FJORD

TRE
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2017

FJORD TRENDS 2017

Twelve months of research, 1000-plus+ cups of coffee, and probably an entire forest worth of Post-its (don't worry - we recycle). That's what it took for us to compile our Trends 2017 report, which offers an in-depth look at the eight most important developments we believe will influence and impact design and innovation for business, government and society in the coming year.

After the seismic political shockwaves of 2016 – a tumultuous twelve months in which many long-held assumptions, practices and rules were challenged – it's easy to question the role and value of predictions. However, we believe that now more than ever there is a need for Trends and the sparks of insight and innovation they can ignite.

When we produced our first Trends report in 2008, Fjord consisted of 80 designers in four European studios. We've since grown to 800-plus designers and developers across 22 studios, spanning five continents, which offers us a truly unique perspective and the ability to view the world and the way it's changing from every angle.

We still apply the same process to creating and curating our trends - by running workshops in all of our studios - and now we're more perfectly positioned than ever to explore and explain emerging technologies and to identify and tackle important issues. We hope our annual report is a guide to the challenges, experiences and opportunities your organization, employees, customers and stakeholders are likely to face in 2017 and beyond.

Already, a number of emerging meta themes for the new year are clear:

FROM DESIGNING FOR DEVICE TO DESIGNING FOR ENVIRONMENT

For a decade, the smartphone has been the center of our digital universe. In 2017 and beyond, the focus will start to shift from mobile technology (which remains the key) to the environments in which we spend our time, and how best technology can be used to make them supercharged.

THE WAY WE INTERACT WITH BUSINESS IS CHANGING YET AGAIN

Live stories and short, raw content are how consumers want to communicate with each other, and it's how they will increasingly want to communicate with brands. Forget flashy billboards, intrusive direct marketing and repetitive TV commercials. Think online messaging platforms where broadcast messaging is replaced by chat. Reliance on technology to drive communications with consumers will increase. Yet, as AI becomes widely adopted, the need for human intervention is still required. Furthermore, the new technology will create new jobs, whether it's bot designers, algorithm auditors, or customer fallback specialists.

THE TRUST PENDULUM IS SWINGING

Post-truth – the Oxford Dictionaries' word of 2016 – reflects the information overload now affecting us all. With simple facts no longer sufficient to communicate and convince, individuals, organizations and brands will have to build trust by changing how they operate and communicate, to build trust by demonstrating authenticity and building emotionally – driven relationships. Organizations must extend their attention beyond the customer and employee experience as organizations must master the social experience.

That's the background, then. So let's now cut to the chase. In the sections that follow, we explore eight of the key trends we believe will be most important to your organization over the months ahead. Happy reading! We hope, you will find (at least some of) the answers to the question of "What is next?" for your organization.

CONTENTS

EPHEMERAL STORIES

WHERE NEXT, NOW THAT EVERYONE'S A STORYTELLER?

With brand strategists and content marketers preaching the storytelling gospel and the idea of storytelling incorporated into many marketing strategies across the globe, focus in 2016 shifted onto 'story*doing*' – creating stories by what brands do, rather than what they tell.

In 2017, brand content will evolve further with the ever-increasing flow of communication to and from customers.

Brand owners will step back, stop driving conversations and instead make room for audiences to shape their own stories. Expect content that's more personal and instant, and expect it to play out as short stories and live video.

Watch out for the 'filter paradox', as more content will be unfiltered in the traditional sense, but with filters applied camera-style.

WHAT HAPPENED

The days of conventional brand storytelling are over, thanks to the democratization of content creation and the rise of image over text.

Since Apple launched the iPhone 3GS back in 2009, putting low-res video recording capabilities into the hands of many, the proliferation of simple-to-use video, photo-editing and self-publishing tools that followed meant anyone with a smartphone or computer could publish compelling content.

And then content became king. Brands became content publishers. And being always plugged-in, consumers were always 'on.'

As a result of this hyperconnected lifestyle, we now live in a content saturation era. The daily media content consumption of U.S. adults, recently estimated at 10 hours 39 minutes, rose an entire hour in just one year. And the nature of storytelling is changing, accordingly.

Instagram expanded its video ad offering after its video consumption leaped 40 percent between December 2015 and May 2016.

Most striking of all, though, is Snapchat.

In early 2016, Snap Inc. confirmed Stories was driving 10 billion video views each day. By the year's end, it had declared itself a camera company with the launch of Spectacles, $130 glasses that allow users to take a 10-second video to share with friends.

Brand and media owners' response – create yet more content – has been misguided. Not only is it not enough to simply produce more of the same, it's no longer just about producing high-production-value content.

We believe too many organizations remain obsessed with being story*tellers*. Too few think beyond storytelling by focusing on brand drama and service experience. In fact, story*doing* has – and should have – little to do with brand. More important is how humans interact with brands.

INSTAGRAM

SNAPCHAT

WHAT'S COMING

In 2017, following the bitter presidential campaigning in the U.S, and the U.K.'s divisive Brexit vote, the world will continue to feel increasingly divided. This will be exacerbated by the proliferation and ubiquity of information sources and the side effects of the services developed to meet growing demands for information delivered more efficiently.

