

The Challenges and Opportunities Created by Key Social Trends

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This presentation comes from a sociological and social science perspective – one which uses a rigorous quantitative base in order to examine trends of how things are changing and to develop hypotheses for research. The historical data sets are from the government, the British Household Panel Study as well as their proprietary survey *Changing Lives*. The presentation aims to cover four main topics:

- Arts and culture in a rebalanced world (talking about the way in which the world is changing);
- The renaissance of collective concerns;
- Exploring the experience economy;
- Complicated lives and time pressures;

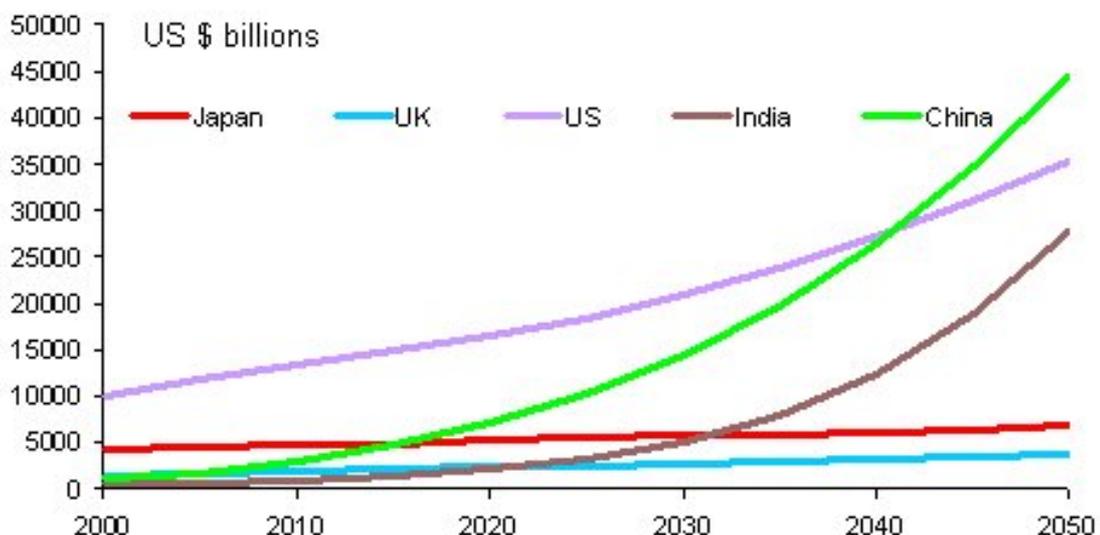
And then pull together some of the implications for arts marketers.

The government is moving into 'horizon scanning', which means identifying the unforeseen, the things that can't yet be perceived (almost over the horizon). This is different from forecasting which aims to predict things with relative certainty.

The reality is that the political, economic and cultural map of the world will be redrawn over the next thirty years. While we already have an understanding of the economic implications of these emerging nations we need to consider what the UK will do in terms of competing, in terms of stamping its mark on the world and having a role in the cultural landscape of the future. One idea is that we might offer Britain as a new Venice, or a Venice of the 21st century, a vibrant, internationalist 'city state' with innovation and cultural vibrancy at the heart of what it has to offer and export to the wider world, and to attract visitors from overseas.

To give you some of the underpinning facts: by 2050, Brazil, Russia, India and China will be four of the top five economic nations in the world. The following chart shows the projected GDP of selected nations ¹:

¹ Source: Goldman Sachs/nVision



This is a fundamental shift in the balance of power in the spending and with that the exporting of culture from those countries around the globe with their increased travellers and the increased migration that we anticipate in these years. There are already 300 million

middle-income earners in India, growing to 500 million, and by 2007 there will be 40 million new middle class Chinese. These people will be able to travel increasingly and will exert their influence on cultural development and exports from the growing parts of the world, and challenging the established cultures, artefacts and exports of more established Western economies and cultures.

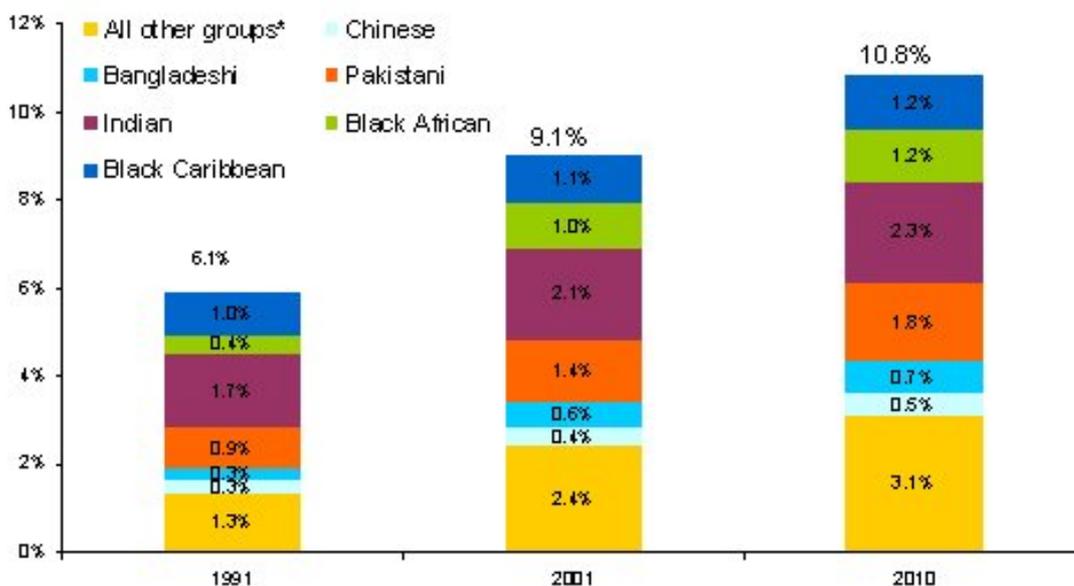
In other words, the dominant sites of cultural production are changing. Bollywood outstrips Hollywood: India is already the world's biggest producer and consumer of films, producing 1,000 movies a year in 25 different languages.² Latin America's film industry is having a revival and China produced 212 films in 2004, 80 per cent³ funded by private capital or foreign investment.

