that do not encumber or tie down the consumer.

This territory also creates a demand for new brands that accept the challenge of perfection, as well as highlights the need to provide consistent, high-quality products over time among more well-established brands. These brands can ensure trendy and contemporary products, while maintaining the characteristics of previous collections that carry a sense of familiarity and functional coherence.

Sustainability is implicit in the idea of perfection. For the forward-looking consumer, innovation is synonymous with finding solutions to collective problems. Part of the criteria for perfection should consist of a relentless search to minimise any negative impact. The perfect object minimises the need for many objects; instead it reflects purpose and intentionality in its fabrication.

"I need to tell you about my notebook. I've been looking for the perfect notebook for so long. Then one day I found it — this one. It only costs 15 kroner, but it's perfect for me — just the right size, the right number of pages. I asked the store if they would be stocking them regularly. They didn't know, so I bought their entire stock."

(Male, Malmö, 42)

**Perfect fit
for function**

**Great
aesthetics**

Innovative

Ownership



Key behavioural changes

Increased urbanisation and pressure on urban living spaces, combined with our VUCA¹⁶ context, push consumers to lighten their material load through increased selectivity. This selectivity is a process — a journey of learning, knowledge acquisition and discernment. This selectivity also features a language of innovation, aimed at being better, adaptable, functional and comfortable.

The perfect object allows the consumer to be at their best. In some ways, this represents a natural evolution from the old model that promised a product capable of magically transforming our lives.

The evolution here refers to a product that conforms to an ideal of perfection that enables the user to enhance their capabilities. The object does not replace the user's effort. That is, it is not magic. But, the right object — or the perfect object — allows the user to further pursue their personal quest. Certain material goods then become a paradoxical form of expression of non-materialistic self-betterment or self-realisation.

We found that respondents make long-term commitments to certain ideals of perfection. Focusing on purposefulness rather than on personal taste, they understand perfection not as a trend, but as a personal perfect fit.

“I want to find the perfect black jumpsuit. I must have 25 now, and I still haven't found it. When I wear one, someone will say, ‘Oh, you've had that forever.’ But, no, I've just bought it. You see, they all look so similar. Only I can see that they're not the same.” (Female, Malmö, 25)

“What will happen when I find the perfect one? Then, I can stop searching.” (Female, Malmö, 25)

Because choices abound, we found that some consumers settle on a long-term choice for basic objects that fit their needs. They often purchase the same item again because it fulfils the job, and see no compelling reason to choose another product.

In this case, consumers expect incremental improvements to their perfect t-shirt, for instance, but they do not want it to fundamentally change.

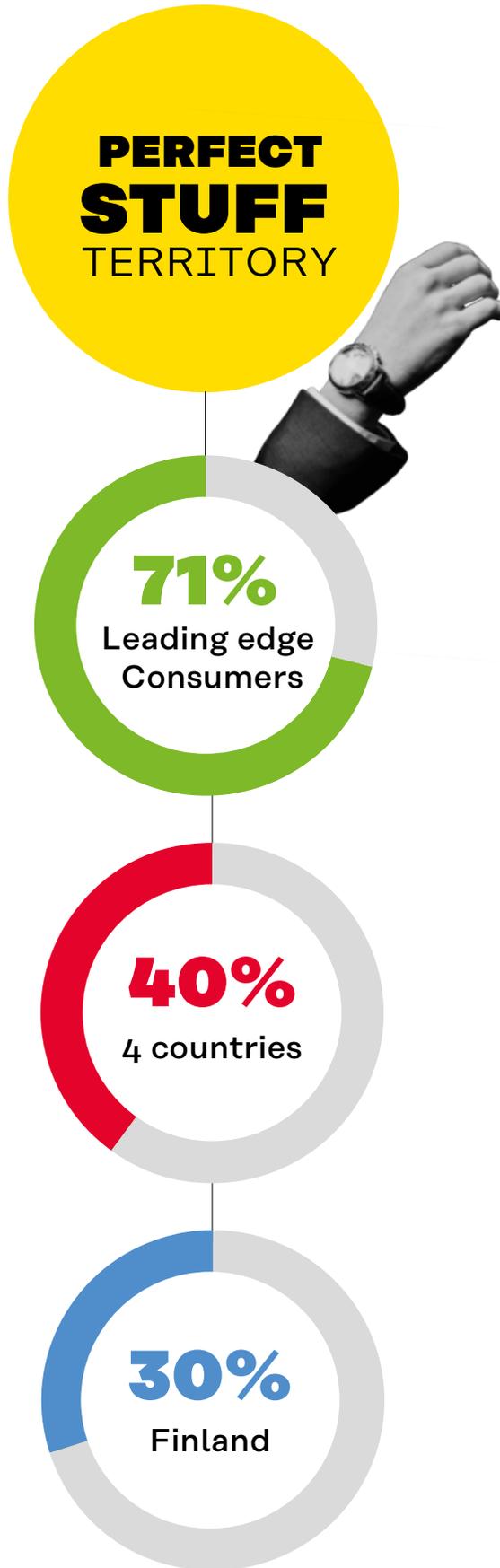
“I always buy the same t-shirt from Uniqlo, because it fits me well.” (Male, San Francisco, 29)

Such consumers loathe possessing unused objects that remind them of their poor choices. They spend much time ensuring that they will actually use what they purchase. Some consumers develop specific tactics to counter this. When tempted to buy something, they do not do so immediately simply to test their ability to live without it.