More of us are turning to social media and aggregation sites to navigate the noise. Yet, curated feeds are creating self-affirming and closed loop systems, like recommendation engines and algorithms feeds – giving the perception that the world agrees with our point of view.

We will need powerful stories that cut through, unite and overcome a so-called content shock, the point at which too much content makes content marketing, in its traditional sense, no longer sustainable.

Brand owners must heed three key lessons from content saturation. First, just because you create content doesn't guarantee an audience.

Second, success is not always driven by the highest production-quality content. Brand owners love glossy content, but they will have to get over themselves if they are to fully embrace consumers' growing preference for content that is rough and ready.

Third, live rocks.

U.S. fashion brand Everlane, for example, is using Snapchat to humanize and personalize its offering with behind-the-scenes content. "No fancy cameras. No editing. Just raw, live footage. It's beautiful, and it's the platform for the modern generation."

SPECTACLES

FJORD SUGGESTS

When conventional brand storytelling is dead, success will depend on putting people at the core of everything you do. A human-centered design approach is a powerful framework for creating compelling content.

Remember, a content marketing program takes time to monetize, so give your content time to fulfil its potential ROI.

RE MODEL YOUR MARKETING TEAM TO FOCUS ON *STORYDOING*

To move beyond an insular brand-centric content marketing strategy, focus on your people first. Giving your audience the reins to shape and participate in their own stories with your brand requires human-centered thinkers, so look for people like journalists and UX content strategists, who have a "for the people" mentality ingrained in their DNA. Challenge your marketing department to become orchestrators, not creators. And ensure they have the skills to do so, brilliantly.

ACCLIMATIZE YOUR AUDIENCES' NEW NORMAL AND THINK ABOUT YOUR BRAND AS 'LIVING'

Define what type of content marketing strategy aligns best with your audiences' behavior and needs. Assess how communications norms are changing – the use of filters, for example, and trending toward live – and appropriately apply this to your own communications across the whole range of contact points.

NURTURE YOUR CONTENT

Make sure you have the team and infrastructure not only to test and iterate content that is in development but to also test, iterate and govern content post-launch. Be comfortable with ambiguity and embrace the art of experimentation. For the love of compelling, usable content experiences everywhere: Don't just launch and leave it.

SHINY API PEOPLE

REWIRING FOR INNOVATION

The greatest challenge for any organization in today's digital world is how best to manage and respond to change. The answer is to bring user-led innovation to market, fast. But that's easier said than done.

Though large organizations typically know how to scale, they struggle to be agile. While startups tend to excel in agility, they rarely succeed in scaling up. Success lies in understanding that digital innovation provides the key to effectively tackling both.

Many organizations have begun to break down silos and build spaces to inspire creative thinking. Last year, we highlighted the importance of Design From Within. This year that trend has evolved rapidly. Businesses will need new strategies to take this further.

In 2017, organizations will acknowledge the need to rewire completely to become more people-centric. They will do this by upscaling the principles and practices of digital design to create the fertile ground needed for organization-wide flexibility.

WHAT HAPPENED

Digital technology has transformed the way products and services are created, distributed and consumed. In response, many organizations set out to acquire or build the design skills needed to develop these products and services.

For example, in 2013, Cisco established a corporate venturing program for startups and scale-ups called Cisco Entrepreneurs in Residence. Since then, it has helped grow more than 27 small companies whose ideas align with the interest of its business units.

Yet, by 2016 a bigger problem had become apparent: Organizations were facing a sort of a crisis in innovation. Many were struggling to innovate at all, and amongst those that had, the next challenge was how to innovate at scale.

Design and innovation are not the same, but they are inextricably linked. Design is often used as a process to drive innovation, and design thinking is seen by many as a requirement for a company to be truly innovative. Innovation is possible without a design process but it is probable with one.

Innovation cannot happen in pockets. Instead, an organization-wide rewiring for innovation is required. What's needed next are organizational strategies that will foster smarter humans and release combined human potential.

NETFLIX

ZAPPOS

GOOGLE

SHINY API PEOPLE

MICROSOFT

FEDEX

SLACK

WHAT'S COMING

Expect to see new strategies to ensure everyone fosters creativity and innovation.

Eventually the role of chief digital officer – many of whom are still defining their role – will become obsolete as digital is embedded throughout every organization. For the same reason, innovation hubs will also become redundant.

Already, organizations are tackling this in a variety of ways.

Under Larry Page's leadership, Google started designing good-looking apps that, for the first time, looked like they belonged to one family. C-suite support, willingness to invest and strategic commitment created a program that optimized design doing by enabling employees (rather than forcing them) to become more design-driven and therefore innovative.

At FedEx, emotional intelligence training for new managers strengthened its people-first leadership – an important building block for an organization to become truly innovative.

Netflix's focus on fostering innovation has helped it secure more than 81.5 million subscribers. All staff are actively encouraged to think like business innovators, and a culture of creativity, self-discipline, freedom and responsibility reinforces this.

FJORD SUGGESTS

Upscaling the principles and practises of innovation across the entire organization is now critical. This will take no less than CEO commitment and a clear plan for how each organization can change its own culture.