This can be coupled with the growing ethnic minority and immigrant populations established in European and Western markets. The following chart shows the Future Foundation projections for change in size and composition of the non-White British population in England for 2010⁴:

² Source: Metro Magazine 2003

³ Source: Xinhua News Agency 2004

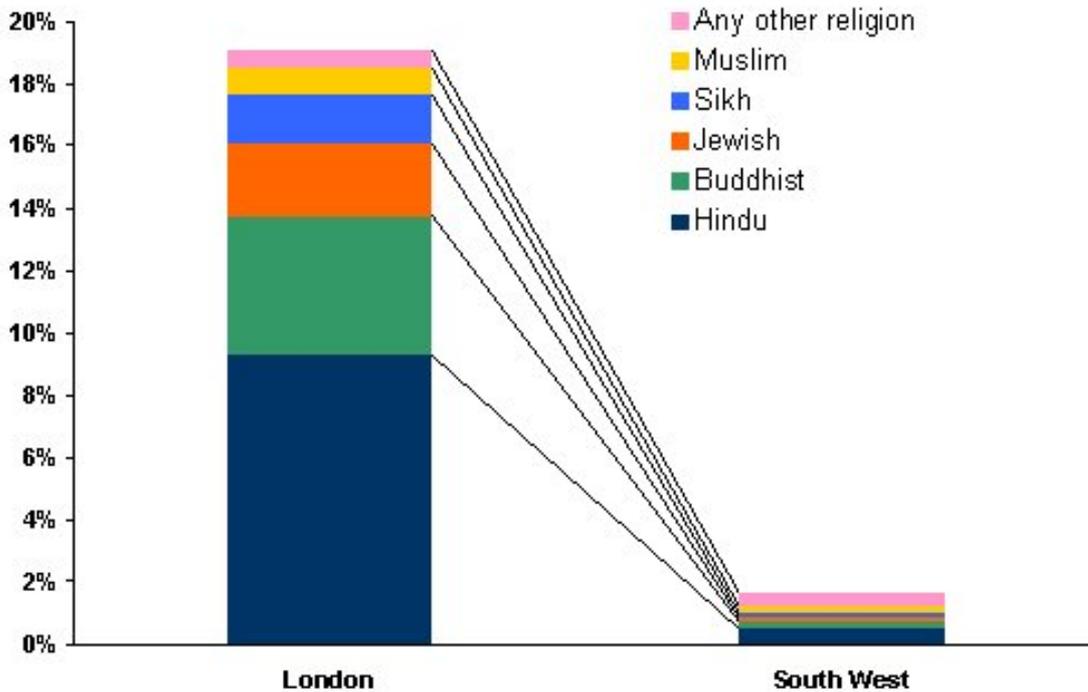
⁴ Source: ONS/Future Foundation



There is nothing simple about these trends: they interrelate and overlap. In other words, it's not just the growing power of nation states, but also the effect of migration and the way in which growing ethnic minority populations in Western markets will have an impact. All of these raise questions about how we think about our multi-cultural future. It's not just an issue of exporting, but the creation and expression of cultural difference within our culture. The question is whether an exuberant multi-culturalism be delivered or whether there is a reaction to liberalisation and that we might be looking at a competing, distinct range of cultural identities continuing into the future.

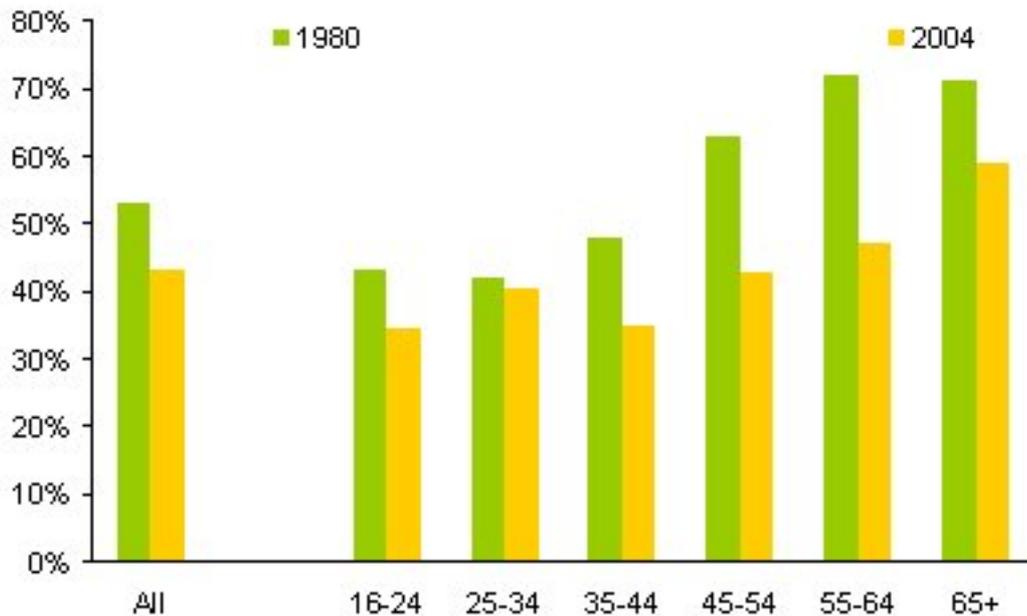
Much of this diversity is beginning to hit the mainstream in terms of how businesses are thinking, in light of the fact that we are now moving towards a new Commission for Equality and Human Rights, bringing together all grounds of inequality – issues of gender, race, age, ethnicity, religion, sexuality and disability – so that businesses are more aware of the need to provide services, talk to communities, attract employees and make their brands accessible to a wider array of mixed audiences. Of course, diverse groups are unevenly distributed. London has the highest proportion of non-Christians, the South West the lowest⁵ .:

