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Welcome to Mintel’s 2017 European Consumer Trends, where we aim to put you and your business at the vanguard of next year and the years beyond.

We have identified seven areas of opportunity for you, grounded in the commercial, technological, political and legislative context of what’s happening in 2017. To do this, we’ve drawn on our full array of products and expertise. We have quantified the appetite for our predictions with our consumer reports survey data and used our international network of Trend Spotters, Regional Analysts and Global New Products Database (GNPD) Analysts to show you the early signals of how to respond through innovations, services and campaigns.

In calling on the whole company to produce these predictions, we have endeavoured to cover and satisfy all of our main client sectors and territories and look forward to visiting you in person to present and discuss these findings.

We would also like to make a quick nod to the elephant, not in this particular room: namely the UK’s decision to leave the European Union. For the UK especially, the ramifications of this will alter, hasten and slow the course of many of these predictions, impacting on everything from African trade to pollution legislation. This is something we are keeping a separate statistical and analytical eye on and we will keep you informed of our findings.

A big thank you to everyone here at Mintel for creating this year’s predictions. We hope you enjoy and exploit them.

Best wishes for the year ahead,

Richard Cope
Senior Trends Consultant

Catherine Cottney
Manager of Trends
THE SWEET HEREAFTER
After Finland, Norway, Hungary and France, the UK is the latest European country to declare a sugar tax, signifying a growing challenge for European brands: namely how to deliver the future of sweetness going forward.

**WHAT’S HAPPENING IN 2017?**

Ahead of the UK’s April 2018 sugar tax, international soft drinks brands are already scrambling to reformulate and innovate, with AG Barr being one example, launching its sugar-free alternative Irn-Bru XTRA in August 2016. While the British Soft Drinks Association boasts its members have already cut sugar in their products by 13.6% since 2012, they are going to have to go further. The tax itself targets imports or production of high-sugar soft drinks across two bands – one for total sugar content above 5g per 100 millilitres (at a likely 18p per litre) and a second for those with more than 8g per 100 millilitres (at a likely 24p per litre). Pure fruit juices and milk-based drinks will be excluded, as will the smallest producers. The avowed aim is to reduce obesity and specifically its £5 billion a year cost to the UK’s National Health Service (NHS), with the UK government saying that the estimated £520 million in revenue will go towards encouraging sports participation in primary schools. Beyond the UK, more and more governments are concerned about obesity’s financial hit on public health services. Whilst they will be taking an interest in the levy’s effectiveness in health, more brands across Europe will consider this as a portent for a need to reformulate not just carbonated soft drinks but also other high-sugar products in other sectors.

“Beyond the UK, more and more governments are concerned about obesity’s financial hit on public health services.”
WHY CONSUMERS WILL BUY INTO THIS

Continuing media coverage around the sugar tax is about to give consumers a discomforting crash course in sugar education, teaching them that over the course of a year, a UK child aged between four and 10 will consume the equivalent of around 5,500 sugar cubes – or three and a half stone – the weight of an average five-year-old (Public Health England). They will also learn that being overweight affects 30–70% of Europeans and obesity 10–30% of them. What’s more, it seems taxes in other countries have proved successful – at least when it comes to reducing consumption. According to the National Institute of Public Health of Mexico, there was a 12% decline in sales of fizzy drinks in one year after Mexico introduced its 10% tax on sugar-sweetened drinks in 2014. Mintel’s research shows a similar scenario in the UK, with 53% of carbonated soft drink users saying that they would either cut back on or stop drinking sugary carbonated soft drinks if the price were to increase by 24p per litre as a result of the sugar tax.

Mintel research reveals that sugar’s bad press is already impacting behaviour, with 63% of Polish, 63% of Spanish, 60% of Italian, 55% of French and 54% of German consumers telling us that they are already actively reducing their consumption of, or are actively avoiding sugary foods. Meanwhile, some 22% of Italian, 25% of French, 27% of Spanish, 29% of German and 30% of Polish consumers agree that artificial sweeteners (e.g. aspartame and saccharin) don’t taste as good as sugar in food or drink; and 17% of French, 23% of Italian, 25% of German, 26% of Polish and 31% of Spanish consumers have an interest in more products with natural, low-calorie sweeteners (e.g. stevia).