Fjord calls this approach Living Business, and we have established a methodology that focuses on how to get the very best from your people and culture.

We believe that a new mindset, a clear framework for change and the goal of scalability from the outset are essential, along with a commitment to reconsider what success looks like for your business.

PEOPLE ARE YOUR IP AND API

Remember, people are your IP and your API so make the most of them. Place users center stage. Allow employees to shape your organization's future. Invest time and resources in training teams to learn new cross-discipline skills. Embed cross-functional teams to sustain innovation enabled by more agile workflows that bring new ideas to market, faster.
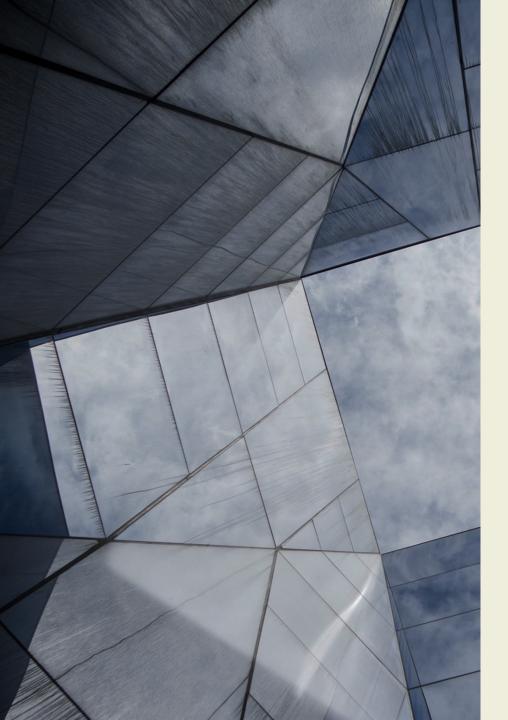
AIM TO SCALE FROM DAY ONE

A solid plan to upscale innovation is a challenge. Start with a framework idea. Ensure your platforms, governance models and institution is also ready to upscale. But don't fall in love with your plan. The service, market or ecosystem in which you operate might radically change, but with a framework that is flexible and agile, each or all can do so without compromising your basic principles for scalability.

REVIEW YOUR TOOLS

New technology and simplified collaboration tools such as Slack, Workplace by Facebook and Microsoft Teams make innovation accessible and possible across an entire workforce. Reassess your tools and, where needed, upgrade them. Simple and collaborative tools used by consumers to interact with each other impact the workplace, so capitalize on this.

BEYOND AR VS. VR VS. MR

Augmented reality and virtual reality were among the most talked about developments in 2016. It was the year Pokémon GO became a global phenomenon, bringing mixed reality (MR) to the mass market – a real tipping point. It was the year Oculus Rift was finally released, too.

In 2017, as MR moves toward the mainstream, organizations will turn away from single, siloed enhanced reality experiences to focus instead on harnessing and combining all types of reality – enhanced and real. They will create singular, integrated and compelling experiential platforms on which to build experiences that are blurred reality.

WHAT HAPPENED

After years of hype, VR finally entered mass public consciousness.

Consumers had access to a wide variety of devices, from mobile-based systems, such as Gear VR, Google Daydream and Cardboard – to full-featured, tethered head-mounted displays like HTC Vive and Oculus Rift. And many interesting VR applications emerged.

The National Autistic Society in the U.K. enabled users to understand better what it's like to be an autistic child. Lockheed Martin, meanwhile, launched Mars Experience Bus, an immersive school bus on which children explore the red planet's surface via VR.

Yet, despite the undeniable advances made in VR, applications were limited by the closed nature of the technology itself. As a result, interest in AR also grew rapidly throughout the year. Fashion designer Rebecca Minkoff deployed VR and AR as part of her 2016 fall show. AR applications weren't just limited to the consumer marketplace, however. In manufacturing, several striking innovations hit the shop floor.

German elevator manufacturer thyssenkrupp armed its field repair workers with Microsoft HoloLens goggles to see what went wrong and how to fix faults, with I-o-T-connected elevator equipment.

Yet, many organizations' approach to developing AR and VR experiences remained siloed in instigation and application – treating VR, for example, as a single experience a user has while wearing a VR headset. Worse, many of the experiences they create lack integration whithin a larger, experiential context.

LOCKHEED MARTIN

MICROSOFT

REBECCA MINKOFF

WHAT'S COMING

Businesses are already adjusting their sights to focus on where the real magic will happen: the point VR and AR are combined to form mixed reality.

A great example is Magic Leap, described by some as "HoloLens on steroids," which overlays VR on the real world via semitransparent goggles.

The future of how people interact with their computers will center around VR and AR experiences seamlessly integrated into our daily life. Alibaba in China, for example, has just launched a virtual shopping experience which allows you to buy products in New York department store Macy's, thousands of miles away.

The move away from individual apps has become evident, which was highlighted in our 2016 Trends.

Consider how Google Assistant and Apple's Siri can pass through requests and build out results based upon context and compatible applications, while Android Instant Apps loads up a temporary version of an app instead of going to a webpage.

In 2017, more MR applications will emerge enabling brands to create experiences that seamlessly shift between the physical and digital worlds and channels. We believe organizations should use these applications to create singular, integrated and compelling opportunities for new experiences for how we live, work and play.

