

# Want a big new product? Follow these trends

*Ten trends that will drive consumer product success during the next 10 years.*

By Larry Popelka

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Launching a new consumer product today can be a bit like spinning a roulette wheel. Over 90% of all new products fail within the first year – costing their owners millions. Yet the few precious successes – like Glaceau Vitamin Water, Burt's Bees and Green Works cleaners – can each be worth a billion or more in value once they're built.

How can you improve your chances for success? The biggest, most successful new products are typically driven by a "perfect storm" that combines emerging needs, new technologies and consumer trends. Green Works Cleaners from Clorox, which was launched in January 2007 and is on track to surpass \$300M in revenue its first year is a great example of this. Consumers want safer cleaning products. New technology now finally makes it possible to make products that are safer, using extracts from plants instead of chemicals. And then – boom – the Green Trend takes off, and suddenly you've got a huge business.

The GameChanger Products team has spent the past 6 years evaluating a wide range of new products with consumers. At GameChanger we screen over 1000 new products per year – getting feedback directly from consumers. Based on consumer interest in various products, we have been able to observe trends emerging at the very early stages. The biggest and best trends are not fads, but they are grounded in real underlying changes in consumer lifestyles and the world in which we live.

Each year we publish a list of what we believe are the Top 10 Consumer Trends that will shape our long term future. Our list does not change much from year to year, because real trends are long-term in nature. If you are looking to invest in a new consumer product, follow these trends, and you will be more likely to have a big hit.

## **#1 True Green**

Sustainability was the biggest trend last year. It is an even bigger trend this year. With gas climbing past \$4 per gallon, even the "Hummer set" is getting this one.

However, this is not about "improving you image" or "acting green." Over 90% of the Green innovations we are seeing today are not doing anything meaningful to improve the world, and as consumers wise up, we're quickly headed for a backlash. The word "green" is getting misused and overused to the point where it may soon become a bad word – associated with artificial corporate chest-pounding rather than real efforts to improve the world.

What consumers are hungering for is real innovation that really helps the world overcome our environmental problems. The Toyota Prius is the fastest-growing car brand. Why? It really does save on gas. How about all of the hybrid SUVs that don't really get better gas mileage. Well they may be selling OK for now, but consumers are starting to figure out that a lot of the so-called green products are just marketing gimmicks.

The trend toward sustainability will continue bigger and stronger than ever – but you've got to back it up with real innovation that really does make a difference.

One of the differences between this green movement and others of the past is that this is not about "giving up our lifestyles." In the past, consumers who wanted to be green were forced to sacrifice all of the conveniences of modern living. But today being Green is all about supporting new technology that improves the world. And most of the new technology works as well – or even better – than the old technology. The Toyota Prius is a downright luxurious car compared to small cars of the past. Green Works cleaners succeeded because they work as well or better than the old

chemical products. The first 100% Electric car from Tesla Motors is a \$100K sports car, with the initial run already sold out. This is the new face of sustainability.

Why is this trend going to continue? First, the problem of global warming isn't going away anytime soon – and every day that there is a new weird weather pattern, we are reminded of it. Second, oil and other natural resources are in short supply not because of an “event,” but because China, India, Brazil and other developing countries, are using more. And these countries are going to keep using more and more as their economies continue to expand. Even more significant, though, there is new technology on the way. For the past several years investors have been plowing billions of dollars into “Green Tech” funds. They even have Al Gore working as a Green Tech VC. Over the next 4-5 years, we will begin to see the fruits of these investments come to market. Many of these technologies will change the way that we live, and create a range of new possibilities for consumer products.

## **# 2. Simplify my Life**

One of the most successful new businesses is 1-800-GOT-JUNK – a service that will come to your house, collect all your junk and haul it away. Everyone today has way too much stuff. No one wants another gadget or gizmo unless it is really worthwhile. It has gotten to the point where I cannot even give things away anymore in focus groups.

But this is not just about junk. It is mainly about time. No one has spare time anymore. We have all these wonderful new things in our life – iPods, Mobile Phones, Satellite TV, the Internet, My Space. But we don't have nearly enough time to enjoy them. In addition, it is getting harder and harder to find good service at a store or a restaurant or from a company due to all of the cost-cutting and out-sourcing. And bad service steals even more of our time.