Little Miracles Organic Energiser drink is part of a growing trend towards provenance around intrinsic cane or beet sugar launches.
Lucozade Zero was introduced in 2016 as a low-calorie drink that offers consumers a healthier choice.

Despite the British Soft Drinks Association’s assertion that 58% of soft drinks consumed in the UK are already low – or no-calorie, the tax is evidently bad news for carbonated drinks brands. Rather than contest the legislation, though, they will downsize can and bottle sizes and reformulate with non-sugar alternatives (most brands already have these lines in place, with Irn-Bru Sugar-Free and Lucozade’s zero-calorie lines being recent latecomers to the party). Talking of Lucozade, we should expect that glucose fructose syrup will not be exempt from the legislation either. As a healthier alternative, we might see growing usage of sweeter-tasting agave syrup, but this might be limited and short-lived due to the fact that it is itself two thirds sugar. With smaller producers exempt, this may provide opportunities for craft soft drinks producers to flourish – as Fritz-Kola and Ali Cola have done in Germany – albeit in a market without a soft drinks sugar tax.

Consumers actively reducing consumption of, or avoiding, sugary foods, 2016

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<th>Country</th>
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<tr>
<td>Polish</td>
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Source: Mintel Reports
Unaffected 100% fruit – or milk-based drinks will not be impacted, so can be expected to compete more strongly by not having to hike up their prices, regardless of their sugar content. Other brands are faced with stark choices of taking a hit on more expensive sugary drinks, developing more artificially sweetened lines or testing the public taste buds with drinks that are simply less sweet in taste. It’s also going to prove difficult for brands to play the “natural” card when pushing alternatives, because plant-based sweetening ingredients like stevia leaves have to be processed. When it comes to ‘natural’ it’s more likely that brands will look to profit from the simplicity of its bottled water lines.

It remains to be seen what consumers respond most strongly to: price hikes or general bad press around sugar. Growing awareness of the cost of obesity to society threatens a tipping point where consumers eschew personal freedoms in favour of a sin tax, with sugar becoming “the new tobacco”. The fear for brands is the latter scenario and, if this tax is perceived to be successful in that regard, similar legislation will be applied to other categories – baked goods and highly calorific coffees, for example – and other countries, whether or not they are part of any trade union. The potential challenge for manufacturers of cakes, biscuits, sweets and ice cream would be far greater, because sugar is fundamental not just to taste but also to providing texture and bulk.

Growing awareness of the cost of obesity to society threatens a tipping point where consumers eschew personal freedoms in favour of a sin tax, where sugar becomes “the new tobacco”.

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Consumers who agree that artificial sweeteners don’t taste as good as sugar in food and drink, 2016

25% French 29% German 22% Italian 27% Spanish 30% Polish

Source: Mintel Reports
We’ve already seen Finland extend taxes to confectionery, chocolate and ice cream and Hungary do the same for salty snacks and condiments. Neither the government nor consumers will be able to perceive health benefits in the first years before or during this legislation. Already health campaigners in the UK are pushing for higher levies of 20% on products with the highest sugar content to make it truly effective. What it may serve to do is focus consumer attention on other unregulated high-sugar products in general and to start taking more of an interest in analysing and evaluating the products they buy and their weekly sugar intake.

As brands become exposed by the advent of simple innovations like the NHS’s Sugar Smart barcode scanning app, some retailers such as Tesco have already begun stripping sugary variants from their drinks aisles. In marketing, there is the possibility that some of the afflicted carbonated soft drink brands might start aggressively comparing their reformulated, reduced-sugar options with the levels of intrinsic sugar in the untreated milk and fruit juice products of those rivals that are exempt from the tax.

WHERE NEXT?

Most companies have reacted and reformulated as an early response to this latest tax and whilst they may aim their fire on currently exempt competitors, they will certainly be readying themselves for the possible need to redeliver sweetness across other product sectors like baked goods and confectionery.
AIRPOCALYPTICAL
NOW
Air pollution is harming us right now and governments, brands and consumers are ready to respond. As post-Paris legislation kicks in and eco lobbyists push for further action, consumers will wise up to danger and start investing more in the kind of pollution protection products we see in China (including masks, air purifiers, beauty treatments and plants), whilst brands endeavour to be part of the solution, not the problem.
WHAT’S HAPPENING IN 2017?