In our survey, we found that 71% of leading edge consumers engage in this hyper selective search for the perfect object. Collectively, 40% of the four-country respondents have already adopted these new behaviours. The potential of the mass-market to adopt similar behaviours is strong across all of the markets we studied. Among Finns, 30% reported similar behaviours, a proportion a bit below our sample population average. Yet, the mass-market potential exists in Finland as well.

¹⁶ VUCA refers to volatile, uncertain, complex and ambiguous.

**ADOPTION OF
BEHAVIOURS
RELATED TO
PERFECT
STUFF.**



Key behavior driver:

**Hyper selectivity
and seeking out the
perfect product/
function fit**

Mass potential

Very high

Mass potential in Finland

High

A new generation of products

Ministry of Supply, a new clothing brand, focuses on redefining traditional work clothing. When still students at MIT, the company's founders met and developed a vision to create formal workwear that could be as comfortable and high-performance as sportswear. Launching a Kickstarter campaign in 2012, they sought financing for the Apollo dress shirt, a tailored formal dress shirt made from NASA-inspired temperature-controlling material. In total, they raised more than US\$400 000 (compared to their goal of US\$30 000), and launched the company.

Their approach to clothing focuses on usability rather than fashion, stating their commitments towards empathy and a deep understanding of their clients' needs. Ministry of Supply aims to use high-performance technical fabrics, innovative construction techniques and purposeful design to create pieces aligned with how people live.

Kickstarter and other crowd-funding platforms are full of projects initiated by small teams who intentionally push the boundaries of existing product categories. Armed with the ambition to develop "perfect products," these teams offer anything ranging from the perfect bag to the perfect kits to brew coffee.

Many consumers struggle to find large companies that have a long term and intentional approach to developing perfected objects. The use of the word intentional is driven by the frequency of its appearance in the language of leading edge participants during the research phase, when talking about their conception of perfect objects or things. They consider that an object that has been created intentionally is one where there has been an intense focus on the outcome or the purpose of the object and a perfect fit between the object and its function.

Among larger companies, some consumers view Dyson¹⁷ as designing and producing perfect objects.

Dyson gained fame for taking everyday objects, such as vacuum cleaners and hairdryers, and adapting technology to perfect them.

After reinventing the common wheelbarrow in 1974, James Dyson bought a Hoover Junior vacuum cleaner. That Hoover quickly became clogged and lost its suction power over time. Frustrated, Dyson emptied the bag attempting to restore the suction power, but this had no effect. During a visit to a local sawmill, Dyson observed how large industrial cyclones removed sawdust from the air. He then hypothesised that the same principle might work on a smaller scale in a vacuum cleaner. To test this idea, he removed the bag from the Hoover Junior and fitted it with a cardboard cyclone. When cleaning a room, he found that his refitted machine picked up more dirt than his original Hoover Junior bag machine. That adaptation became the first vacuum cleaner without a bag.¹⁸

The notion of the "perfect product" offers an opportunity for reinvention. While certain basic products such as t-shirts or hoovers already developed to such a degree that innovation is difficult, companies are redefining well-known categories of products in new and fresh ways.

¹⁷ <http://www.dyson.com>

¹⁸ [https://en.wikipedia.org/wiki/Dyson_\(company\)](https://en.wikipedia.org/wiki/Dyson_(company))

Business implications

The company's challenge is to present itself as committed and intentional about developing and making responsible products while creating scale and a footprint on the market.

SEVERAL ASPECTS OF PERFECTION REQUIRE BUSINESS ACUMEN:

Set up innovation teams to reinvent the basics

A product itself is not the only thing being sold. A backstory about a committed and focused team will, in the long-term, also attract consumers.

Relentless long-term commitment

Companies that repeatedly shift their focus offer no credibility in this value territory. This territory demands an unwavering focus not driven by short-term business objectives or the stock market.

Combining fit-for-purpose, usability and aesthetics

Products must be relentlessly focused on a specific purpose. Sustainability must also be added to the formula.

Crowd-sourcing to involve a skilful and selective audience

Perfect products create interest and a commitment among consumers. Companies should tap into this as a means of increasing their credibility on the market.

Stuff for pleasurable engagement

The forward-looking 21st century consumer is more aware than most about the paradox of the world in which they live. From a macroeconomic perspective, such consumers understand the necessity of continuing to buy, use and replace products they use in their daily lives. Simultaneously, these consumers are sensitive to the bigger picture: environmental damage caused by the excessive consumption of resources, waste by-products and social inequalities perpetuated by exploitative commerce.

While slowly changing, the sustainability and social-engagement narratives have often focused on austerity, self-denial and guilt-laden detachment from any notion of pleasure.

We, however, see a very different picture beginning to form. This picture suggests that consumers, who have become accustomed to cold austerity and poor aesthetics from responsible or sustainable products (e.g. brown paper bags, rough unfinished wood shelves, uninspiring packaging...), desire guilt-free and sensual pleasure and stylishness instead.

