

WELCOME TO MOST CONTAGIOUS

Our annual review
of how the most
important shifts
from one year are
turning into the
biggest opportunities
for the next

From our analysis of the direction and speed of change happening across technology, consumer culture and marketing, Contagious has identified a series of potential areas that brands can use to their advantage to succeed in 2018. We've also partnered with The Economist's The World in 2018 report to provide a glimpse of the political and economic landscape in which your brands will have to operate.



IGNITING EXCEPTIONAL IDEAS

COVER ILLUSTRATION: SERGE SEIDLITZ, BERNSTEIN & ANDRIULLI



This time last year it may have seemed impossible to predict some of the more shocking events of 2017, such as the rise of nuclear brinkmanship in North Korea or the WannaCry cyber attack hitting 150 countries. But this year simply reaped what 2016 sowed.

For example, when a man caught on tape admitting to sexual harassment gains the highest political office in the world, a Women's March is a natural consequence. A staggering 673 marches took place on 21 January in more than 80 countries and on all seven continents.

The global protest for women's rights also set the stage for the ensuing wave of sexual harassment allegations, the #MeToo movement and the urgent need to redefine masculinity seen later in the year. The success of *Wonder Woman* at the box office and the death of *Playboy* founder Hugh Hefner seemed to symbolise the rise and fall of two aspects of the gender divide.

Politically charged protests in the US came from both the streets and from corporations and branches of government. After Donald Trump announced his intention to pull out of the Paris Climate Accord, a collection of more than 2,500 leaders

from America's city halls and boardrooms – representing \$6.2trn of the US economy – signed the We Are Still In declaration, which pledged their commitment to tackling climate change. Following a string of criticisms of Trump's polarising policies, Fox News asked secretary of state Rex Tillerson if the President of America spoke

the nation's history. Bear in mind that the survey's respondents spanned 'every generation, including those who lived through World War II and the Vietnam conflict, the Cuban Missile Crisis and the September 11 terrorist attacks'.

That attitude correlates with the results of Edelman's 2017 Trust Barometer report.

navigate the politicised cultural landscape as they attempt to integrate into that sensitised culture.

And, as the redressing of the gender imbalance plays out, the ripple effect for marketing will hopefully not result in Harvey Weinstein-esque revelations but be seen as an opportunity for brands to break away

from stereotyped portrayals of men and women. In some cases, such as Skol's Reposter campaign in Brazil or Unilever's Unstereotype Alliance, this is being done willingly. In others, such as the UK Advertising Standards Authority's introduction of guidelines around gender stereotyping, it may be attained through force. Brands that both show their commitment to this cause and take action will go a long way to win customer trust and preference.

That's not to say that any of these challenges will be easy. Thomas Edison is credited

with saying that 'opportunity is missed by most people because it is dressed in overalls and looks like work'. We're sorry to say this is definitely the case here. Navigating 2018 won't necessarily be easy, but hopefully the topics we've explored in this report will give you enough of an edge to get started.



for American values. His incredible reply was that 'the President speaks for himself'.

Perhaps the immune system of the US has begun to reject the transplanted organ. Results of a poll by the American Psychological Association, published in November, found that 59% of US citizens believe the country is at its lowest point in

These showed how trust in business, government and media was 'in crisis' – the latter no doubt fuelled by the rise of 'fake news', Collins Dictionary's word of the year.

That is why brands we've seen win this year, and the ones that will continue to win in 2018, are those with transparency high on their agenda and the skill to deftly