Consumers are wising up to the killer in their midst, with the World Health Organization reporting that 4.3 million deaths occur each year from exposure to household (indoor) air pollution and 3.7 million deaths each year are attributable to outdoor air pollution. What’s more, this isn’t unique to Asia: air pollution kills 48,000 people in France (Santé Publique France), 9,500 Londoners (King’s College London) and 400,000 in Europe every year (European Environment Agency).

We expect European consumers to follow China’s lead. Mintel research reveals that ownership of masks (83%) and air purifiers (56%) is a major concern in China and that using houseplants (52%) and air quality index monitoring (33%) to counter pollution is commonplace behaviour. Meanwhile, in France, 41% of consumers agree that the environment (e.g. pollution) affects skin, followed by 37% in Italy, 35% in Germany and 28% in Spain.

Ahead of the first statistical stocktake in 2018, European governments will start implementing some of the actions called for by the Paris climate summit. This will include ‘urban greening’ plantation programmes, clamping down on older vehicles and incentivising e-cars and construction programmes using building materials that chemically counter pollution. The continued lobbying of governments by Greenpeace to take more drastic, more immediate action with very public campaigns will also educate consumers about the dangers and the protective products they can purchase.

In London, for example, a £10 emissions surcharge on the bulk of pre-2006 registered vehicles entering the city centre is being proposed for 2017, but lobbyists are pushing for an outright ban on diesel vehicles in the most polluted areas.

In Paris, the action has been more stringent and urgent: as of July 2016 any car registered before 1 January 1997 has been banned from the entire city’s streets in the week between the hours of 8am and 8pm. Norway has gone even further, banning the sale of all fossil-fuel-based cars by 2025.

Consumers who agree that the environment (e.g. pollution) affects the skin, 2016

Source: Mintel Reports
Pollution-proof products purchased, China, 2015

83% Mask
57% Water purifier
56% Air purifier
28% Skincare products with anti-pollution claims
24% Haircare products with anti-pollution claims

Source: Mintel’s Marketing Pollution-proof Products China 2015 report

WHY CONSUMERS WILL BUY INTO THIS

In retail, European consumers will start buying protective masks – like the 'Dettol Protect+ Smart Mask', sold in China and being launched globally in 2017 – home air purifiers, houseplants and protective clothing, some of it smart and sophisticated enough to measure pollution and filter air as well. We’ve even seen Rotterdam’s ‘Smog-Free Tower’ turn pollutant particles into jewellery. Retailers can take a similar approach to store construction by embracing building materials that combat pollution, like polymer bricks that remove aluminium coated in mercury and titanium dioxide, which decompose pollutants in the air into harmless particles. One consideration for retailers is how the upsurge in things like Uber deliveries can contribute to pollution and clash with pervading policies.

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The T oyota Mirai hydrogen car runs on hydrogen and produces water that’s pure enough to drink.
Sustainable and ethical fashion is mainstreaming both at a specialist (Patagonia's Worn Wear recycling programme) and mass level (H&M's environmentally friendly textile factory in Ethiopia) and we can expect brands like Adidas, The Ocean Collection and G-Star RAW to expand on their first forays into recycled ocean plastic clothing and footwear. We'll also see more plant fabrics – like Piñatex’s recycled pineapple leaf fibre – waterless clothing and ‘bio-knit’ recyclable trainers. Elsewhere there’s potential for ocean plastic to be used for household packaging (as it has for Method) or even credit cards.

In the home, we’ll see consumers invest in electrical solutions like air purifiers, as well as humble houseplants, whilst brands will expand their lines of fragrance-free products as well as launching products that absorb dangerous substances from the air. In technology, following the lead of China, we’ll see consumers adopt apps and invest in portable devices that monitor and analyse air quality.

Beauty brands are already at the vanguard of the pollution protection industry and we can expect an increase in product claims, as well as more campaigns that show just how bad pollution is for hair and skin. We’ve seen beauty brands like Shiseido create pollution-busting billboards and The Body Shop turn airborne carbon emissions into product packaging. We’ll see more brands identify and promote ingredients that defend the skin against the harmful effects of pollution, as Sederma has done with its Citystem™ product fuelled by plant cells, and more pop-up detox salons like Iluxe Organics in London.