FJORD SUGGESTS

Designers must create singular experiential platforms on which to build integrated blurred reality experiences.

No longer can every application be a solo experience. Instead, you should consider the potential to interconnect with various services and experiences in order to create a single platform.

Existing ways a user interacts with AR, VR and MR experiences – through controllers, gestures, gaze and voice controls – will need upgrading. As a user will have to interact within a virtual 3D environment, new paradigms of user interactions and interface designs will be required.

RECONSIDER THE ROLE OF MIXED REALITY

VR and AR have made the greatest impact so far in entertainment. But this merely scratches the surface of these technologies' potential. With the best bits of each combined to create MR, brands dismiss the wider potential of each at their peril.

CHOOSE THE TECHNOLOGY MOST FIT FOR PURPOSE

Expect to see a split between highly sophisticated, dedicated, immersive experiences and more fluid experiences without any need for dedicated kit or specialist apps. Ask yourself: which suits my services and users?

RETHINK YOUR BRAND'S DIMENSIONS

Brand owners will be forced to reconsider, develop and expand the notions of their brand's personality and how it is conveyed in this new format. Building on this, brands will be able to elicit feelings that help them reach their core objectives.

WORLD
ON WHEELS

GO SLOW TO GO FAST

Self-driving – or autonomous vehicles (AVs) – are so close to becoming part of daily life that, given the time it will take to prepare, every organization must consider how to respond. Institutions that proactively start the work now will reap massive opportunities. Those that don't, on the other hand, will be left behind.

AVs will redefine the automotive industry, and organizations impacted by the shifting landscape will have to deal with the changing business models and customer expectations they bring about.

In 2017, as businesses explore a new generation of mobile services, they will turn their attention to cars, viewing automobiles as a connected mobile environment in which things happen via multiple devices. And the ambitious will explore ways to integrate experiences between car and home.

WHAT HAPPENED

Automated cars capable of sensing their environment and navigating without human input have long been the stuff of fantasy. But not anymore.

Over the past twelve months, Google ran high profile tests of its first self-driving car. In Singapore, nuTonomy launched the first public trial of a 'robo-taxi service' – involving specially configured Renault and Mitsubishi AVs and a ride-hailing smartphone app.

New startups took on established players with agility, flexibility, vision and superior technologies. London-based autonomous driving startup FiveAI, for example, promised to use more sophisticated machine-learning to deliver fully autonomous vehicles to the market by 2019, two years ahead of BMW and Ford.

The U.S. Department of Transportation's National Highway Traffic Administration unveiled the first federal policy on AVs, which included six different levels of autonomous driving guidelines. Defined by the Society of Automotive Engineers International, they range from no automation (level 0) to full automation (level 5).

Other organizations also formed new alliances, paving the way toward a next generation of connected and integrated in-car services. Uber and Spotify, for example, joined forces to allow passengers to personalize their Uber ride by remotely controlling the music via the Spotify app.

By the year's end, Florida's Department of Transportation had also begun assessing the implications of AVs' potential impact on public services, ranging from on-street parking spaces to future city planning to the redevelopment of vacated parking lots.

LYFT

NUTONOMY

FIVE AI

CAR2GO

GOOGLE

WHAT'S COMING

Car buying may slow down, as consumers try fractional ownership of an entire car brand that appeals to them. So rather than buying a Ford Focus, a consumer might buy *into* Ford to access different models that meet their specific needs at different times, which will delay full car ownership.

Business models will change too. With new offerings already emerging – premium car-sharing services, for example, ReachNow from BMW, combines service elements of Airbnb, Car2Go, Uber and ZipCar. As well as new pay-per-use models include carpooling, 'e-hailing' taxi alternatives and peer-to-peer car rentals – others will follow.

AVs will change the car service landscape. AVs will prompt a re-think of urban planning because of a decreasing need for public parking spaces. Meanwhile, healthcare providers will need to plan for the anticipated reduction in accidents. And local councils will need new funding for road maintenance when speeding and parking fines are cut.

AVs will also open new opportunities for other business sectors. When car time is no longer synonymous with pointless downtime, commuters will have more time to work, video chat and engage with new products and services.

Many services could fill this extra time: Imagine an AV-maker's branded financial planning service, for example, or in-car dining, hairdressing or pedicures. In-car mobile internet interaction will soar, creating new digital revenue opportunities, and telcos and entertainment companies will deliver a new generation of in-car services.

FJORD SUGGESTS

In the past, car ownership was an end unto itself and the focus of automotive manufacturers was simply to get people into their vehicles.

Looking ahead, manufacturers should think of their products as nodes in an ecosystem: just one choice among many in a more flexible, fragmented future where everything – power source, service partnerships, ownership structures – is up for grabs.

A key shift must be to move away from a device-specific approach focused around the smartphone. Instead, expect an environmental focus in-car – just like we will see in-home – will be serviced by a new generation of connected and interconnected digital services purchased, managed and delivered via multiple devices.

Design focus must also switch from designing digital experiences that fit the car to designing physical experiences that fit the digital experience.