Our society has gotten so time-strapped that we are all sleeping less – on average over an hour less each night. Also, as we try to optimize use of our time, divisions between, home, work and family life are getting blurred. And we are all more stressed. In this environment, companies with simple, all-in-one solutions are going to win. LifeLock is a successful

new business that uncomplicates your life by reducing credit card offers and junk mail, while protecting your identity – all for \$10 per month.

Most retailers will tell you a sure-fire way to increase sales these days is to decrease choice. Most consumers do not want to waste time wading through dozens of options. Costco continues to be one of the fastest-growing retailers. A key to their success: Limited selection. They find the best products at the best prices and only offer one or two in each category – so their shoppers don't have to worry about making a choice.

## **# 3. Healthy Living.**

It's not just politicians who are concerned about health care. Being healthy is more important to most people now than ever. Healthcare spending in this country has been rapidly increasing as we find and are willing to pay more for better treatments. People are also doing more on their own to proactively take care of themselves. They're paying more attention than ever before to what goes into their bodies.

Now that we've all become obese from gorging ourselves on Big Macs, we're finally waking up to the fact that we've got to make changes to live healthier lifestyles. There has been huge growth over the past 10 years in vitamin and herbal supplement sales. And organic food sales are also booming. Whole Foods is the fastest growing supermarket chain. People are also more concerned than ever about coming into contact with chemicals, and they are looking for healthier alternatives.

## **#4. On the Go.**

We are increasingly becoming a mobile society. Many of the tasks that used to be done at home – like eating, talking on the phone, checking e-mails - are now frequently happening away from home.

As a result, more and more products are being designed for portability. Travel size snacks and drinks have been booming for some time. There are even a websites that sell nothing but travel sizes of popular products.

Our mobility as a society might be temporarily dampened by rising fuel prices. But the fundamental desire to do more things away from home where we can be in social settings is ever increasing. Just look at what Starbucks did for coffee. Sure the coffee was pretty good, but the real key to success was providing a social setting where you could get out of the house or office to someplace comfortable to enjoy a cup of coffee.

## **#5. Global Mash-Ups**

Mash-Ups of all sorts have become popular. This is simply taking snippets of one thing and combining them with snippets of something else to make something new and exciting. In the recording industry we're seeing mash-ups of old and young artists. But more importantly, as we become a global society, in consumer products we're seeing global product mash-ups.

Fusion cuisines – where chefs combined two or more styles - were perhaps the first global mash-up. But take a look around the store today, and you'll see a variety of products that borrowed elements from other cultures.

Ranch 99 Markets is one of the fastest growing supermarket chains. It is an upscale and larger version of a Chinatown market – combining Asian specialties with American staples for a racially mixed clientele.

Fabuloso is Colgate-Palmolive's fastest-growing brand in the U.S. It is a highly-fragranced cleaning product that was originally made only in Mexico and imported for a few supermarkets in Mexican neighborhoods. Today it is bigger than many other U.S. cleaning brands, and it is bought not only by Mexicans, but everyone.

Importantly, global mash-ups are coming not just from familiar countries, like China and Mexico, but increasingly, they're coming from a more diverse range of countries. English is rapidly becoming the global language, as individuals in developing countries seek to achieve the U.S. economic status. As a result we're seeing more mash-ups from a wider range of countries. Watch for Nando's, a new fast food chicken chain from Africa, with a unique "Peri, Peri Chicken" that is gaining popularity around the globe – and soon coming to a city near you.

## **#6. Good for the World**

One of the hottest new companies is World of Good – started by some University of California students a few years ago. The company focuses on bringing "fair trade" products to the U.S. The products have some attraction in their own right, but more importantly, they provide the consumer with the ability to do something good for the world as they shop.

To the new generation of consumers, helping the world is as important – maybe more important – than helping ourselves. This newest generation of consumers has grown up with every material need always filled. In this new world, helping others is the only way to provide real meaning to our own lives.

Our young people have been well-trained by our schools to participate in community service and do things to "give back" to society at ever increasing rates. Volunteerism is at all-time highs. American Idol – the most popular show on TV, particularly among young people, is a great example of this. Fox dedicates an entire episode to helping raise money for the needy. That episode generates some of the network's highest ratings.