This in no way detracts from product requirements such as responsible production or manufacturing, a low negative impact, the use of renewable materials, products with an end-of-life solution and products made from organic or natural materials, all of which represent requirements for goods for pleasurable engagement. However, the opportunity exists to

reframe and align personal engagement with a natural desire to feel good.

This value territory features a vision for the long-term and the intentional. An opportunity exists which combines the desire for pleasure with responsible products showcased through socially engaged narratives. In this value territory, consumers seek products manufactured by companies with a deeper purpose. Such choices provide consumers a sense of control derived from providing social benefits and contributing (however insignificantly) on a personal level to finding solutions to larger global issues.

Consumers often recognise this commitment in smaller, new-generation brands, or by supporting companies committed to local communities. Here, we specifically refer to brands that create personal connections to their products, such as Tom's Shoes. New-generation companies that balance the desire for aesthetics, quality and even luxury with a larger narrative of engagement illustrate this paradigm.

A high natural affinity for such products exists in Finland, although Finns are not over-represented. We found that 28% of Finnish respondents consider products with a low negative-environmental impact as very important and 26% strongly prefer to buy from more responsible companies when the quality of products is equal.

"...but why do we still insist on associating sustainability and sustainable products with brown paper bags and rough string and raw wood, it's like saying that to feel less guilty about buying things they have to be ugly and can't be beautiful or create pleasure, this is not the way forward"

(Female, Stockholm, 36)

**Low
environmental
impact**

**Company
with a purpose**

Guilt-free

Luxury



Key behavioural changes

Above, we discussed how late 20th century consumerism has enabled ego gratification and created a sense of hedonism. Mass-market consumption focuses on fun, delight and aspiration, but seldom represents a transformative drive towards the collective good.

Today, however, societal concerns, such as climate change, social inequalities and various forms of insecurity, have become more pressing on the international stage. Among these, climate change stands as the primary global concern, which fragments into local-level priorities. These local priorities in turn drive behavioural change. For instance, water access and drought management, ocean plastics, waste management, pollution, decreasing biodiversity, pesticide management and organic agriculture all represent local-level concerns resulting in shifts in behaviour.

As individuals become more interconnected and empowered, we move toward universalism values akin to “self-transcendence.” Feelings of empowerment, access to tools and platforms that unite people around common causes and an increasing awareness of larger issues intermingle resulting in behavioural modifications among consumers. These consumers seek to change things in the world around them.

Such changes are not focused on a revolution, but rather on a shifting focus from purely business and financial ideals to a balance between business and social concerns. Consumers increasingly seek to satisfy their consumption desires (and needs) by finding products and companies that embrace this ideological shift.

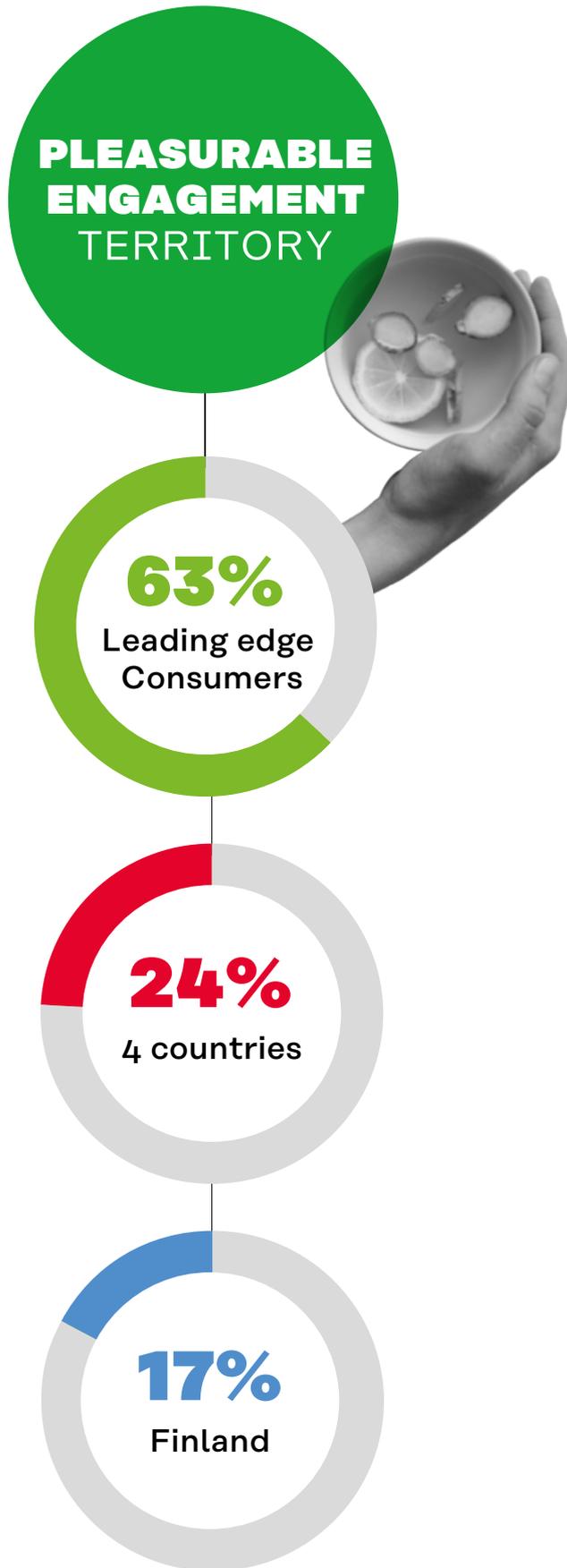
Forward-looking consumers are pragmatic in the realisation that large companies can be a major force for good and bad. Such consumers gravitate towards brands that support environmental and social causes, and often support local or niche commercial activities connecting them to communities with similar affinities.