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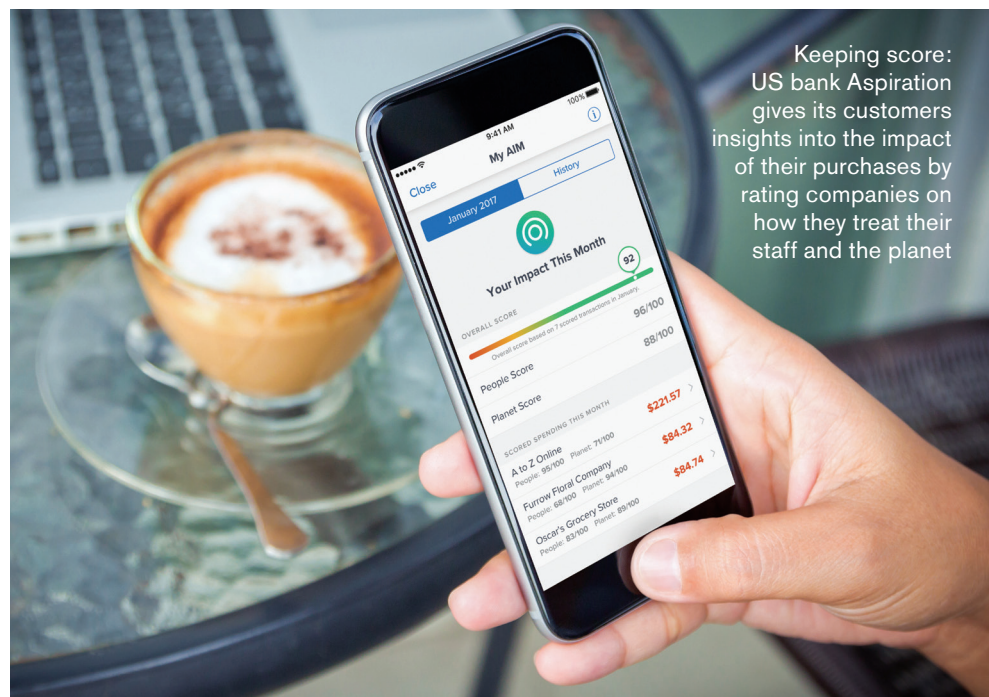
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Transparency Trailblazers

Why a new wave of brands are placing honesty and openness at the heart of their marketing



Keeping score: US bank Aspiration gives its customers insights into the impact of their purchases by rating companies on how they treat their staff and the planet

Consumers are more suspicious of companies than ever. Edelman's 2017 Trust Barometer found that faith in the big four institutions – government, the media, business and NGOs – is at an all-time low. And to make matters worse for brands, a slew of startups are embracing transparency and creating new expectation levels that companies of all sizes will soon have to match – or risk their relevance.

Setting expectations

Online apparel retailer Everlane is the poster child for the radical transparency movement. Since launching in 2010, the brand has displayed a breakdown of costs for each item on its website. This includes things like materials, hardware, labour, duties and transport. It is an approach that has earned the fashion brand an army of socially conscious and style-savvy followers.

But over the past year, this transparent way of working has spread to just about every sector imaginable. Cosmetics startup Beauty Pie, for example, gives people a price breakdown of the factory costs for each product it sells. Insurance startup Lemonade publishes statistics on the revenue it's generating, the number of policies sold and the average monthly charges.

Emerging companies in the financial industry – one of the sectors most distrusted by consumers – are also putting transparency at the heart of their operations. New US bank Aspiration gives customers an insight into the impact of their purchases

by scoring companies based on how they treat their staff and the planet. The bank also rates companies against their closest competitors so customers can easily see which brands best reflect their own personal values. Similarly, Clarity Money is an app that analyses users' spending to recommend better deals and even negotiate lower subscription fees for them – forcing companies to be clear and upfront about their pricing strategies.

Who do you trust?

With startups redefining what it means to be honest and open, brands will soon face increased pressure to meet these new expectation benchmarks and highlight their own transparency credentials. For example, research conducted by Contagious and J. Walter Thompson, London, found that transparency is one of the key ingredients in earning people's trust (along with honesty, integrity and reliability). And according to research by Label Insight, 39% of people would switch to a new brand if it offered complete transparency and 73% would pay more for such products.

The message is clear: transparency is moving from a 'nice-to-have' option that helps startups create differentiation and into a need-to-have asset that all companies must consider. Today, being open and honest is an effective way of building trust. Tomorrow, it will be an essential means of boosting your bottom line. ■

Modern Masculinity

The end of toxic gender stereotypes?

Brand feminism has been one of the most discussed themes in our industry recently and forward-thinking companies are working hard to improve the way women are portrayed in ads. But some brands are now adopting the same approach to challenge male stereotypes. From husbands doing housework to guys in heels, last year brands began to embrace more diverse representations of men. Since then, the cultural conversation around 'toxic masculinity' has gained momentum, pressuring marketers to adapt to the shift or risk irrelevance.

Major events and dedicated studies have revealed more about the damaging effects of masculine norms. A 2017 Unilever study found that men in the US, UK and Mexico feel trapped in a 'man box', where they must adhere to rigid ideals of self-sufficiency and aggression.

Meanwhile, the multiple rape and abuse accusations made against Hollywood

producer Harvey Weinstein threw the issue of toxic masculinity into the global spotlight. In an interview on *BBC Newsnight*, actor Emma Thompson claimed his abhorrent behaviour is part of a broader problem. 'We need to start talking about the crisis of extreme masculinity,' she said.