In food and drink, we’ll see ‘eat yourself clean’ concepts with brands positioning superfoods as immunity boosters, as well as others championing their pure sourcing from unpolluted areas, which is standard for bottled waters, but beginning to emerge in sectors like fish and meat. The bad press for meat as a pollutant and the need for greenery will bring more championing of vegetarian diets, more plant-based packaging, edible packaging from groups like Wikifoods, plant fabrics and recycled plant waste like coffee grains used as biofuel.
As for foodservice brands, they, like retailers, need to be aware of becoming part of the pollution problem by offering eco-friendly delivery alternatives to cars and mopeds in the form of deliveries by bicycle, or even on foot.

In the automotive sector, Mexico City and Paris have passed legislation curtailing car usage and banning cars from certain areas or on specific days of the week and we’ll see more incentives for electric vehicles or bicycles, as well as platforms that promote car-sharing services. We’ll see more radical innovation like Toyota’s Mirai, cars which run on hydrogen gas and produce water that’s pure enough to drink.

In finance, we’ll see the emergence of plans that cover health-related eventualities that come from living in highly polluted areas, or visiting them on holiday.

WHERE NEXT?

The re-evaluation of pollution as a here-and-now reality, rather than some threat distant in time and place, will see consumers invest in health protection products, as well as support brands that are innovating to change things for the better.

Labeyrie Grande Tradition Saumon Fumé d’Ecosse (Smoked Scottish Salmon) is marketed as being selected from sites known for their quality of water, heralding a new era of sourcing from unpolluted areas.

The bad press for meat as a pollutant and the need for greenery will bring more championing of vegetarian diets, more plant-based packaging and more recycled plant waste.

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TO READ MORE, SEE MINTEL TRENDS...

→ Airpocalypse Now
→ Hungry Planet
→ Factory Fear
→ Totophobia
→ Prepare for the Worst
ASCENDING AFRICA
As one political trading union weakens, another rises. Africa’s rising GDP and improving infrastructure are making it an increasingly credible and powerful trading partner, dealing in everything from ancient grains and gourmet cocoa to fashion, films and comic books.

In 2017, Europe will start to buy into and reach out to the benefits of Africa’s growing middle class and rapidly improving connectivity, which is helping people access credit to start up their own businesses. A host of factors are raising Africa’s prospects, including its youthfulness (65% of the population is under the age of 35 according to the United Nations (UN)), its growing independence (annual cereal output growth has exceeded 3% for a decade, according to the UN Food and Agriculture Organization, whilst ex-pat remittances exceed foreign aid, says the World Bank) and its burgeoning middle class (The Economist has estimated that 15% live in household with incomes of $5,500 or more).

Mintel Global New Products Database (GNPD) highlights that between 2011 and 2015 the percentage of food and drink products launched globally containing an African ingredient increased by 41%. If African exporters and brands can successfully mobilise, there is strong potential to appeal to youthful, premium, artisan, ethical European markets in food and beauty.

In the UK, some 48% of consumers aged 25–34 say companies’ ethics and behaviour have an impact on their purchasing decisions but they need convincing of credibility. Meanwhile, around half (52%) of UK consumers would only pay more for ethical products if they knew where the extra money went.

52% of UK consumers would only pay more for ethical products if they knew where the extra money went.
After a recent slowdown, the World Bank is predicting that GDP growth for sub-Saharan Africa will rise again to 2.9% in 2017 and 3.6% in 2018 at the time of writing, thanks to consumer consumption, investment and government spending. Connectivity will continue to gather pace, in line with Ericsson’s prediction that African mobile phone subscribers will grow to almost 800 million by 2019 and GMSA’s projection that 50% of Africans will have access to smartphones with mobile broadband by 2020. We’ll see the continent reap the benefits of Vodafone’s Instant Development Network, which brings digital access to schools and Facebook’s Internet.org partnership with Ericsson, MediaTek, Nokia, Opera Software, Qualcomm and Samsung, which aims to make internet access available to the two thirds of the world that are not yet connected. The continuing development of an African Central Bank and the East African Standard Gauge Railway project (the Mombasa – Nairobi section of the line should be completed this year) are just two elements in the story. These developments will add to the optimism, encouraging countries in and outside the EU to explore new trade opportunities.

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“...”

Fashion exports are being pitched toward males in Japan and the UK, thanks to MaXhosa by Laduma’s line of knitwear inspired by the clothes worn by Xhosa in South Africa when they reach manhood.