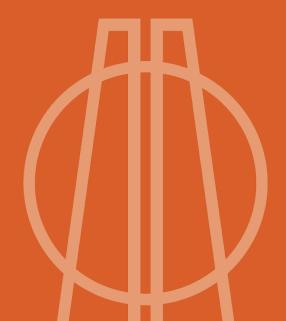## DON'T POSTPONE FIGURING OUT YOUR PLACE IN THE NEW WORLD

The relationship between car and user will change fundamentally when the user does not drive. If this happens in the early 2020s, as some suggest, any mid – to long-term investments – real state, for example – that are made now will be impacted. The car will become a platform for a new generation of digital products, services and user experiences. Understand what role your business will play in this new automotive ecosystem.

DON'T THINK 'CAR'

Once the car is no longer an end unto itself, it is an integral part of a connected ecosystem and increased connectivity will open options for experiences and services that challenge the very notion of car. Analyze the new patterns in consumer behaviour and expectations to identify the new opportunities. Decide what experience you want to deliver then do so, brilliantly.

RE-TOOL, BE AGILE

Automotive manufacturers will need to think more like researchers, act more like experience designers and code like software companies. Changes in structure, process and design will be needed, which in turn, usher in a new era where available automotive options will extend far beyond "any color, so long as it's not black."

HOMES WITHOUT BOUNDARIES

DOMESTIC HELP FINDS ITS VOICE

The 'connected home' is now reality. But it doesn't feel all that *smart*.

2016 was the year digital home services hit the headlines with the launch of Google Home, Amazon Echo's emergence into the mainstream and steady growth for Wi-Fi-enabled domestic controllers such as Nest. It was also the year that a commoditized approach to introducing connectivity to household objects became evident.

In 2017 and beyond, organizations should look beyond device-centric strategies to focus instead on designing and serving home experiences that better meet individual householders' varying wants and needs.

These services will add value within seamless experiences that play out across traditional boundaries and are highly personalized.

WHAT HAPPENED

In early 2016, Facebook CEO Mark Zuckerberg announced he'd begun developing his own artificially intelligent personal assistant to handle everything from playing music and identifying friends at the front door, to baby monitoring and virtual reality data representations.

By the year's end, many people were experimenting with connected devices.

Yet, it was also becoming clear that the automation enabled by connected devices was not enough.

In Italy, a two-year pilot project called Casa Jasmina has gone beyond mere automation by providing a test bed for the development of a next-gen, open-source, connected home services.

In Germany, Futteralhaus is a proposition to design and sell compact, pre-built smart homes blending innovative smart technologies and natural building materials with minimalist design. Futteralhaus also highlights an important aspect of the connected home that has so far been underplayed: the fundamental shift connectivity has brought about in our understanding and attitude toward 'home'.

Household internet connections enhanced the domestic tasks conducted at home. Now, our ability to conduct these same activities anywhere is raising expectations of home services and ubiquitous services, alike, and it's fueling an assumption that home and domestic activities are portable. Increasingly, homes are required to be more flexible to accommodate differing needs.

SWITCHMATE

FUTTERALHAUS

NEST

WHAT'S COMING

In 2017, the *smart home* will mature significantly as key service providers including telcos, cable operators, home security companies, retailers and device OEMs use Amazon Echo, Google Home and Apple Home as a license to experiment and bring to market new hardware and services.

Over the past ten years, focus has been on the mobile phone as the single device to control connected services. Over the next ten, focus will shift onto how to optimize the home environment through the integration of multiple connected devices.

Connected homes will grow rapidly – by 30 percent a year in the U.S. alone, where 22 percent of households now have at least one connected device. But connectivity is only the beginning.

Tomorrow's home will be a *helpful home* that works. And it will do this with services built around and for humans rather than technology and objects.

Expect the emergence of a new generation of 'iceberg' home services like Thington, which combines different smart devices into a single interface.

The implications of the *helpful home* are wide. It could be a big opportunity (or threat) for the hospitality industry, commerce giants, platform companies, ride-sharing and AV industries, energy companies, consumer electronics and insurance.

THINGTON

CANARY

CASA JASMINA

FJORD SUGGESTS

Digital service companies must understand what homeowners want from connected technology. They must focus on the valuable experiences that connectivity can now enable. And they must rethink their approach to both the technology and business ecosystems within the home by capitalizing on the growth of open APIs, which in turn means services can exchange data, talk to and trigger each other without direct user input.

Organizations will need to shift away from gimmickry toward real areas of value if innovators are to maintain a differentiated position in the market and attract the average homeowner (not just the technology-seduced) to buy into their propositions.
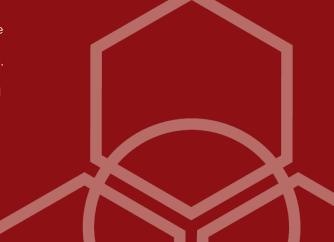
RE-THINK *SMART* TO BE HELPFUL

'Smart' means more than automated or connected, it means clever, thoughtful, considered. Act on this accordingly by considering first the impact on people, their relationships, preferences and environment to determine the best action and most effective channel.