Today, consumption is no longer only about the individual. Instead, consumers expect companies to drive the ideals representing collective interests, whether at the community level or through large-scale actions ranging from energy conservation to eco-friendliness.

A new generation of internet-empowered entrepreneurs who share values have brought to the market a new generation of products and services that support this balanced vision. Such products provide social benefits while still focusing on individual advantages through fully articulated propositions. Neither sphere is a pretext for the other.

In our survey, we found that 63% of leading edge consumers engage in the search for consumption choices that balance personal needs and desires with positive impacts for the environment and society. We also found that 24% of the four-country respondents have already adopted new behaviours by actively seeking out companies and brands that provide a balance between social and individual benefits. Given the inevitable increase in the importance of these ideals, this sphere offers a strong mass-market potential across all four markets. Among Finns, 17% seek this balance between societal and individual benefits.

ADOPTION OF BEHAVIOURS RELATED TO STUFF FOR PLEASURABLE ENGAGEMENT.



Key behavior driver:

Preference for purchasing products from companies that combine consumer and societal or environmental benefits.

Mass potential

High

Mass potential in Finland

Slower adoption

A new generation of products

As personal values shift, brands attempt to reflect these new values. Some brands enjoy more success than others. A few new brands incorporated such new values from the outset, while others established new business models to coincide with shifting personal values.

For example, Angel Jackson,¹⁹ a British accessories firm, emphasises “that ethical production and fashion with a conscience needn’t sacrifice cutting-edge style.” Edun,²⁰ the fashion brand launched by U2 singer Bono and his wife Ali Hewson,²¹ aims “to source production and encourage trade in Africa”. Honestby,²² “the world’s first 100% transparent company” launched by Bruno Peiters (former Creative Director of Hugo Boss), seeks to combine societal benefits with luxury offerings.

The Volvo Car Company’s vision for 2020 aims to improve road safety and ensure that “nobody should be seriously injured or killed in a new Volvo car.” As part of its campaign, Volvo created Lifepaint, an invisible paint that reflects in headlights and is designed to make pedestrians, cyclists and bikers more visible at night. According to Volvo, this paint “is a unique reflective safety spray” making “the invisible, visible.”²³

Additionally, the Ben & Jerry’s²⁴ ice cream brand reflects a social mission: “To operate the company in a way that actively recognises the central role that business plays in society by initiating innovative ways to improve the quality of life locally, nationally and internationally.” As such, Ben & Jerry’s promotes democracy and the importance of voting.

Some brands risk venturing onto politically thin ice in order to take a stand. For example, the India-based Brooke Bond tea brand under-

lines its purpose of “making the world a more welcoming place, one cup of tea at a time.” In doing so, Brooke Bond granted India’s transgender community a platform to challenge caricatures and stereotypes towards them through the launch of the “6 Pack Band,” winner of the Glass Lion Grand Prix award for brands at the Cannes Lions Festival in 2016.²⁵

Finally, Tesla, already mentioned for its electric cars, keeps a larger goal in mind in relation to renewable energy. As such, with Tesla batteries, the company seeks to accelerate the move away from fossil fuels to a more sustainable energy future. According to the company, its batteries will help “manage power demand, provide backup power and increase grid resilience.”²⁶

19 <https://angeljackson.com/>

20 <http://edun.com/>

21 Luxury group LVMH acquired 49% of Edun in 2009.

22 <http://www.honestby.com/>

23 <http://www.volvoflifepaint.com>

24 <http://www.benjerry.com/values>; <https://youtu.be/vNzXxYnQI3s>

25 <https://youtu.be/blvOBnSRfVc>

26 <https://www.tesla.com/presskit/teslaenergy>

Business implications

Businesses can challenge the status quo by creating ethical products that offers customers a superior user experience with a social benefit. This philosophy needs to be a part of any value proposition adhering to collective responsibility while addressing egoistic and aspirational values.

SEVERAL ASPECTS OF PLEASURABLE ENGAGEMENT REQUIRE BUSINESS ACUMEN:

End-of-life solutions as an integral part of the business model

How a product is made and how its lifecycle ends are equally important.

Sustainability as the core of the business

Corporate social responsibility cannot be an afterthought, but should stand as an integral part of the company's purpose and product definition.

Sustainability as desirable, fun and guilt-free

Responsibility has traditionally been viewed as boring. Now, it is desirable.