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WHY CONSUMERS WILL BUY INTO THIS

Food and drink brands such as Starbucks, Pizza Hut, Guinness and Coca Cola have all launched ranges catering for – or nuanced towards – the African market. To succeed, more and more will seek authenticity and affection by raising levels of local sourcing and employment (Diageo is targeting a figure of 75% for the use of Nigerian materials in its Guinness bottled stout). Guinness Africa – blended with ginger, lemongrass and chilli – is notably being exported. Other African ingredients and products have huge potential across Europe, from low-gluten or gluten–free ancient grains like sorghum, to rose-infused nougats and jams, authentic gourmet Tanzanian chocolate and Ethiopian Tella beer chickpea and plantain snacks. Some of these are already finding their way onto the market, as brands like Tesco, Waitrose, Lidl and Aldi begin to embrace more African products. Mintel research reveals that some 67% of Spanish and Polish consumers; 65% of French and German consumers and 63% of Italian consumers like to try new types of cereal, snack or energy bars. Meanwhile, 64% of Polish, 60% of Italian, 52% of French, 50% of Spanish and 42% of German consumers claim to prefer to try many different types of beer brands.

“Other African ingredients and products have huge potential across Europe, from low-gluten or gluten–free ancient grains like sorghum to rose-infused nougats and jams.”

Guinness Africa Special Stout incorporated native ingredients and featured the artwork of a local graffiti artist for its launch in Nigeria.
In beauty and personal care we’re seeing tapioca (derived from cassava) being repositioned as a cleansing powder, make up remover, exfoliator and face mask by beauty brand Kaia. Africa’s superfood baobab is now finding its way into our smoothies and breakfasts in powdered form thanks to Aduna in the UK and into South African soaps and oils from Chardine and Canway. Meanwhile, rooibos, which is familiar to us in tea form, is appearing in South African conditioners and day creams. Other more familiar African beauty products have the potential to cross over in authentic form too, including black soap made from the ash of locally harvested plants and barks such as plantain, cocoa pods, palm tree leaves and shea butter made from the fat of shea tree nuts.

Retail brands can seek to tap into the emergent middle class market – as Amazon and French shopping mall group CFAO are doing – but must pay heed to religious sensitivities and a growing desire for patriotic purchasing, embodied by movements like #BuyNigerian. As in food, in our view, there is a greater opportunity to ethically ‘export Africa’, especially in fashion. H&M and ASOS have already introduced this to the mainstream for European women and brands like MaXhosa by Laduma are doing the same for men.

“Retail brands can seek to tap into the emergent middle class market but must pay heed to religious sensitivities and a growing desire for patriotic purchasing, embodied by movements like #BuyNigerian.”
For technology brands, Africa is becoming a key focus of educational aid – from free connectivity to coding schools. Expect telecoms and social media companies to build upon the work of Vodafone’s Instant Development Network (bringing digital access to schools) and Facebook’s partnership with Ericsson, MediaTek, Nokia, Opera Software, Qualcomm and Samsung (making internet access available through staggering, progressive innovations like solar-powered aircraft and satellites). European tech brands will also import successful concepts from Africa – like M-KOPA’s solar-powered flat-screen digital and the BRCK mobile WiFi router – back home.

WHERE NEXT?

Without denying Africa’s many challenges, its youthfulness, growing connectivity and economic performance can empower it to trade and put it front of mind for Europeans. What’s more, its indigenous products are poised to deliver a winning combination of authenticity, provenance and exoticism across food and drink, fashion and beauty.

*Hungry Planet*
*The Real Thing*
*Moral Brands*

Nigerian start-up Comic Republic has created an African superhero comic series called *Hero Generation*, which has attracted 25,000 downloads from the USA, UK and Asia.
From a brand point of view, these initiatives offer an opportunity to tap into current feelings of nationalism in a positive and non-divisive way.

WHAT’S HAPPENING IN 2017?

European countries make up four of the top five countries in terms of UNESCO World Heritage Sites: Italy (51), Spain (45), France (42) and Germany (41). However, as austerity bites and the cost of conserving, renovating and paying for the general upkeep of cultural monuments and institutions increases, we’re seeing brands get more involved in funding or sponsoring maintenance and preservation.

In the UK, UNESCO sites may be fewer, but the need for brand aid is arguably greater, with concerns raised about the potential future loss of Creative Europe funding from the EU – which is worth some €1.3 billion in total. Historic England is also worried about the high cost of renovating at-risk listed buildings on its register, with the conservation deficit – defined as the difference between the cost of repair and the end value – having risen above £500,000 for the first time.

