

15 Minute Read Edition

Art and Science of Trend Spotting

The
1,2,3,4,5
Steps

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The Art and Science of Trend Spotting

The 5 Steps

Edition of the BCG and
Alison Sander TedTalk

Certainly one of the most awesome jobs is being fortunate enough to be tracking 19,000 trends with our team over the past two years.

It's incredible how preparation for trends and innovation of the global and local market gets overlooked by existing companies as well as startups. In the last global recession, the stock market lost \$3.1 Trillion, at the time companies leading trends. Of which, 80% of the trends that were being followed by BCG kept growing, some of them are outlined below.

We help organisations spot the **next wave of billion dollar of growth**, however, trends have never been more relevant to everyone at all stages of the global market.

There are various steps you can carefully take and implement to **keep ahead of the curve on an uncertain world**. Below I have outlined several ways you can track trends.

Some Trends Are More Predictable Than Others

Dice rolls:



Some trends are lot more predictable then others. Price of price of oil, gold, AliBaba stock or the winner of the next Tour De France – these types pf trends are hard to predict.

Those who aspire to lead for the futurist, there is another group of trends!

MegaTrends:



These trends are extremely predictable that you can now guarantee these waves are either on their way or they are forming. These are trends of the growing entertainment/celebrity, IoT, aging market, e-commerce, online banking in developing countries, Virtual Reality and various others.

These are just few of the **Trillion dollar trends which we track.**

Even though these represent the largest opportunities on the planet, **many organisations have not yet built these trends and their implications into their strategies.**

If we look at the market which represent the aging population, those who are 60+. When this market was valued at \$1 Trillion, it was classed as the GREY market. When it was valued at over \$4 Trillion, it was re-named the SILVER market.

It's not only about the growing population and how much of the **planets wealth they control**. It's also about the organisations **understanding the shifting needs of this trend**.

When companies think of this trend, they naturally think of their parents, and products their parents would buy and need. However, we tell them to imagine someone like Tina Turner, when aged 74.

Build the bigger picture – someone who headlined some of the top selling concerts of her life several years ago. This \$4 Trillion trend belongs to organisations who can unravel some of the problems and products for solution that Tina and rest of us will want.

Products that will allow you manage your diet and health, keep you more connected to your network and many uncountable solutions.

Where there **futurist's work gets even more interesting is spotting emerging billion pound trends**. How do you know which trends are good bets today and which will be great 5 years from now.

Emerging Trends

If we look at the rise of Robotics, it's \$25 Billion today and by 2025, it will be an industry worth \$65 Billion. As prices comes down and performance goes up you will see robots move to whole new applications. From mining bots, educational bot, agricultural bots. We are already seeing robots from making our cars to driving them.



But, there is a 2nd emerging trend which gets lot less attention. It's inside many of your houses and 3x larger than the robotics industry.

The \$97 Billion pet market.

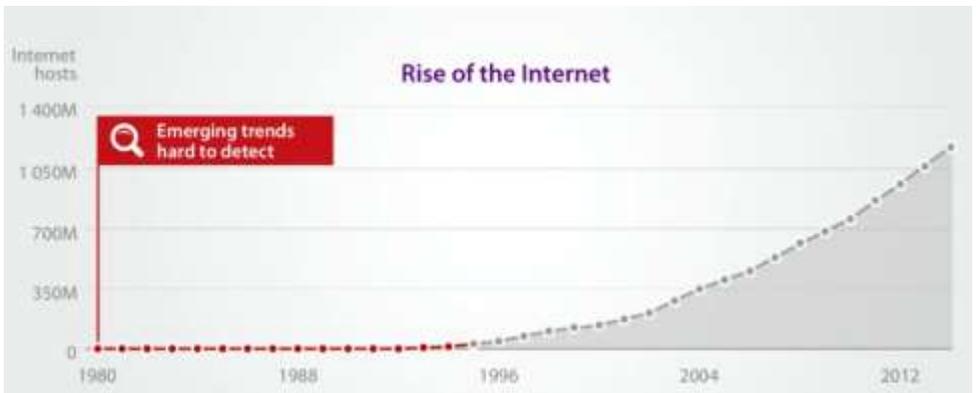
Pet's may not seem like the relevant market for your organisation. However, pharmaceutical company developing liver flavour, chewable anti-anxiety medication. Healthcare for pets is currently \$25 Billion.

Statistics show – US, EU, Japan have more pets then children. 2013 largest IPOs was the Pfizer Animal medicinal division.

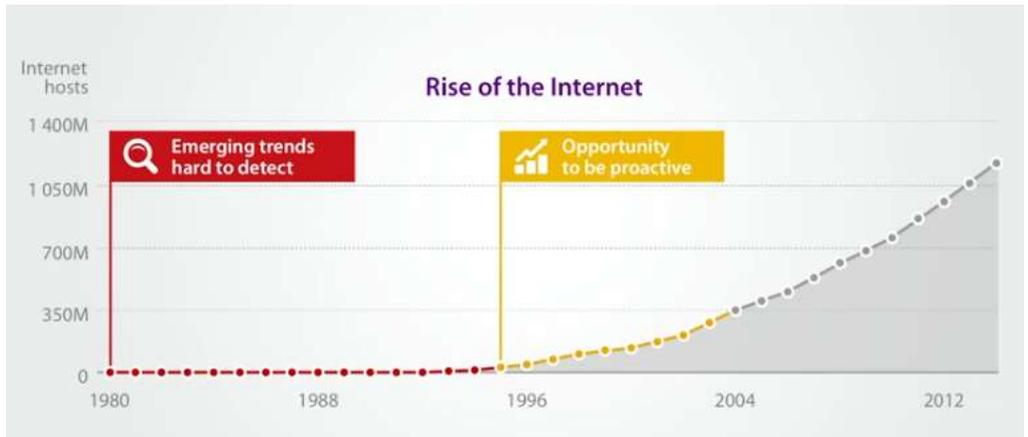
The trends that are relevant for each of you will differ, in a world with lots of uncertainty, **betting on more reliable trends will be critical**. Trends themselves are endlessly fascinating, what turns out to be equally **important is what you do with the trends and when**.