Breaking sustainability down as personal

The contemporary consumer feels a collective responsibility. But breaking sustainability

Familiar stuff

In this section, we move into an area of opportunities revolving around the ideals of easy, sensual stability. These are defined by exacting requirements regarding quality and longevity, where products are familiar and offer the pleasurable predictability of habitual use.

Life is made easier through simple familiarity. Physical goods become a vector for this cultural shift by slowing down the pace of replacement. Slowing the pace of replacement thus becomes a quality; keeping things and using them longer becomes a source of newness. Using and interacting with objects then focuses our fragmented attention.

An opportunity exists for the manufacture of ordinary objects that become extraordinary through use. When shaped by use, these products become more personal. They establish a dialogue between the product and the user, a dialogue guided by repetitive actions and interactions. That is, these goods and products become more beautiful with age and use.

Opportunities once again exist here for creatively using such tensions. For example, such products should be long-lasting and familiar, but carry a sense of newness. They may also combine fun or be unique and carry basic or ordinary features. In addition, opportunities

exist to lead users towards confidently finding and expressing their own uniqueness through their interactions with such products.

Such features challenge current business models based around programmed obsolescence and revenue generated through volume and repeated purchases. This opens up avenues towards service and usage-based revenue models, where a product is more valuable and has a higher resale value because of its quality and durability.

In this instance, sustainability is expressed both implicitly and explicitly. A product fabricated from high-quality materials, designed for long-term use and that is reliable and repairable when necessary is viewed as implicitly sustainable. But consumer requirements also remain explicit because consumers demand responsibly produced goods using renewable, natural and organic materials.

A strong natural affinity for such products exists in Finland. As such, 35% of Finnish respondents reported that owning things and using them for a very long time corresponds to their thinking. Yet, in Finland, considering price elasticity also remains important, whereby 43% of Finns strongly agree that affordability is important.

*"Personally, I don't want new things all the time....
As a physical object, it is objectively better if it
does what it is supposed to do (for longer)"*

(Female, San Francisco, 25)

Longevity

Familiarity

Newness

Basic/ordinary



Key behavioural changes

In a constantly shifting world, people long for a sense of stability and seek opportunities to be mindful through rituals offering balance.

While the need to slow down contradicts the speed and fluidity of flexible living, this need does not reject change and newness.

In fact, this philosophy signals a change in consumers' relationships to newness. In the past, newness was hedonistic whereby novelty stood as a superficial facet of newness. The hunger for novelty has driven both consumption and business growth. The promise of something new has fed and satisfied hedonistic needs.

Today, newness is less fun, becoming more of a necessity. New is functional; renewal, however, is essential. Digitisation is important vis-a-vis renewal, but it fragments our attention. Therefore, individuals develop new, simple rituals in their everyday lives to provide necessary calm spaces allowing them to recover and prepare for the next round of renewal.

For the most advanced consumers, we found that repetitive use gradually takes on spiritual value. Focusing on small rituals, such as using a manual coffee grinder or playing a vinyl record, provides a balancing ritual helping individuals to attain mindfulness.

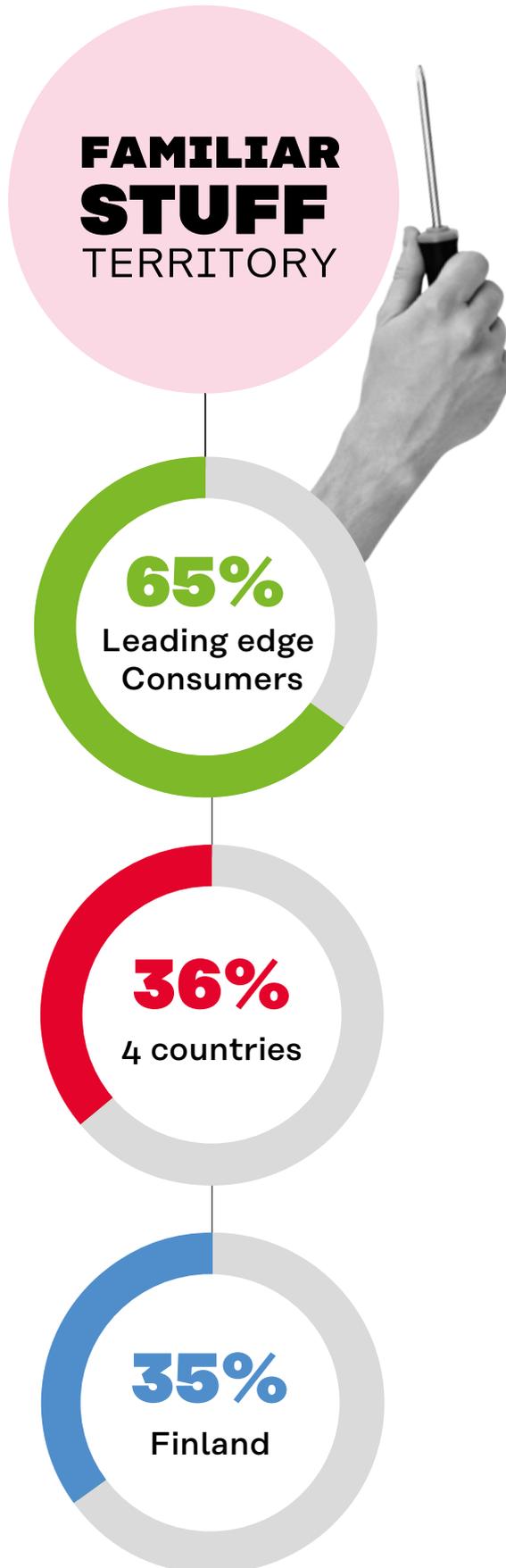
Such items also create spaces of familiarity and stability through things that remain