According to Eurostat, in 2015, net migration to Europe saw a population growth of 1.9 million, twice the increase recorded in 2014 and the largest increase recorded since 1961. This is creating tension, but there are also opportunities for brands to preserve and promote both the cultural identities of hosting home nations and their new arrivals alike – by sponsoring everything from building renovations to educational and cultural festivals.

20% of UK consumers think that big national brands or chains should play a bigger role in local communities.
From a brand point of view, these initiatives offer an opportunity to tap into current feelings of nationalism in a positive and non-divisive way. They also enable companies to transcend national boundaries by supporting causes across different markets and get involved in a more tangible way in local communities by becoming part of the fabric of a given area. Indeed, according to Mintel, 20% of UK consumers think that big national brands or chains should play a bigger role in local communities. This approach can also attract custom: almost half (48%) of UK consumers aged 25–34 say companies’ ethics and behaviour have an impact on their purchasing decisions.

These kinds of sponsorships and their tangible benefits can also sidestep some of the consumer cynicism often directed towards ‘green’ corporate campaigns that feel like exercises in economising. However, transparency will still be key as Mintel finds 52% of UK consumers say that they would only pay more for ethical products if they knew where the extra money went.

With pollution in urban areas reaching new highs and growing awareness around this issue, we’re also likely to see more beauty brands step in and fund installations that can combat pollutants in the air.

Savse, a smoothie brand, teamed up with running community GoodGym to give a makeover to London’s run-down public spaces while getting the volunteers’ heart rates pumping.
WHY CONSUMERS WILL BUY INTO THIS

We will see food and drink and foodservice companies restore – or move into – historic food trading or manufacturing venues associated with their brand. This can help reinforce ideas of heritage and authenticity. There’s also potential for these brands to sponsor or safeguard areas near where their produce is farmed; this would go some way to highlighting provenance and create closer ties between the brand and the community in which it is based.

Brands in the beauty and personal care industry are becoming heavily water-dependent, as well as more vocal when it comes to the provenance of glacial or deep-sea water ingredients. This presents an opportunity to extend into the conservation of water features – from springs to public baths and fountains – in urban areas. With pollution in urban areas reaching new highs and growing awareness around this issue, we’re also likely to see more beauty brands step in and fund installations that can combat pollutants in the air.

There’s an opportunity for clothing and footwear as well as leisure and entertainment brands associated with certain leisure activities, from running to skateboarding, to rejuvenate or update facilities that have fallen into disrepair. This will appeal to those interested in taking part in such activities and will also have a positive impact on the aesthetics of that area, which in turn will surely appeal to the wider community. Meanwhile, having more of these facilities in use can have a positive knock-on effect on sales of associated clothing and accessories.

WHERE NEXT?

This new era of corporate social responsibility will see brands continue to use their clout to help improve citizens’ quality of life, while also safeguarding important cultural icons for future generations. This can improve community relations as citizens can clearly see how a brand is using its influence to affect change while also reducing the pressure on governments.

TO READ MORE, SEE MINTEL TRENDS...

→ Rebirth of Cities
→ Giving Back
→ Patriot Games
→ Locavore

“This new era of corporate social responsibility will see brands continue to use their clout to help improve citizens’ quality of life while also safeguarding important cultural icons for future generations.”
RIGHT HERE, RIGHT NOW
Aided in part by the rise in popularity of geolocation technology, we expect brands increasingly to help consumers decide what to buy, watch, do or eat based upon pending time frame from the next 30 minutes to the next 48 hours.

WHAT’S HAPPENING IN 2017?

Pokémon GO’s widespread popularity, coupled with further improvements in geolocation and beacon technology, will have a knock-on effect on how people interact with their immediate surroundings and how they search for things to do and buy at any given moment.

Brands can alert users to sales or special offers curated just for them or leisure events happening in the here and now. This provides businesses with a positive, serendipitous way to offer deals, something that will appeal as economies across the Euro region remain shaky. Mintel’s data states that in the UK 29% of millennials would be happy to share their real-time location with brands they like in exchange for nearby offers.