⁵ Source: Census 2001/nVision (base: England & Wales, religion not stated excluded)



Part of

what we are seeing can be demonstrated by the general decline in identification with a nation state as a principal source of identity. Again this raises lots of questions about the roles that culture and heritage will play in the future. The following chart shows the proportion who agree or strongly agree that they feel closer to people with the same national background as themselves, by age :



⁶ Source: *Changing Lives*, nVision/Taylor Nelson Sofres (base: 1000-2000 adults 16+, UK)

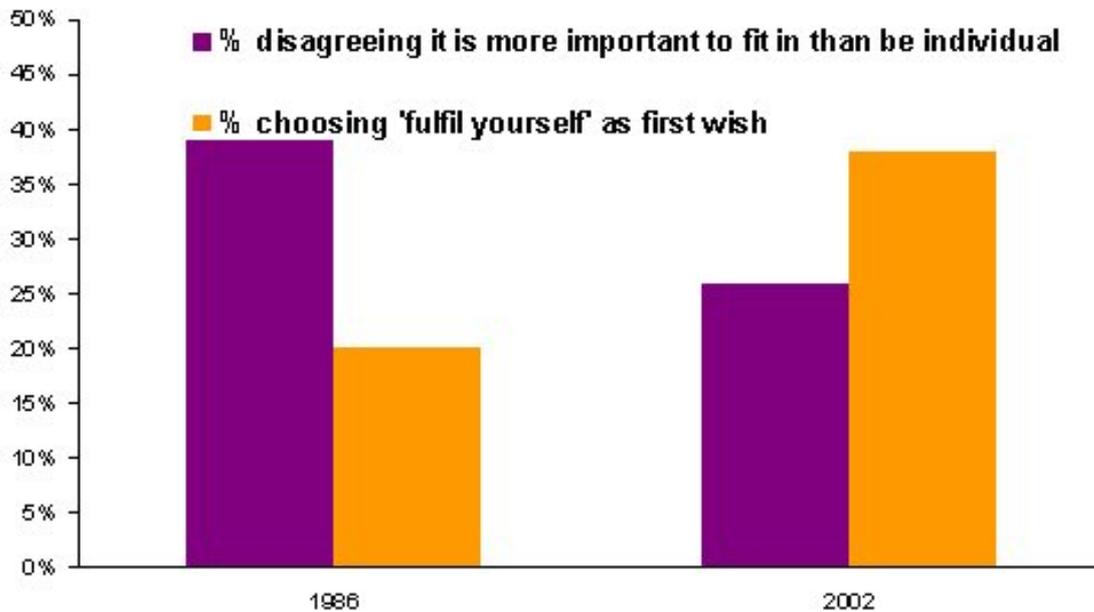
Last year we undertook a project for DEFRA looking at fifty year scenarios for the future of the countryside. There were four different scenarios, including the idea of preserved heritage, which was to say that by 2050 everything outside of cities will become like the national trust or a giant theme park, playing out modern forms of cultural expression or playing out a heritage picture of the past:



This is one direction in which one might choose to concentrate cultural work and life, the emphasis of our historic and heritage past as part of the attraction to the growing numbers of tourists that will be coming in, although others preferred the concept of a more dynamic heritage or different ways of taking things forward.

Thinking about the way that individuals are changing, and what this might mean for arts marketers, Sigmund Freud came up with the idea of the self, the id of the unconscious self, fighting with the super ego to produce the ego. With his introduction of the idea of personal biography, of the fact that we are created by our experience of life, a century later this idea has become mainstream and the concept of the individual is an identity that we create (not as a simple result of birth) and so the idea is that we can express ourselves in lots of different ways. As John Seely Brown, head of Xerox's Palo Alto Research Centre posited in 2000: 'We participate, therefore we are'. There is an increasing emphasis on participation, on creating the self internally and externally through what we do and activities we participate in, rather than simply receiving.