Catching The Megatrends

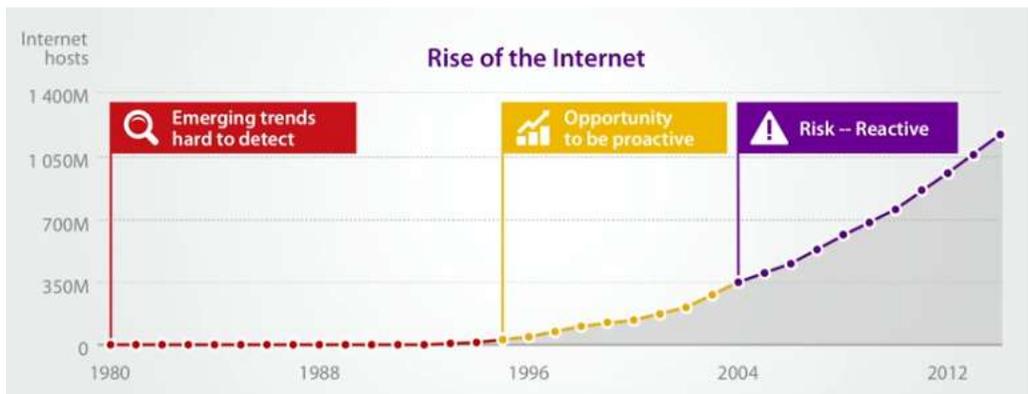
Each trend has a pace, bit like a surfer trying to catch a wave. There is an early period where when the wave is hard to detect and far of. You need to be **suited up and ready to go**, much of the **energy is in tracking and waiting**.



As the megatrend builds momentum, **you have the opportunity to act and you need to catch the wave.**



However, the less focused on is the last phase, when it is **often to late to lead**. The trend can **switch from opportunity to a risk and companies that miss the wave can get in an endless catch-up cycle** which for some companies can be fatal.



Kodak is an example of the consequence, they patented the first digital camera in the world, they dominated the photographic space. They saw the digital wave coming for certain which they discussed it almost on all their board meetings but they **fundamentally misjudged the pace**. Their Kodak moment came when they filed for bankruptcy in Jan 2012.

Spotting a trend isn't enough, you need to know the pace of the trend and act in the window of opportunity.

What Does A Trend Winner Look Like

In recent years, there have been many winners all around us. Over 19,000 companies researched, academic research papers from leading universities such as Stanford, Oxford and industry papers from Reuter, BCG. It's **surprising how many the trends companies need to spot and lead on** to win in today's world.

Amazon is a well-known winner in e-commerce. However, did you know where all their revenue comes from? They are leading on multiple trends, even if it means cannibalising their existing sales. Currently Amazon are pioneering in Robotic advantage.

These are just 4 of the 14 major MegaTrends Amazon has spotted and led to become one of the world's largest company in less than 2 decades.

Spots Trends Early, Courage To Act, Do So Repeatedly

Trend tracking is indeed an Art and Science. Which can be enhanced with the correct access to Data and Tools.

One example of Tools are “Pattern Maps”, these are just one of many powerful tools to get advance notice of future moves and the waves forming.

Living At The Confluence of Mega Trends

We have so far spoken about individual trends; but **most powerful opportunities are created when these trends are combined.**

In the last decade we have **crossed many inflection points** such as:



We all know about many of this shift but how can you use this knowledge to build one of the greatest companies?

Take the world of Toys!

Lego, in 4 short years, Lego became the world's biggest toy company in the world **through confluence of trends.**



Lego, is the 1st toy company to build toy for all ages, used toy for robotics and used their existing range such as the farm kits to build kits for cities and urban design. They also entered the entertainment industry with movies and blockbuster movie kits.

They beautifully proved how existing organisations can **accelerate growth by understanding trends and acting through confluence.**

Market Leaders For 2025

We live in a world where **foresight is increasingly critical**. To many companies aim to be market leaders in 2017 and not nearly enough are **aiming to be market leaders in 2025**.

Foresight is a muscle that can be developed, so if you want to keep ahead of the curve, there are 5 simple steps to exercise.

The 5 Basics To Stay Ahead Of The Curve.

1. Get trend literate. Know your organisation's hot spots and blind spots.
2. Timing is critical & timing matters!
3. Leverage tools to get advance notice of those waves
4. Combine trends to create value. Everything is awesome at the confluence of mega trends.
5. Shape the future: Act on what you see.

There is no credit to just spotting many of these trends. Shaping the future belongs only to those who have the courage to act. We all need to navigate the challenges and opportunities of the 21st century.

The End of 15 Minute Edition E-Book put together by Mousuf Chowdhury

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This edition is the TedTalk of Alison Sanders Art and Science of MegaTrends.

Available now at TedTalk@BCG.