But the story's unfolding also sparked positive change. As thousands of women (and some men) tweeted about their own tales of harassment with the MeToo hashtag, men responded with #HowIWillChange, pledging to call out sexism and lad culture.

While behaviour like Weinstein's is endemic, it's clear that millions of men don't identify with any of the traits associated with extreme masculinity. Yet many brands still propagate outdated stereotypes (think

suited breadwinners and useless dads), evidenced by a study from fashion brand Jacamo, which discovered 52% of UK guys don't feel represented in ads.

This year, another survey by apparel brand Lululemon found that 24% of men in the US think their idea of masculinity has changed in the past five years. Seeing this as an opportunity, Lululemon launched its first campaign targeting men. Strength To Be, created by Virtue Worldwide, New York, featured films about men redefining

masculinity, such as Orlando Cruz, the first openly gay professional boxer.

In October, Topman partnered with the Campaign Against Living Miserably (CALM) and BMB London on a campaign featuring reality TV star Chris Hughes holding a bottle of his own tears. The ad addresses the fact that 84% of men in the UK say they bottle up their emotions.

The campaign's tongue-in-cheek tone was designed to reflect the complexities of masculinity. 'The point isn't to go all Dove with idealised, liberal issue-washing,' says BMB's head of planning, Jamie Inman. 'It's as valuable for us to understand where the tension and resistance

lies. And as powerful to play with the paradoxes and the confusion of masculinity.'

Between 2015 and 2016, around a third of complaints considered by the ASA about the depiction of gender concerned problematic representations of men. If brands continue to perpetuate toxic masculinity with lazy stereotypes, they will increasingly expose themselves to backlash. Instead, progressive brands will seize the opportunity to help pioneer more positive portrayals of masculinity. ■



**MOST
CONTAGIOUS**

The Man in the Cardboard Castle

'Amazonification' has become the watch word of 2017. The retail giant has subsumed more than just Whole Foods this year. It has its eye on the whole economic enchilada, the appetite to create an ecosystem and the ambition to build an empire. And as Jeff says, it's still Day One

ILLUSTRATION: SERGE SEIDLITZ, BERNSTEIN & ANDRIULLI





The Political Lifestyle

Politics has merged with lifestyle – a precarious dynamic for marketers

Brands shouldn't necessarily lean into politics, but increasingly there should be a responsibility to make a social stand on the things that you know your consumer base cares about

Jonathan Mildenhall

Pepsi practically invented lifestyle marketing in 1963, when it struck upon the idea for the Pepsi Generation, and the brand has been distilling the essence of youth into its ads ever since. In previous years, this involved montages of clean-cut teens cavorting at swimming holes and collaborations with the Spice Girls, but in 2017 Pepsi decided it meant protests and social conscience.

We all now know that the resulting ad – Live For Now, with Kendall Jenner – was a car crash. Its watered-down portrayal of civil unrest was eviscerated on social media for being tone deaf, and the brand promptly apologised and withdrew the spot. But Pepsi's ham-fisted execution belied a sound insight.

'Politics and lifestyles can no longer be treated separately,' wrote J Walker Smith, Kantar Futures' executive chairman, in an article for the American Marketing Association in June. 'Lifestyles are the central focus of brands, so as politics and lifestyles blend, brands will need a new vocabulary for addressing consumers.'

New-age politics

Unfortunately for brands, politics in 2017 was angry and polarised. Brexit in the UK epitomised a division that was evident in democracies throughout the west, splitting populations on issues like globalisation and migration.

Some brands chose to make hay, attacking their country's divisions head on. Chevrolet Argentina stoked demand for its new model Cruze with a campaign that tacitly endorsed President Mauricio Macri's divisive pro-business stance.

But nowhere was division more fractious than in the US, under Donald Trump's presidency. Just a sniff of partisanship could rouse pitch-fork-wielding masses, as numerous brands discovered to their cost. Under Armour's stock fell after its chief executive, Kevin Plank, publicly praised Trump for being pro-business, and people posted pictures of themselves setting fire to New Balance trainers after the firm's head of public affairs said something similar.

Obliviousness was no defence. Uber continued to accept fares to and from JFK airport after taxi drivers had called a strike

in solidarity with those protesting Trump's US travel ban legislation and users fled the app. Lyft overtook Uber in app downloads in the US for the first time in January 2017 as a result.