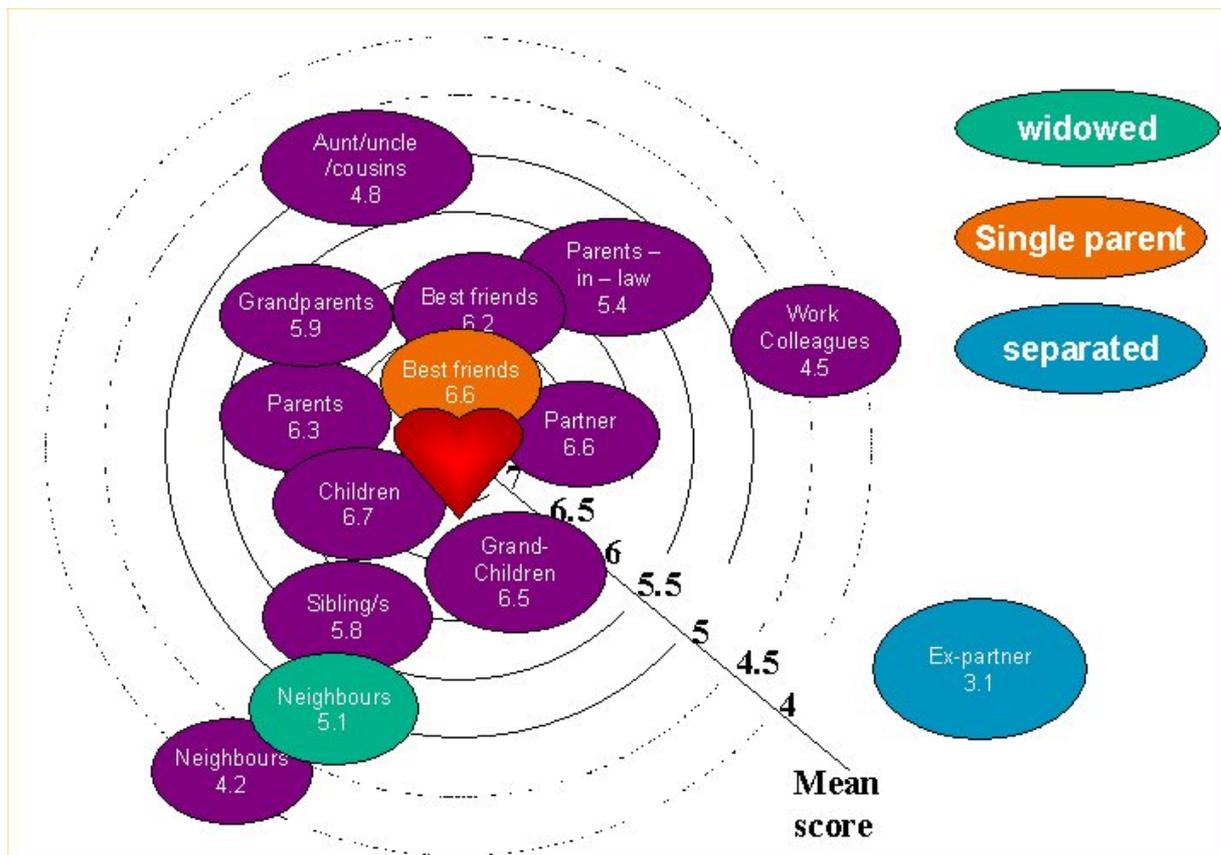
Changing attitudes to individualism and fulfilment mean we are no longer accepting stereotyped labels. There is a lot of evidence for this hypothesis. The chart below shows a declining proportion of people who say it is important to fit in, and a growing number are choosing personal fulfilment and ability to express themselves as their number one wish from selected choices (including buying goods and services) ⁷ :



The individual is now, therefore, the unit and the building block of society rather than the nuclear family as in the past. However, human desire and motivation is still rooted in the same needs when it comes to family, friends and social networks. The family network has adapted to this society as you now create your social and familial networks by deciding who you talk to and how you participate. Unsurprisingly, divorce means our lives are subject to more disruptions and changes than in the past. We asked people to rank the importance of different parts of their social network ⁸:

⁷ Source: *Changing Lives*, nVision (base: 1000-2000 adults 16+, UK)

⁸ Source: *Changing Lives*, nVision/The Future Foundation (base: All with relation/person in question from 1010 adults aged 16+, 2002)