EXTEND HOME BEYOND THE PHYSICAL SPACE

Too much emphasis has been placed on connecting objects, too little on creating valuable home experiences that capitalize on connectivity. Home automation sounds like fun, but in reality people don't care enough. We must design services for the user, not the device. Get hyperpersonal to harmonize shared living, as personalization will increasingly take place at both a household and individual level.

DESIGN FOR USER, NOT DEVICE

Technology is extending home beyond its traditional physical confines – stretching the benefits of safety, comfort and preferences beyond the household. All-in-one security system Canary is a powerful demonstration of this, as is its belief that in the not so distant future, users will use audio to monitor all of the environments most important to them. Organizations should follow this approach and seek to extend the benefits they can deliver, as people transition between different environments and emotional states.

DON'T GET STUCK
IN THE MIDDLE

Across every sector of business, the brand landscape is polarizing.

At one end of the spectrum sit huge, platform brands that either believe they can do anything in any market or provide service ecosystems (or both!) while at the other are specialist brands with unique focus and clear purpose.

Both ends are creating fundamental challenges for the brands that sit in between.

In 2017, brand owners occupying this middle space – or 'squeezed middle' brands – will ask themselves where they sit and where they want to sit on this sliding scale to creates saliency.

For some, the answer will be to expand their brand permission space, acting as a platform for startups, for example. Others will place greater focus on craft and purpose. All will refocus to optimize their strategies accordingly.

HOURGLASS BRANDS

WHAT HAPPENED

Since the mid-1990s, technology has transformed the brand landscape into the shape of an hourglass.
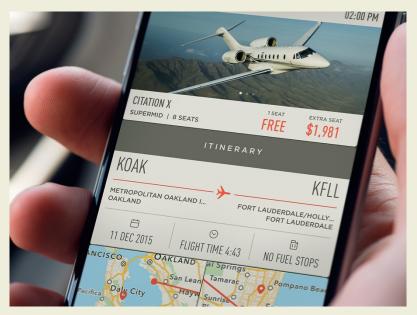
At one end you have a new breed of brands extending beyond their original marketplace by mastering the laws of universal needs and user experiences. At the other end of the hourglass, technology has enabled single-minded brands of all sizes with unique focus to prosper.

Consider the success of Google, Amazon, Facebook, Uber, WeChat and more, which has come about not so much because of outstanding identities and unique character, but because of their commitment to embracing universal values of the digital mindset, such as efficiency, usability, accessibility and simplicity.

Then consider the unique focus of brands at the opposite end of the hourglass. Some, like private jet mobile marketplace JetSmarter and female sexuality website OMGYes, are deploying technology to disrupt. Others are prospering in challenging times by having a clear sense of purpose.

Unilever CEO Paul Polman is even on record as declaring that all Unilever brands must have a purpose from now on, and that those without will be dropped.

Meanwhile, in almost every sector, mid-market players unable to command the premium prices of specialists and/or without sufficient scale are struggling to find a way forward and stand out.

JETSMARTER

SOULCYCLE

HOURGLASS BRANDS

WHAT'S COMING

By 2021, 20 percent of all activities an individual engages in will involve at least one of the top seven digital giants as the physical, financial and healthcare worlds become more digital, Gartner recently predicted.

In 2017 and beyond, large platform brands will keep expanding their permission space. They will take greater ownership of entire experiences across more touchpoints. And they will open themselves increasingly to integration and collaboration, diluting the traditional lines between consumers, vendors and producers.

Brands with a unique focus, meanwhile, will increase in number due to the addition of more single-focused brands with a clear and distinctive purpose as well as more micro brands powered by cheaper access to technology and lowering barriers to entry.

Squeezed middle brands must learn from brands at both ends of the hourglass. Those that fail to build their positions by finding new and powerful ways to stand out will go out of business, fast.

UBER

THINX

OMGYES

FJORD SUGGESTS

Brands now find themselves in an environment in which they must change in real time to flex and adapt to meet customers' wants and needs across a bewildering array of channels, some of which they have only limited control over.

At Fjord, we have identified key qualities of those brands most likely to prosper – we call these brands Living Brands – and how those qualities are developed. How a brand behaves is now its critical differentiator as, increasingly, brands are defined by the relationship the have with their users.

DEFINE WHAT KIND OF LIVING BRAND YOU WILL BE

Define your brand's behavior in multiple environments and understand what brand type you can be: a Utility Brand (something to use), an Audience Brand (something to say), an Experience Brand (something to do) or a Relationship Brand (something to be related to).

TO ESCAPE THE SQUEEZED MIDDLE, FIND OR RE-FIND YOUR PURPOSE

If an organization cannot imagine a purpose to exist beyond economic growth, there is a danger it has no useful purpose or values that will resonate with people. Convey your purpose effectively using the right language. Define an identity that makes that purpose tangible. Make your design language unique and flexible enough to grow over time. Embrace design culture and free interpretation. If purpose is shared and its essence is clear, coherence is guaranteed.