Any brand hoping to lay low until better times arrive could be waiting a long time. When Contagious interviewed Rachel Botsman, an authority on trust, she identified three growing factors that are kindling to the bonfire of rage and mistrust that's fuelling social activism.

The first factor is social media, which is amplifying people's fears and entrenching their beliefs. The second is the lack of accountability among those in power – Botsman cites the Volkswagen CEO who walked away from the emissions scandal with a £13m (\$17.1m) compensation package as an example – and the third is rising inequality across the world.



PHOTOGRAPHY: WARREN WONG, UNSPLASH

Price of relevance

These are heavy subjects for a soap brand or sportswear label to contend with. But those that have spent the past decade differentiating themselves through purpose and cultural relevance can't go back to saying: 'It's all about the product.' So, what can they do?

The brands that got to grips with the new political lifestyle vocabulary most successfully were those that picked social issues – as opposed to overtly political ones – tied to their stated purpose.

Airbnb's former CMO, Jonathan Mildenhall told Contagious in June: Brands shouldn't necessarily lean into politics, but increasingly there should be a responsibility to make a social stand on the things that you know your consumer base cares about.'

Airbnb put this into practice during the 2017 Super Bowl, running a film about acceptance as a rebuke to Trump's policies. The brand pulled it off because the message was congruent with Airbnb's stated purpose, as well as its behaviours up to that point.

Marketing division

Brands that actively seek political debate are on a hiding to nothing because politics is inherently divisive and that's anathema to brands. Even when they're targeting specific groups of consumers, they tend not to do so by explicitly rejecting the rest.

But there are exceptions. REI's chal-

lenge to Ryan Zinke, the secretary of the US department of the interior, over plans to remove funding for certain national monuments, for instance. The campaign was nakedly political, but the proposed policy was so clearly at odds with REI's business, that few could accuse the brand of overstepping its bounds or cynically co-opting a cause.

Alex Thompson, REI's VP of brand stewardship and impact, told us that before wading into a social or political issue, he asks himself three questions:

'First I ask, as an organisation that's structured around the notion that individuals should have access to a life outdoors, where do we have permission to speak on a topic? Second, is there a need for someone to step in?

The third is responsibility. It may well be that we just have a responsibility to speak on a topic, and that's why we were one of the first organisations to communicate to our employee base that we did not support the [Trump administration's] immigration ban.'

None of this guarantees an easy ride, but an honestly felt stance that chimes with a brand's purpose (and consumers) will rarely lead to an embarrassing climb-down. And, at a time when political discourse has become so skewed that even Wolfenstein II, a game about killing Nazis, is criticised for promoting a liberal agenda, that might be the best anyone can hope for. ■

No Escape in 2018

Daniel Franklin, editor
of The Economist's *The
World in 2018*, on what
next year has in store



Even if you try to escape it in 2018, politics will not be far away. In February, the Winter Olympics in South Korea will take place against a backdrop of the nuclear brinkmanship right next door. In the summer, the World Cup in Russia will give Vladimir Putin (having no doubt been re-elected president in March) the chance to strut his stuff in front of a vast global audience. But listen carefully for any booing of him in the stadiums, something that embarrassed Dilma Rousseff in Brazil in 2014.

In the US under Donald Trump there's no escape from politics, and mid-term elections loom in November 2018: the vote is for Congress but will be seen as the country's verdict on a divisive presidency. Mr Trump – or, rather, reaction to him – will probably

be an influence in Mexico's presidential poll. Latin America has a bumper crop of elections: Brazil, Colombia and (in theory, anyway) Venezuela all pick presidents.

In Europe it will be a quieter year for elections (just Italy among the main EU countries), but still a big one for politics. Brexit negotiations will approach their deal-or-no-deal deadline: to leave enough time for various parliaments to ratify any divorce before the March 2019 deadline, an agreement probably needs to be made by autumn 2018. In France, President Emmanuel Macron will try to push through ambitious reforms, first at home and then for the EU. The stakes for Europe of both Brexit and Macronisme are high.

Luckily, Europe's economy for once

has a spring in its step. Indeed, the world economy should be moving ahead nicely, with both the rich and emerging markets playing their part. India will be the fastest-growing big economy (reflecting its ambitions, it will also complete the world's tallest statue). China will not be far behind, and ever more confident on the world stage.