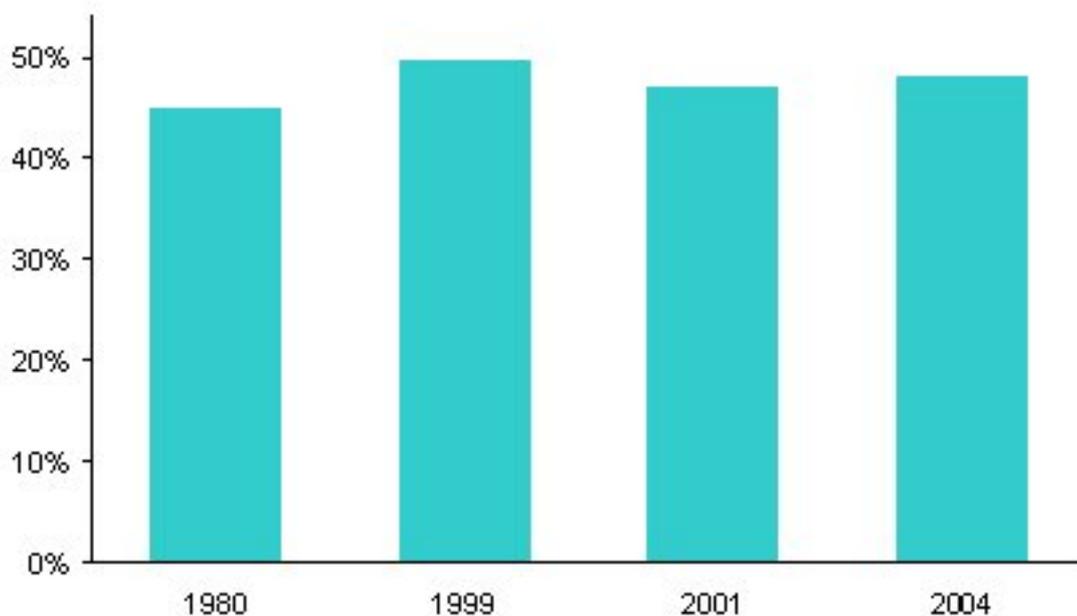


You can see that for widowers, neighbours increased in importance and for those who are separated, their ex-partner decreased in importance, ejected outside the warm circle of love (although longitudinal studies show that 60 per cent of people who are divorced are re-partnered within five years). For single parents, best friends were seen as extremely important.

The words 'family' and 'community' are no longer nouns but verbs: sometimes we do things as individuals but we now want to go out more together and there has been enormous growth in the leisure industry to appeal to the family group.

The need for involvement in community or neighbourhood life is increasing as we associate this less with bricks and mortar and more in terms of who we associate and identify with. In other words, family and community are as important as they ever were, as is sharing experiences, but the terms are shifting. The chart below illustrates the proportion of people that strongly or moderately feel the need to be involved in the life of the neighbourhood community :

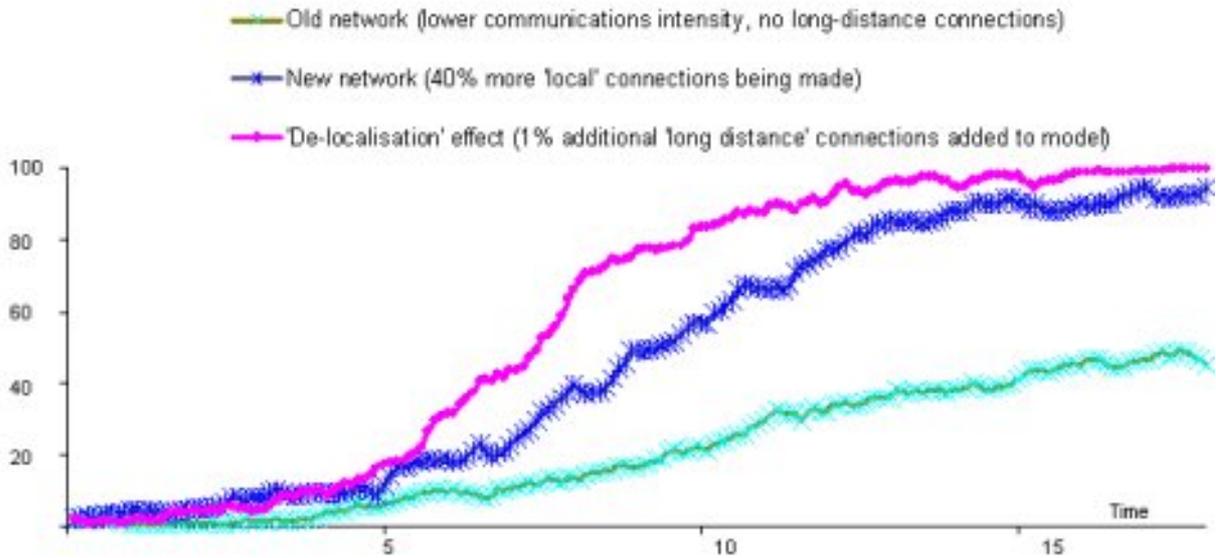
⁹ Source: *Changing Lives*, nVision/Taylor Nelson Sofres, (base: 1000 adults aged 16+. UK)



We need to think about the way in which we communicate, considering the importance of word of mouth communication and personalisation. We call it the personalisation of authority and it can be seen as going hand in hand with the decline of trust in institutions, as people turn to friends and family to find out where to go and what to buy rather than institutional sources of information.

As we know, when products are successful they create a buzz: people who have a positive experience will make recommendations and the graph below models how this is even more powerful in a technologically advanced environment, showing the effect of additional connections on the speed with which a message spreads:

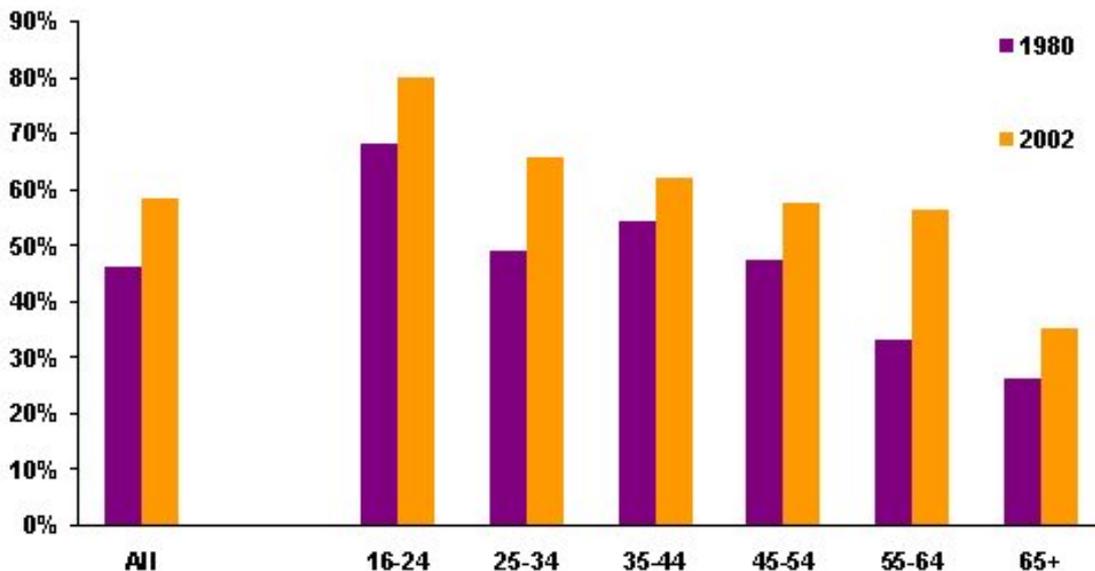
¹⁰ Source: MathMatters/Future Foundation – Complex Systems Model, 2002



In other words, if we model the old networks we achieve the pale blue line, but the increased number of connections through the new network (such as a couple of extra telephone lines) shows the message spreading much quicker, and if we model the effect of the internet on longer distance connections as well (the red line) we see a greater number of connections still. There is a great deal of literature in this area, including Malcolm Gladwell's *The Tipping Point*, that might help you start to think about how to use this in a planned way, using circles of communication to get your message across.

Turning now to the experience economy and the aging population. We have to remember that, for the majority of the population, we are seeing a significant increase in the older population – an additional 3.5 million people moving into the 50+ age bracket (the baby boomers) with greater health, vitality and wealth than ever before. This group is a growing audience in the experience economy. This can be illustrated by the chart below, which shows the proportion of people feeling a strong or moderate need for new experiences, by age ¹¹:

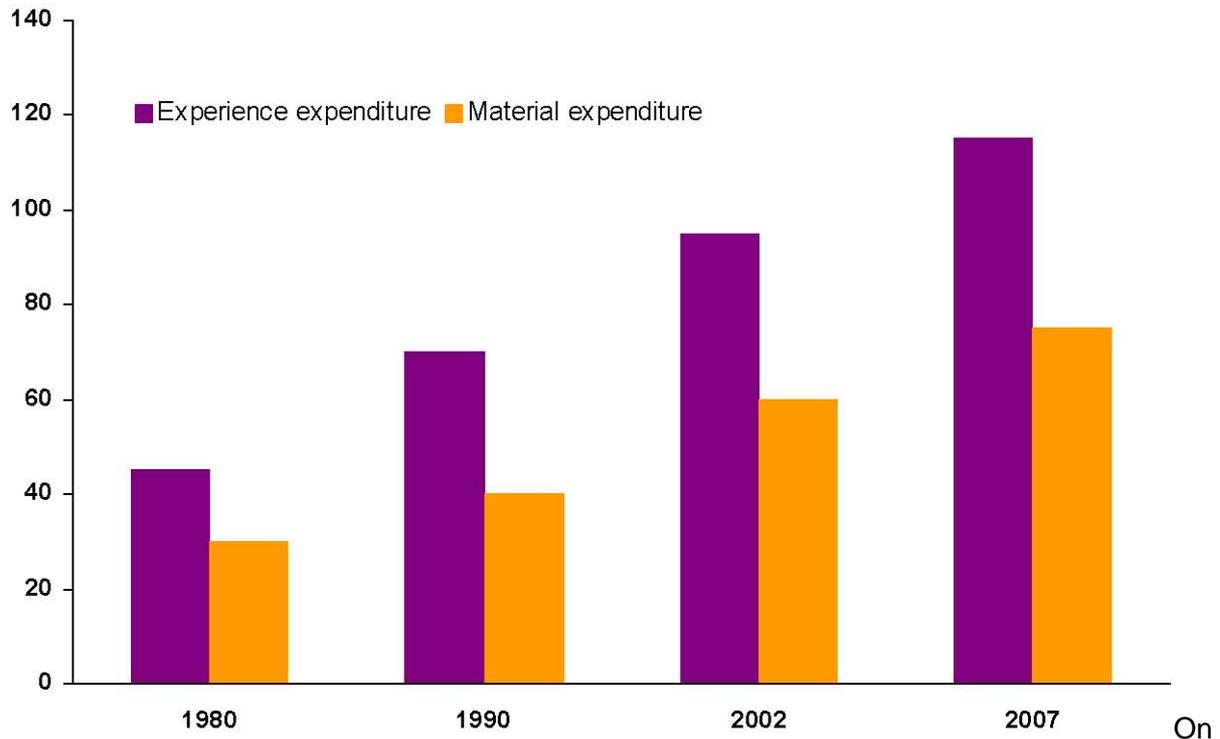
¹¹ Source: *Changing Lives*, nVision/Taylor Nelson Sofres (base: 1000-2000 adults 16+, UK)



Across the board, in affluent times - the post-war years of peace and plenty - people have increased their spend (forming a virtuous circle in line with the growth of individualism) on experiences rather than on material goods. The experience economy is forecast to grow as people continue to get more affluent (and GDP is forecast to grow at an average rate of 2.5 per cent p.a.). The chart below shows the forecast growth in total annual expenditure on

experiences and activities that enrich people's lives (£ billion at 2002 prices)¹² :