THINK BEYOND SERVICE

As customers get more sophisticated, merely service from the organizations they choose to deal with is no longer enough. Brands will grow if they work harder to demonstrate the clear difference they can make – as has been done successfully by underwear brand Thinx, indoor cycle fitness brand SoulCycle, or fitness workout brand Sweat with Kayla. Focus on more than experience to create meaningful relationships and a sense of belonging that many big generic brands lack.
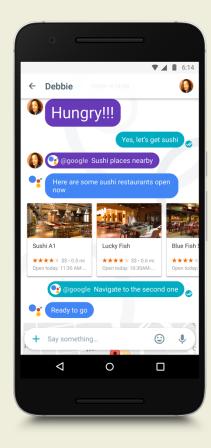
ME, MYSELF AND AI

HUMANIZING CHATBOTS

Artificial Intelligence (AI) grabbed widespread attention in 2016. However, while it has evolved exponentially – AI-enabled chatbots within messaging apps were kicked into the mainstream last year – the technology risks being overhyped.

True, AI has matured; yet it is still far from a human experience, as most chatbots are currently almost indistinguishable. Chatbots are our focus in this trend as it is where most users will start to experience AI consciously in the next year.

In 2017, AI's development will accelerate as it becomes an established part of organizations' design thinking. This will drive a growing need for machine-learning capabilities to become more emotionally intelligent, paving way for the development of the next generation of digital services.

Moving ahead, organizations' approach to developing products and services will shift as emotional intelligence becomes a critical AI differentiator.

FACEBOOK MESSENGER

GOOGLE ALLO

WHAT HAPPENED

AI - a machine's ability to learn and make its own decisions – has been with us for more than 60 years. But it took voice-controlled digital assistants and AI chatbots to bring it to the attention of many.

In 2015, the use of messaging apps overtook social media use, a key turning point was when Microsoft launched virtual assistant Cortana with the hope that it would eventually interact with users in an anticipatory manner.

Then, in early 2016, Facebook announced businesses could deliver automated customer support, e-commerce guidance, content and interactive experiences with users talking to Messenger chatbots just like they talk to friends.

AI chatbots have already enabled companies to scale highly personal services never possible before. U.K. startup Babylon Health, for example, has developed an AI triage tool that uses algorithms drawing on a clinical database to answer patients' questions before they talk to a doctor.

Yet, AI is far from the human experience of our dreams. It has no apparent human feeling, understanding or ability to conceptualize. And this has limited the degree of emotional intelligence that it has been possible to build into a digital service.

Expectations of a more human experience will naturally grow as more of us allow chatbots into our personal space. People are imperfect and AI-enabled services need to be cleverly crafted to both receive emotional input and respond in an emotionally intelligent way.

MICROSOFT

SOUNDHOUND

MITSUKU

WHAT'S COMING

AI will make a further leap forward in 2017, driving services with contextually aware experiences and the ability to understand and respond like a human.

IBM's Watson Bluemix platform already offers a text tone analyser and personality analysis through its natural language processor.

Meanwhile, the emotional wellbeing app Empath and real time emotional intelligence solution Cogito's technologies both offer voice analysis that can detect and interpret our emotional state, not only by voice inflection but also by the pattern and rhythm in which we say things.

Data-crunching AI machine learning software like Kensho is rapidly replacing the role of the financial analyst on Wall Street. However human interaction-based services, like conversational AIs, will require a cooperation between humans and AI, both from behind and in front of the technology. This AI/human symbiosis will be essential to create chatbots with empathy and emotion.

Conversations are driving this next wave of digital. And by 2020, the average person will have more conversations with chatbots than with his or her spouse – without even realizing it.

Organizations that want to develop the next wave of emotionally and contextually aware AI chatbots must define themselves – quite literally – as a person. And they must embed that person's values into a variety of suitable personalities appropriate for their particular context, because there is no one universal personality that suits every situation or person.

FJORD SUGGESTS

Brand owners must understand that if conversations are the interface then personalities are the new UX, and address their creation and development accordingly.

BE TRANSPARENT

The risk with AI is people end up feeling duped, especially if the technology reaches a level almost indistinguishable from actual human experience. The Mitsuku chatbot – winner of the Loebner Prize in 2016 for most human-like AI – can manage a conversation for up to 25 minutes and achieved a 90 percent human score. Be transparent, and users will feel the delight and marvel at the quality of your service.

DEFINE VALUES SPECIFIC TO YOUR BRAND

As services become more emotionally intelligent, the organizations behind them will face difficult ethical issues. For example, should a provider of autonomous vehicles prioritize protecting an AV's passengers or the people it may hit? Mercedes has already defined its value: passengers first, bystanders second. Where do you stand on the issues relevant to your business? Define personal values for your AI that will arm it to make decisions your brand can stand behind.

PROTECT THE USER

Users must be involved in the evolution of AI services to deliver a more human experience. To develop and enhance AI, businesses will have access to highly personal user information. Trust is key. Adopt an opt-in policy where users can easily choose the personal information they share and keep what they share safe. Best of all, make it clear that the chatbot is their assistant, not the corporation's. Ensuring users feel the software is on their side will be vital for acceptance.

GO BEYOND TEXT

If you are serious about bringing EQ to AI or a chatbot, consider carefully how to communicate this in a medium that is notorious for misinterpretations. Alternatives to text include emoticons and chatbots that send pictures. Whatever the language, tone of voice will be key.