unchanged. Interacting with goods and their use comes into focus. New glimmering, untouched goods may feel "clean," but the product begins a process of appropriation through its usage. Even ordinary goods become more personal, unique and valuable. You can always buy items that look worn, but creating that wear is unbeatable as the ultimate form of personalisation.

In our survey, we found that 65% of leading edge consumers are showing interest for types of physical objects that last a long time and engage repetitive usage over time and for the very personalised appeal of often used and time-worn objects. From a mass-market perspective, 36% of the four-country respondents have already adopted new behaviours, such as keeping products longer. The mass-market potential of adopting these types of behaviours is strong across all of the markets studied. Among Finns, 35% have adopted such behaviours.

We also found that 58% of leading edge consumers engage in mindfulness behaviours. Among the four-country sample, 25% have adopted such behaviours, and 19% of Finns reported adopting such a change. The shift towards mindfulness will take longer to gain mass-market traction and may remain more of a niche behaviour.

ADOPTION OF BEHAVIOURS RELATED TO FAMILIAR STUFF.



Key behavior driver:

Keeping things for longer, repairing things.

Mass potential

High

Mass potential in Finland

High

A new generation of products

Patagonia,²⁷ perhaps the best-known example of a brand built on the notion of long-lasting, repairable products, features staff who tour with the sole purpose of repairing clothing for free. Because its styles change very little, Patagonia taps into the idea of “normcore,”²⁸ or “liberation in being nothing special.” To dress normcore means choosing ordinary, banal items (often with looks dating from the pre-internet era) and using them as a fashion statement.

Other brands also promote the promise of longevity. Dr. Martens for Life, a concept for shoes and boots with a lifetime guarantee, means that Dr. Martens either repairs or replaces their shoes if damaged.²⁹

By contrast, the technology sector remains notoriously inadequate when it comes to longevity, although attempts exist to change this.

The Finnish concept Puzzlephone stands as one such attempt to build technology that is more durable over time. Puzzlephone³⁰ features

three easy-to-change modules, eliminating the necessity of buying a new phone when dropped. PuzzlePhone is reliable, upgradeable and repairable. We find here a clear aim towards longevity. The future, however, will tell us if the modular smartphone concept meets this need.

Another approach can be found with Cutecircuit.³¹ Based in London, the duo behind the company, Francesca Rosella and Ryan Genz, believe that integrating captors, sensors and LEDs (IOT) into high-quality, durable clothing provides an alternative to fast fashion. Using the garment as an ever-changing canvas of possibilities provides permanent newness in a single garment. This reduces the need to constantly replenish one’s wardrobe.

Many of these brands and concepts remain unproven on the market. In our research, we found that playing on the attributes of longevity adds value to products. Thus, products become more personal and intimate with use over time.

²⁷ <http://eu.patagonia.com>

²⁸ “Normcore defined in 2013 by K-Hole (<http://khole.net/issues/youth-mode/>).

²⁹ <http://drmartensforlife.com/>

³⁰ <http://www.puzzlephone.com/>

³¹ <https://cutecircuit.com/about-cutecircuit>

Business implications

Novelty has remained at the core of most mass-market business models for goods. Now, we find a clear need for goods produced for longevity and a sense of value accumulated over the product's lifecycle.

Creating new business models focused on the lifecycle and extending it rather than selling new goods challenges companies. Most mass-market companies producing goods focus on fast production and short repurchasing cycles.

SEVERAL ASPECTS OF FAMILIARITY REQUIRE BUSINESS ACUMEN:

Augmentation

Product purchase can only represent a starting point. Consumers should be able to add possessions during the ownership cycle. These changes can be transformed into value-added items, not just through their functionality, but also by providing a personal touch.

Repairs as an aspirational attribute

Repairing fell out of style with the growth of mass-market consumables. Leading edge consumers suffering from "novelty fatigue" increasingly view repairing and keeping goods as aspirational and contemporary.

Hacking and repurposing

Consumers should be able to hack and repurpose products. Defining and redefining the purpose of goods offers consumers an interesting opportunity. Rather than resisting hackers, companies should embrace their creativity as active consumers.

Long-lasting equates with sustainability and responsibility

Long-lasting products allow brands to embrace environmental values with credibility. Leading edge consumers increasingly expect sustainability to form the core of a brand's business model.

Summary and conclusions

In this report, we outline some key opportunities for businesses. These opportunities centre on developing new types of products that consumers perceive as valuable and aspirational.

We began this report with a short introduction highlighting some of the key findings. We also provided a more generic view on how to prepare and act upon shifts in consumer behaviour currently experienced on the market — both globally and in Finland.