¹² Source: Norwich Union Life/The Future Foundation/Family Expenditure Survey, 2003

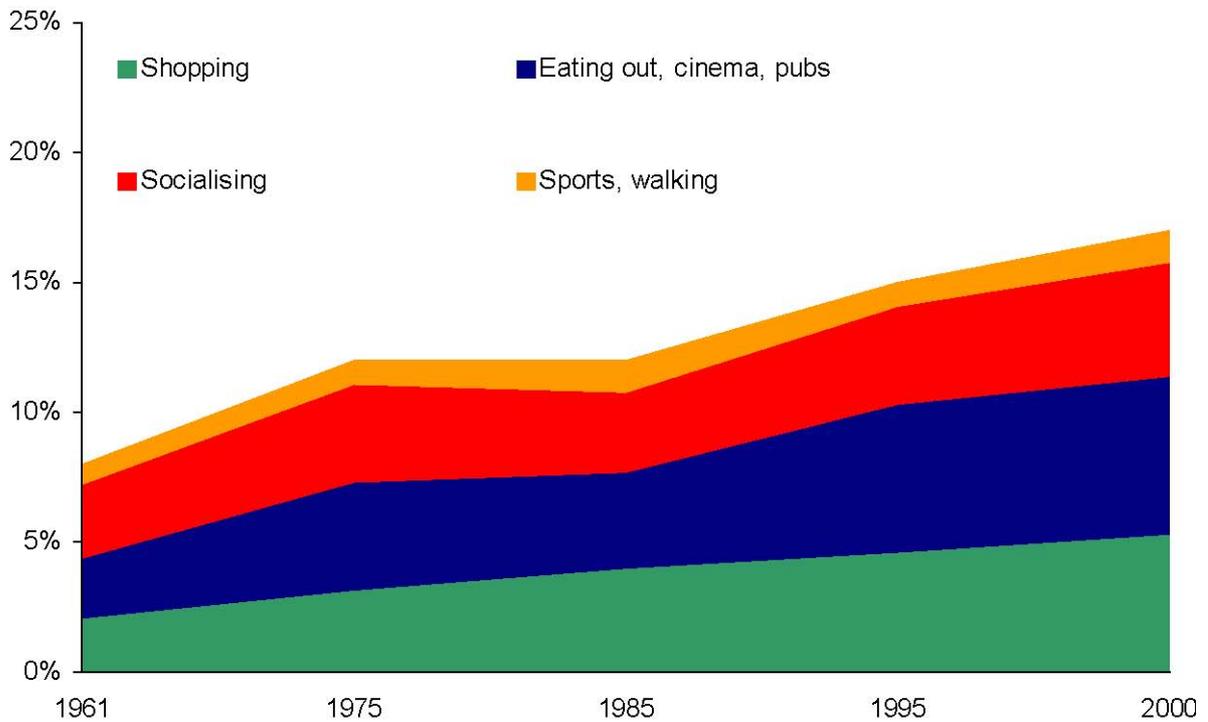


One of the challenges facing you, however, is that there are so many different ways that people are piling into this space:

Travel	33.4
Eating out	15.2
Going out for a drink	12.4
Sport or social clubs	6.3
Take aways eaten at home	8.8
Hair or beauty treatments	3.5
Gardening products or flowers	3.4
Toys/hobbies	2.9
Educational classes/leisure activities	2.4
Social outings	2.1
Alcohol (consumed at home)	2.1
Live entertainment	1.1
Other	1.6
Total	£95 billion

What proportion of these is cultural? What do the arts need to do to compete in this economy? Part of the challenge is to communicate the experience and attract people.

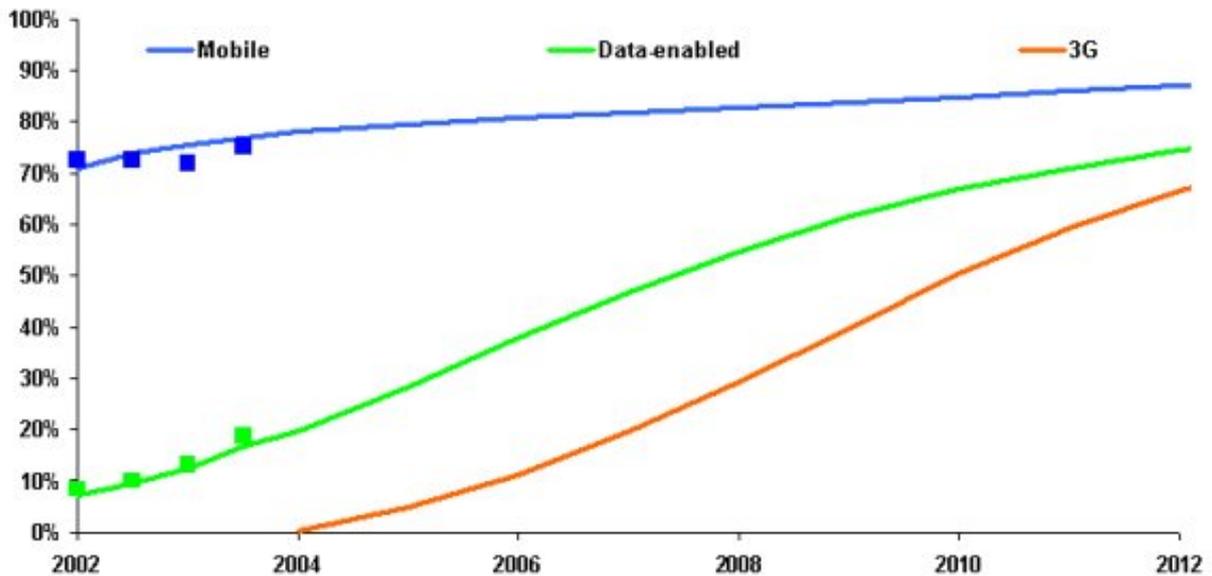
We are also seeing the growth of the third place or third space (out and about in the experience economy). Time spent out and about has more than doubled since 1960. The following chart shows the percentage of waking hours spent neither at home nor at work, excluding travel time, by activity¹³ :