Successful companies during the next 10 years are going to have to do more than just sell products. They need to stand for a valuable social cause that helps the world be a better place.

## **# 7. Be the Pro**

We are quickly becoming a world of specialists. Thanks to the internet, you can participate in and talk about your passions 24/7. Kids are no longer playing different sports in different seasons. They are picking the sport at which they are best, getting on a competitive team and doing it year-round. The same is true of other adult hobbies and interests.

Even things as mundane as making scrapbooks have become professional hobbies for people. We have special lines of products, stores, websites and clubs all dedicated to the hobby of "scrapbooking." If you don't believe me, just check out a Michael's Arts & Crafts store.

If you're going to be dedicated to something, you might as well be world class. In fact it is a sign of status among your peers to have the professional grade tools and supplies for whatever your endeavor. As a result there have been a surprising number of new, highly specialized brands dedicated entirely to narrow groups of "expert" consumers.

Biking is a great example of this. Several years ago a small bike distributor in Wisconsin called Trek came out with a new type of carbon fiber bike that helped Lance Armstrong win the Tour de France. Today virtually every road bike enthusiast owns a Trek. As a result, Trek is the world's leading bicycle manufacturer, racking up \$600 Million a year in sales. And they're making huge margins – charging ridiculous prices. Why does this make sense? Because we are all taking our hobbies much more seriously these days.

## **# 8. Have it Your Way**

There was a time that we were such a one-size-fits-all society that the idea of offering a choice of toppings on a hamburger was revolutionary. It turned this phrase – "Have it Your Way" - into a successful ad campaign for Burger King. Today the "have it your way" concept is becoming a reality not just for hamburgers but everything. My daughter just bought some new soccer shoes on Nike.com. For an extra \$5, they printed her name and uniform number on them. Yes, the era of mass customization is quickly becoming a reality.

Consumers today want and expect products that are more tailored to their specific needs that allow them to express their individuality. Levi's offers custom-made jeans-to-fit. The Toyota Scion is 100% customized by consumers – you pick what features and gadgets to add from a long list of options. Jones Soda comes in 53 flavors, and the flavors and package graphics all come from consumer suggestions. You can even have your photo on the label for \$35 a case.

Flexible and fast manufacturing advances have made it possible to go from a specific set of requirements to a unique product in highly automated processes. With the internet as an enabler, we are seeing more and more customized products. Heinz, M&Ms, Wheaties and a host of other brands now offer consumers personalized versions of their products

for a reasonable upcharge. Even the U.S. government has gotten into the act. At Stamps.com, you can now buy postage stamps with your own picture on them.

## **#9. Gender Benders**

Who are some of the hottest sports celebrities today? Danika Patrick driving race cars. Michelle Wie and Annika Sorenstam playing golf on the men's tour. Meanwhile we've got an increasing number of men staying home to do the cooking and cleaning. Products today are changing, too, to allow members of the opposite sex to perform tasks they previously could not.

The key insight is that women and men each want to do these gender-bending tasks their way – with products that acknowledge their gender. Home center ads show women shopping. There are cleaning products and personal care items that cater to the way a man does things. Axe skin care items for men have been one of the hottest new brands. Barbecuing is one of the fastest growing categories. Why? Because it is a manly way to cook.

## **# 10. Fun Functionality**

In many product categories, all of the products work pretty well. So how are consumers deciding which one to buy? More and more it's boiling down to aesthetics. Products not only have to work, but if they look great, feel great and are fun to use, they're much more likely to be a hit. Look at Target Stores and the in-roads they have made on Wal-Mart in the U.S. Where are you going to have more fun shopping?

Affordable luxuries are reasonable purchases even in a recession. But don't make them so fancy or pricey that they become gift items. Fun needs to come with little or no added expense. Method Cleaners has grown into a successful brand simply by offering more attractive packages, scents and colors. Look at the phenomenal success of the iPod and iPhone. Were they really that much better – or was it the attractive designs?

As design becomes more important in our everyday products, big corporations are going to have to think and act more like designers. In fact there is already a shift underway in many companies toward valuing right brain (creative) thinkers more highly. Historically, the business world has been run by left brain (analytic) thinkers. As every industry essentially captures all of the benefits of quantitative analysis and automates these tasks, then analytics simply become the price of entry to play the game. The ones who win the game are those who generate the most creative ideas.



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