We identified a set of new behaviours identified through our research. Not all of these behaviours are completely new, yet together they form a shift away from the consumption of goods as learned and understood by the “consuming classes.”

We then identified four different territories of growth. These territories are described as types of products that both leading edge and mainstream consumers increasingly value and, in many cases, hope to own.

We label these territories flexible stuff, perfect stuff, stuff for pleasurable engagement and familiar stuff.

Each territory allows for different ways of conducting business and offers opportunities for adjusting the standard business model. Sustainability plays a crucial role across all value territories.

Flexible stuff represents an opportunity centred on the idea of creating value or earnings revenue through reducing the “weight” of stuff for a consumer. Consumers increasingly want a flexible lifestyle where the same good may be used across a range of contexts. Goods become things individuals carry with them and satisfy multiple purposes. These products include, but are not limited to, technological gadgets, multi-purpose clothing and modular home solutions.

Today, people feel the weight of things. Thus, we asked how that weight could be reduced. What alternative exists to push more products out to consumers? Should we produce items that are flexible and versatile and serve multiple purposes? In this case, “more” refers to combined features rather than the quantity of things. As we focus on reduction, determining how we can build upon the notion of sustainability in natural and appropriate ways becomes simple.

We also briefly discussed the sharing economy. Currently, however, we do not find overwhelming evidence suggesting that non-ownership should dominate this value territory, especially since many individuals still view ownership as more convenient than sharing.



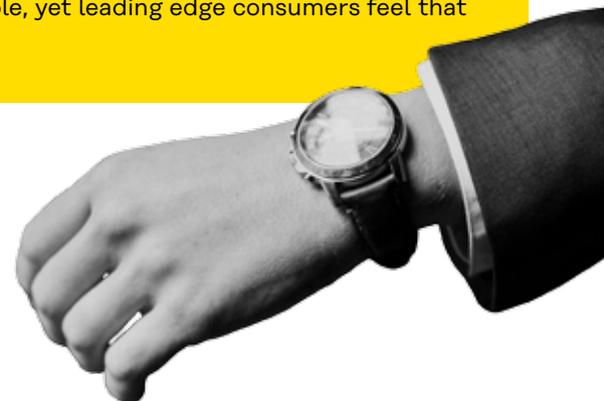
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PERFECT STUFF is perfected to fit a specific purpose or end use. Consumers repeatedly expressed an ideal state where the constant cycle of search/purchase/consumption/search/purchase... of a type of object would end because of the discovery of the perfect object. Consumers increasingly expect business to focus on the development of new products, to have a clear purpose and to focus on producing things or items perfectly adapted to their end use. Today, individuals feel that large corporations do not focus their development efforts on creating new products. Trust evolves when consumers rely on a company to consistently push the boundaries of producing perfection, whether in a t-shirt or a smartphone.

How does a company appear committed and focused on developing and producing goods in a purposeful way? How can a company situate sustainability as a part of the perfect product? It may appear simple, yet leading edge consumers feel that precious few companies achieve this ideal.





STUFF FOR PLEASURABLE ENGAGEMENT encompasses items that combine collective and shared values as a priority. These goods represent more than simple objects of consumption; they are a means of expressing the consumer's values as an engaged citizen who takes into account the environmental impact of their consumption. Such goods also provide pleasure and enjoyment to the consumer. The value opportunity here lies in removing the guilt associated with consumption and helping the conscientious consumer to renew their valuables through pleasurable consumption. Increasingly individuals expect buying goods to positive impact the world around them, or at least to carry a minimal negative impact. This portion of our study demonstrates the value of a company skilful at combining a positive impact with strong, pleasurable personal benefits.

How can a company combine personal values with collective commitments? How can responsibility become pleasurable? How can sustainability be pleasurable and not "guilt" consumers? This section of our study focuses on developing a model that explicitly creates a demand for sustainability.

Familiar stuff combines the idea of long-term ownership with feelings of newness and excitement. Opportunities here encompass things that endure and evolve with the owner or user, that appear to evolve, change and improve over time. Consumption slows down, replacement cycles diminish and resources are protected. How do companies move from focussing on sales to an earnings-based model reliant upon extending a product's lifecycle? How can repairs and longer lifecycles become desirable again? How can we link sustainability to extended cycles of ownership?

Many opportunities to accomplish the above objectives exist. Most companies do not have to choose one or another model. They must better understand the market dynamics and the demands they create. Most likely, new combinations will form, while consumption will shift further still. As elements emerge within existing markets, we witness old attributes meeting new preferences, leading to novel and intriguing market tensions.

We can merely encourage companies to explore these avenues for creating value and to further explore these opportunities. Primarily, companies must be receptive to market influences and maintain an intimate relationship with the market.



THE FOUR PRINCIPLES COMPANIES MUST DEVELOP TO SOLVE VALUE EQUATIONS FOR THE FUTURE ARE:

1

Understand changing consumer behaviours. Applying the perspective of the leading edge consumer represents an effective means towards action while looking towards the future. In what follows, we describe how to quickly identify market dynamics and interpret them as consumer requirements.