Just how the chatbot market will evolve from here remains to be seen. One possibility is that it follows a pattern of the apps market a few years ago when, after initial rapid growth, users stopped using them. This may not happen within the next year but remember, EQ will help you learn faster and build loyalty more quickly before the chatbot market consolidates.

UNINTENDED
CONSEQUENCES

CUSTOMER-CENTRIC CANNIBALS

Organizations across every sector are becoming more consumer-centric by harnessing digital technologies.

But recent debates about Airbnb's alleged impact on local rental markets, the impact of fake news stories on the U.S. presidential election and social media's role in Kim Kardashian's $5 million jewelry robbery highlighted the risks associated with the unintended consequences of consumer-centricity.

Hyperconsumer-centricity and technology feed off each other as businesses seek to give customers what they want using digital. Both are admirable in their intent. But the same can't always be said when it comes to their side effects.

In 2017, consumers and media will challenge the actions of the organizations that impact on their lives even more, not less, forcing digital ethics up corporate and legislative agendas. Institutions will focus more closely not just on their customer experience and employee experience but also their *social experience* to guard against the unintended consequences of their activities.

WHAT HAPPENED

The unintended consequences of a wide array of technology-enabled business strategies have made headlines.

In the U.S., officials and civic leaders called for the Federal Trade Commission to investigate the short-term property industry. This was in the light of Airbnb's alleged negative impact on affordable housing. In the U.K. Uber's right to classify its drivers as self-employed was overruled by a landmark employment tribunal.

When Microsoft released its millennial chatbot Tay, it quickly began promoting extreme views on Twitter. Even Pokémon GO was not without unintended consequences when armed robbers used it to lure players into a trap in Missouri.

Meanwhile, privacy and security concerns are now so great that they have stopped one-half of American internet users from doing basic things like posting on social networks or buying online.

The diminishing of our skills as we become increasingly reliant on technology is another unintended consequence – a paradox of automation that applies to an ever-widening variety of contexts, from airline pilots to cruise ships crews and operators of nuclear power plants.

These examples demonstrate how the unintended consequences of extreme consumer-centricity is quickly becoming a pressing challenge for all organizations, whatever their area of interest. Everything that is created requires something else to be changed, destroyed or depleted. And you can see the ramifications everywhere.

POKEMON GO

WHAT'S COMING

In 2017, there will be a sharp rise the interest in digital ethics and an upscaling of the debate on conscious capitalism.

Expect more initiatives like the Leverhulme Centre for the Future of Intelligence, a research center launched by Cambridge University to explore the opportunities and challenges posed to humanity by the development of AI.

Meanwhile, new structures to help manage unintended consequences will be put in place.

The U.S. Treasury Department's Office of the Comptroller of the Currency will launch an office dedicated to responsible innovation and implement a formal framework to improve its ability to identify, understand and respond to financial innovation affecting the U.S. federal banking system. This is a model many other government departments around the world will surely follow.

Already, people have been calling for discussion of merits of the circular economy which could offer a possible solution to the planet's emerging resource problems.

Pressure will grow from individuals, too, with a rise in activism.

Meta services will increase to help workers involved in digital piece work to manage the stress and straining of managing several parallel forms of digital employment.

We will need to address the needs and best interests of those millions of citizens who don't have access to the growing array of local, transparent, traceable digital services now being enjoyed by the well-heeled urban elite.
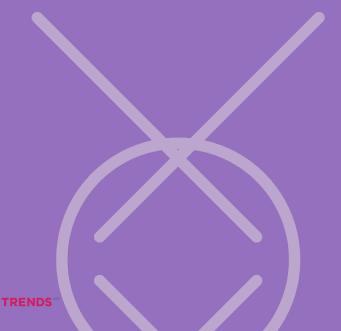
FJORD SUGGESTS

We believe that organizations are not thinking hard enough about the implications of the business decisions they make and their impact – not just on consumer or employee experience, but society as a whole. In other words, the social experience.

To guard against the unintended consequences of their actions, organizations must address the bigger picture.

THINK *SOCIAL EXPERIENCE*

Organizations readily consider customer experience and employee experience. Now they must address social experience, too. They must question what impact their actions will have on society or the environment, where there will be hidden costs, and where they are most likely to be exposed.

MAKE PEOPLE THE HEART OF EVERYTHING YOU DO

Ask what can and should people continue to do that cannot be automated? Organizations must find ways to preserve and promote the dignity of work and ensure the value of human beings sits at the heart of their digital services. Embracing social experience as well as consumer and employee experience means accepting your moral obligation to reach and include the excluded.

PRIORITIZE DIVERSITY

Consider more closely the diversity of the people you are designing for and the people who design for you. A digital service is only ever the product of its designers and coders, as such, ensuring the diversity of teams creating these new products and services will be essential. You will need to design automation. The more perspectives introduced into that development process, the better, and more inclusive that automation will be – and the more unintended consequences you can avoid.

LEARNING AND EVOLUTION

Once, people learned in school, on apprenticeships or at university. Now, that's no longer enough; continuous learning and development is critical to stay relevant in a world that's constantly changing. The best employers will look for employees hungry to learn and, vice versa, the best employees look for routes to continual learning and skills development.

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