To many in America and Europe, it will feel as if the recovery has at last started. In fact, it is already mature: America will be approaching its longest-ever stretch of uninterrupted growth. That's when economists worry about what could bring the next recession: a geopolitical shock, maybe, or more likely central banks raising interest rates too fast.

There will be no let-up from tech dis-

ruption (expect further advances in AI, commercial drones and quantum computing). Nor will there be any respite from tech-related regulation (brace yourself for GDPR). The tech giants themselves could be disrupted, as politicians question their outsized influence and puny tax payments.

If you must escape in 2018, what can you do? Head to California or Canada, maybe, both of which will legalise marijuana. Or immerse yourself in the 'greatest show on Earth' – not Donald Trump, but the circus, which will celebrate 250 years since a former cavalryman, Philip Astley, set up the first ring in London. Or you could envelop yourself in the serenity of Emperor Akihito of Japan, as he prepares to bow out from the Chrysanthemum throne. 🎪



The Contagious Matrix

The agency landscape used to be simple – with different players choosing where to pitch themselves on the horizontal axis between strategy and execution. However, the advent of digital added a whole new dimension to the marketing world, creating a continuum connecting storytellers and systems thinkers, drawn on the vertical line. The Contagious Matrix helps brands and agencies understand the shifts in adland. Here, we're predicting the key movements we're likely to see shaping the agency world in 2018

The management consultancies will continue to advance towards adland, acquiring creative agencies. With no major shops left to buy, we predict 2018 will see a consultancy acquire an entire holding company. With Sorrell potentially retiring, the acquisition of WPP could be his last big deal.



STRATEGY

Gaps in the market will open up for new creative hot shops: lean, laser-focused and without the distractions and consolidation worries of the larger players. Don't be surprised to see agencies being founded and acquired in record time.

SYSTEMS

Now twice the size of Snap and outpacing Twitter, watch for brands increasingly spending money with Amazon's ad business. Already the starting point for 55% of product searches in the US, Amazon will be a paradise compared with Google and Facebook, which will continue to struggle with issues of ad fraud and untrustworthy metrics.



EXECUTION

STORIES



In a highly politicised environment and with PR now squarely at the heart of successful campaigns, the time has never been better for earned-media specialists. PR agency CFOs should be cracking open the Cristal. 2018 will see more creative hires, more award-show wins and, crucially, more influence in the boardroom.



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The March of the Bots

The continued automation
of the workforce

News of machines taking human jobs has caused widespread nail-biting for some time, but the tension reached fever pitch in 2017. More than 70% of people in the US are now anxious about a future where computers perform human tasks, according to a study by think tank Pew. Sinovation Ventures founder Kai-Fu Lee, for example, believes that half of all jobs globally will be replaced by AI over the next decade.

These concerns are well-founded: robots are just so darn efficient. And they don't demand sick pay, annual leave or go on strike. It's no wonder that swathes of companies are integrating intelligent machines into their

own workforces. A factory in Dongguan City, China, recently swapped 90% of its workers for AI-powered bots. The introduction of automated production lines, machine equipment and transportation vehicles resulted in a productivity increase of 250%. In March, the Dubai Police announced that robots will make up 25% of its force by 2030, and in Saudi Arabia a robot has even been granted citizenship.

Machine-made creativity

While bots are infiltrating industries like manufacturing and security, AI is increasingly being entrusted with creative tasks. A 2017 study by Adobe found that 48% of senior agency creatives believe AI will subsume their responsibilities within the next five to 10 years.

Anxiety is being heightened in the creative industries by platforms such as Persado, which uses machine learning to create engaging copy. Using data analytics and natural language processing, the software can determine which words and phrases are best at engaging consumers. The startup claims that, on average, it generates a conversion lift of 49.5% across multiple platforms for its customers. Similarly, *The Washington Post's* AI journalist – Heliograf – has produced more than 850 articles and generated more than 500,000 clicks.

It's not just copywriters who should be concerned, because AI is also develop-

ing an eye for design. Picasso Labs uses machine learning algorithms to analyse images and work out which visuals work best for certain brands and their competitors. Clients already include major players such as Samsung and Unilever.

However, the companies behind these new technologies are adamant that AI will help, rather than replace, human workers. *The Washington Post* claims its reporters have gained at least 20% more time

to focus on complex stories thanks to Heliograf. Similarly, Picasso Labs claims its software can help human creatives push their ideas through by providing data that proves a concept will go down well with customers.