2

Revisit market definitions. Traditional tools do not allow for a pluralistic view of the market. Consumer segmentation, for example, is not necessarily the best way of understanding people's seemingly contradictory needs and values in the market. We encourage companies to apply alternative methods to understand today's consumers. One option lies in focusing more on understanding the dynamics of certain behaviours instead of focusing on differences between consumers.

3

Learn to manage new value propositions that create aspirations. New management requirements consist of various dichotomies, such as fast–slow, old–new, personal–collective and luxurious–inclusive. Digitisation and digitally empowered business models make possible the establishment of businesses that leverage and drive multiple benefits. Airbnb — the successful sharing platform for renting rooms, flats and houses — built their business on extreme convenience, global coverage and low prices. Simultaneously, Airbnb allows for a truly local experience.

4

Emphasize sustainability as a part of the overall value proposition. Obviously, sustainability and its related values represent an important component across all of the value territories identified. The leading edge consumer expects companies to have a purpose beyond serving its shareholders. What is good for society and the environment as a whole needs to be a crucial component of what a company does and sells.

Methodology and scope

In this study, we relied upon a combination of methodologies as follows:

- qualitative exploration consisting of in-depth interviews and hackfests
- quantitative exploration consisting of a seven-market study
- collaborative work consisting of two workshops with key individuals from participating companies.

Qualitative exploration

The qualitative component of this study began with the identification of profiles and the geographic situation of leading edge consumers.

For the initial phase, we carefully chose specific markets. In most studies, Stockholm and Malmö (Sweden) represent extreme forms of post-materialistic values, emphasising satisfaction and quality of life rather than ownership and possessions.

San Francisco (USA) was chosen because of its liberalism and openness to change. San Francisco and the Silicon Valley attract consumers globally who experiment both through new business and emerging cultural ideals.

We chose Bangalore (India) to represent an emerging-market perspective for the leading edge consumer. Bangalore serves as a hub for Indian start-ups and an entry point for international influence that attracts talent and more sophisticated consumers. Bangalore also provides an alternative perspective to San Francisco, Stockholm and Malmö, and allows for an understanding of how emerging-market consumers adjust their consumption habits and the degree of influence from and speed of uptake of “global trends.”

We spent a total of six hours with each leading edge participant, through a 1.5-hour one-on-one interview, followed by participation in a 4.5-hour hackfest. The hackfest consisted of a forum for leading edge consumers to exchange ideas with one another and the project team. We focused on several predetermined themes and worked through more exploratory exercises aimed at identifying participants’ definitions of value and attributes contributing to the value of things and experiences.

The results of these interactions allowed us to identify the key shared characteristics of leading edge consumers we then used to replicate and quantify responses in the next phase of our study. This also allowed us to develop a comprehensive list of value attributes to validate during the quantitative stage.

Quantitative exploration: Seven-market study

The quantitative phase of this research consisted of four objectives:

1. to categorise the leading edge consumer
2. to validate and categorise the behavioural changes
3. to determine the pace of change by measuring the relationship between leading edge and more mass-market consumers
4. to identify the value territories created by behavioural changes and to group the attributes of these territories in order to define formulae for creating value.

We structured our sample to represent 50% to 60% of the consumers most engaged in consumption and most receptive to change.

We carried out an online survey in September and October 2016 across seven markets: China, Finland, Germany, India, Russia, Spain and the USA. In total, we recruited 600 respondents per country, for a total 4 200 respondents. We only included the results from Finland, Germany, Spain and the USA in this report.

Participants and collaborative work

Stuff in Flux, a multiclient research project and collaborative study, focuses on the future of goods. Initiated in June 2016, the project consists of a small number of diverse companies invited to participate. Four of the most valuable brands globally, all of which indirectly or directly sell goods, joined this project. These companies represent industries ranging from technology to fashion, with a combined annual turnover of more than €200 billion.

From the start, we learned that participating firms found cross-industry approaches rewarding, affording them the opportunity to discuss strategic issues with noncompeting companies.

All project participants came together twice — in Stockholm in August and in San Francisco in October — to discuss the project and agree upon the conclusions and findings. These gatherings included senior-level corporate decision-makers directly influencing their companies' future strategies.

Below, we provide some participant quotes:

“This makes us aware of the problems we will have with our business model.”

“We can already see how we need to change.”

“This [project] provides us with the context for how to think about new business.”

“This is somewhat painful for us, but has opened our eyes.”

“We have decided to set up a future laboratory.”

“This makes us think that we need to rethink our target audience.”

We presented the project results to participants in December 2016. We believe that we have uncovered something fundamental about how the market and climate around physical goods are changing and how they will continue to evolve. This report summarises the most important findings from this project, specifically focusing on Finland and how various aspects relate to sustainability.

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Dr. Oskar Korkman, founder of Alice Labs and former Director of Consumer Intelligence at Nokia and Microsoft, brings to this project more than 10 years of experience on international sociocultural research and translating his insights into business decisions.

Sharon Greene, an Alice Labs partner and founder of Informed Intuitions, has more than 15 years of experience in business insight and the development of innovation through the application of cross-cultural and sociocultural research. She is also the former managing director of RISC International.

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