With the growth of a 24-hour economy, and thinking about other trends such as working hours, we need to think about issues such as time extensions (timing events when they are convenient for customers).

Over the next decade we will see a growth in the number of technical interfaces. Think about these in terms of how you communicate and bring people in. 3G is forecast to hit critical mass just as 4G is due to appear, and the chart below shows the number of adults with access to mobile phone, data-enabled mobile phone (e.g. WAP, GPRS) and third generation (3G) mobile phone:

¹³ Source: Jonathan Gershuny, ISER, Essex University/The Future Foundation (Base: UK)



We should also be thinking about how to tie physical places in with the virtual elements of people's lives in terms of communications and with your own virtual places such as your website – Boston Botanical Gardens provides an interesting example of a simple image and brand that it uses across all of its physical and virtual spaces so that they tie people through from the experience they have of the organisation in front of their computer at home to when they visit.

A publication called *Complicated Lives* has been produced, based on a three-year research project undertaken with Abbey. Abbey's strapline 'Because life's complicated enough' meant that they thought they had better check that life has indeed got more complicated. It found that in all facets of life we face more choice, more complexity, more brands and more opportunities than ever before. This means that experiencing life is more overwhelming and complicated and because our time is finite we find choosing the right thing stressful. In other words greater choice increases our stress rather than reducing it, particularly technology which is actually seen as something that should make life easier is for many people seen as something that is making life more complicated and increasing stress. One implication of this for the arts is about making purchasing a ticket as simple as possible.

We are also seeing a proliferation of content (a review of subjects covered in the newspapers found an increase between 1950 and 2000 of non public affairs coverage – consumer, entertainment, sport – compared with a much slower rate of increase of coverage of public affairs and international news). This is added to an increased sense of time pressure.

We actually have the same amount of leisure time that we had in the 1960s (although it might be slightly less evenly distributed) but we are trying to cram in 50 per cent more activities because of the experience economy and because people want to be well-rounded people that participate. In the 1980s a lot of the stress was about longer working hours, but a lot of it is self-driven as people want to express themselves.

The way in which we receive messages and consume culture in the world today is shown moving from the left of the table below, to the right:



We have moved from a passive receipt of messages and are now less predictable and less constrained, as we move around more and have more money to spend. However, as with all social trends, one does not replace another: one paradigm continues underneath as new things emerge, so there is still a role for the mass, the collective and the simple at the same time that we also need to cater for greater flexibility.

In summary:

- Arts and culture in a rebalanced world: *the long-term challenges and opportunities of the growing economic and cultural power of the East and more diverse population in the UK and what this might mean for arts marketing in the future;*
- The renaissance of collective concerns: *how individualism is evolving beyond 'the century of the self' to new expressions of common values and social cohesion and thinking about building on networks, not just individuals;*
- Exploring the experience economy: *how the growing investment in experience over material creates a wider context and greater competition for the time and energy of the arts consumer;*
- Complicated lives: *helping customers cope with the proliferation of choice and complexity and looking at new ways of simplifying access, purchase and*

participation in arts experiences.

Embracing the 'F' Words: bringing futures thinking to our organisations

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Consider the following breaking stories from the near future. Imagine:

- In 2007 the proportion of the UK population older than 65 will exceed that for 14 year olds or younger;
- A sick duck in China triggers H5N1 flu pandemic and millions of people die;
- Identity theft is still Britain's fastest growing crime;
- NEETs (people Not in Education, Employment or Training) persist as the major drain on UK public finances;
- The introduction of identity cards gives each UK citizen unique biometric reference;
- Slowing gulf-stream leaves Britain with a Siberian climate.

Are you excited or worried yet?

This presentation focuses on the process (the how to) of futures thinking rather than on content. Thinking about the 'F' words, there is a plethora of terminology and disciplines:

- Futures
- Futures thinking
- Futurology
- Foresight
- Future basing
- Futurists
- Futurologists
- Futurecasters

However, the basic underlying skills involved are the same: telling detailed stories about possible futures and teasing out what the implications might be for our organisations. This is important, because one vital role performed by marketers and strategists is horizon scanning, to identify what sort of circumstances our organisations are going to be dealing with in the future. There is an interesting role here that relates to this notion of horizon scanning, in that as marketers and strategists we are what management scientists call boundary spanners.¹⁴ This theory uses a model based on systems thinking and on modelling an organisation in its environment (so an organisation is surrounded by the world in which it works). One of the key roles applies to the people that straddle the boundary – the place where the organisation touches its environment, looking out and in at the same time. Marketers are boundary spanners and one of their duties is to watch what is happening in the outside world and feed that intelligence back to the organisation, so it can decide what it is going to do in the future.