The people and companies that will succeed in 2018 will be those that embrace these platforms and use them to augment, rather than replace human creativity. ■



Robotic production:
Adidas' Speedfactory
uses 'intelligent,
robotic technology'
for a fast turnaround
of its trainers



Dynamic Data

Access to more intimate data boosts brands' creative potential

Whoever has the best algorithms and the most data, wins.' At least that's what Washington University professor Pedro Domingos told Contagious last year – and it's only become more resonant in 2017. We all know that companies are using artificial intelligence to streamline the way they do business, but an influx of more intimately personal data has opened doors to even greater brand benefits.

This year, a number of companies made use of impossibly detailed personal information. Not age, name or location, but details gathered from saliva samples and body tracking sensors. Biometric information, like your genomic profile, has become more easily accessible, thanks to the increased efficiency and falling costs of the technology involved in obtain-



ing it. This has given brands in various categories, from luxury fashion to FMCG, the opportunity to use biometric information to both add value to their product and strengthen their marketing messages.

According to Wunderman's 2017 Wantedness report, 79% of consumers will only consider brands 'that show they understand and care about "me".' And what better way to do that than build bespoke products and campaigns for each customer?

Added value

In September, Nike launched its Advanced Apparel Exploration 1.0 capsule collection, a line of clothing based on the personal data of several athletes. The sportswear brand used sensors to track how the athletes' bodies reacted to different environments, measuring heat, sweat and airflow in various urban settings – from the subway to the office to a club – and converted the data into body maps. The entire collection was formed around these data insights – so every item was constructed to provide extra ventilation or coverage in the areas it was needed.

'Over time, our understanding of the body in motion and new manufacturing techniques have started to converge,' says Kurt Parker, Nike's VP of apparel design. 'It takes us to a completely different place.' Using biometric data, the brand aims to design clothing with extra value for the wearer.

Other companies have taken it a step further, personalising their products to each customer's genetic makeup. Fitness platform Lose It! partnered with startup

Helix (see *Contagious* 51) to use genomic information to create diet plans tailored to people's genetic profiles. And wine delivery platform Vinome followed a similar system (also with Helix) to offer personalised wine selections.

Stronger message

As well as using personal data to aid product development, companies are using genetic testing to ramp up their marketing. Marmite, for example, the British toast topping long marketed as something you either love or hate, is now offering genetic tests to help its customers to prove their preferences. The Gene Test Kits cost £90 (\$117), so, realistically, aren't going to tempt many people. But they add an intriguing element that brings an extra helping of attention to the larger promotional campaign of the Unilever-owned product.

High-end fashion brand Jigsaw also used DNA testing to provide an additional dimension to its recent Heart Immigration campaign. Jigsaw invited its staff to take AncestryDNA tests to learn more about the people and places from their past. 'Depending on how far you're prepared to go back, we're all immigrants and there is no such thing as 100% British,' says Tom Ewart, founding partner of The Corner, the London agency behind the work. By posting the various results on social media, Jigsaw pushed its pro-immigration message in a relatable way.



Whoever has the best algorithms and the most data, wins

Pedro Domingos, Washington University

Data gathering

These campaigns and product developments could not have happened without significant technological advances. And as startups continue to innovate, even more meaningful data will become available. New York's Loomia, for example, is developing technology that will allow people to track the way they wear their clothes and sell that data to brands.

'Apparel is one of the few industries that has no real dynamic way of understanding the success of a product in the real world and what the habits are of the typical person that buys it,' says Janett Liriano, CEO of Loomia. 'There's no real way to know if your shirt really lasted the three years it was supposed to, because very few people fill out surveys.'

To this end, Loomia has created a smart clothing ecosystem that can track when clothes are being worn, what setting they're being worn in and what other clothes they're being paired with. Its Tile hardware device works with

Smart apparel:
Loomia is developing
technology that will
allow people to track
the way they wear
their clothes



Loomia smart fabrics to collect and store environmental data specific to individual pieces of clothing, like what temperature it was outside when someone wore it. When it comes to market, people will be able to trade this data with brands for rewards – giving apparel brands a unique opportunity to track how their products are used.

'It works well for everyone involved, you're already wearing the clothes that you love, they're gathering information that doesn't threaten your personal security, but is useful to brands in terms of creative and intelligent product development and design,' says Liriano.

As startups like Loomia continue to develop new forms of data, brands will be able to strengthen their creative offering with insights that were unheard of until now. Though these are early examples, they point to a future where companies could be turbocharging their offering with intricate data gathered from both products and customers. ■■■