Beacon technology is becoming more powerful and pervasive: launched in August 2016, French app Yatù allows users who have opted in to chat with retailers, view stock levels, order products and receive offers up to 5km away in their local area. According to Mintel, this has the potential to appeal to the 27% of UK, 21% of Spanish, 20% of Italian, 13% of German and 12% of French consumers who have bought luxury branded items in the past 18 months and would be interested in smartphone marketing relevant to them and their location at the time.

“Brands can alert users to sales or special offers curated just for them or leisure events happening in the here and now.”
Beyond retail, we expect alerts to be used to sell tickets at leisure attractions. In the US, we’ve seen signs of how beacon technology can be used to sell empty seats, as well as sell more merchandise. Some 53% of NBA arenas and 75% of NFL stadiums are successfully deploying beacons, with proximity sensor researcher Proxbook forecasting that 8 million were in use across the globe in 2016.

The same principles will also come to prominence in foodservice. We’ve already seen mobile payment and data insights platform Zapper roll out its own Z-Beacon Bluetooth technology to more than 1,000 UK bars, pubs and restaurants. It can alert Zapper users about events and seasonal products as well as sending them a notification when they arrive at the venue or personalised offers to reward customers before they leave.

In order to free people up, we will see websites introduce more time-focused frameworks or offers that can reduce the amount of research that can be done before a decision needs to be made.

The EU's FoodLoop app notifies users when items which are nearing their best before date have been reduced in price.
WHY CONSUMERS WILL BUY INTO THIS

In retail, discounting has become so ubiquitous and constant through ‘brand match’ initiatives that it has lost all meaning. There is an opportunity to inject some urgency and playfulness into promotional activity beyond diarised Black Friday or Amazon Prime campaigns. Retailers can introduce ‘happy hours’ and countdown discounts in response to everything from the weather to political or cultural events to engage consumers through some unscheduled serendipity. And this isn’t limited to the physical world. Unfettered access to the internet has meant that people have any number of review sites at their fingertips, but this can be crippling.

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Food and drink retailers can explore shelf formatting and packaging according to cooking by time. Kochhaus has done something similar with its ‘walk-in cookbook’ – displays include the time required to cook the meal. We’ll also see brands endeavour to follow the example of the EU-backed FoodLoop, an app that helps consumers find – and retailers sell – products with an impending sell-by date. BuffetGO and ResQ offer similar services for restaurants and customers alike. Packaging too can offer clearer information, primarily visual, on how long a product takes to be used, when it is best before and at what temperature it is best consumed.

29% of UK millennials would be happy to share their real-time location with brands they like in exchange for nearby offers.

The ResQ app lets users buy food from restaurants that would be otherwise thrown away.
Foodservice outlets have embraced this time-centric focus when it comes to making use of food that would otherwise be thrown out. Not only does this ensure businesses can maximise their profits, but it also taps into growing awareness about the problem of food waste.

In the financial services sector, we’ve seen Android Pay Day used to incentivise people to use its M-wallet services for discounts on designated days and this could be extended to flexible pricing based around ‘happy hour’ discount product – or service – windows exclusive to users at designated times such as their lunch hour or rush hour.

WHERE NEXT?

Time will be a key issue for brands in 2017 and we’ll see a growing demand for services and platforms that can help people organise and make better use of their leisure time via new geolocation technology or an increased emphasis on highlighting the time it takes to engage with a brand’s product or service.

TO READ MORE, SEE MINTEL TRENDS...

→ FSTR HYPR
→ Let’s Make a Deal
→ Locavore
→ Seamless Spending
→ Guiding Choice
Mintel Trends. For those who create, innovate or communicate.

Find out more: mintel.com
Growing consumer confidence in contactless payment systems will lead to a greater number of businesses embracing digital payments and more impulse purchases thanks to the financial fluidity they offer.

WHAT’S HAPPENING IN 2017?

Growing consumer confidence in technology born of familiarity, along with technological advances and product launches, will increase adoption. Mintel research reveals that 30% of UK consumers already feel comfortable about the potential for a completely cashless society, while 29% say that it is more convenient to pay for things using a smartphone than other payment methods.

In its second year of operation, Apple Pay will begin to gain greater traction (naysayers should remember that contactless took six years to catch on!) after its one-click payment services have been rolled out to any device running on the Safari browser in the autumn of 2016. Meanwhile, Android Pay is also growing in popularity and practicality, thanks to the fact that 40% of smartphones now have an near-field communication (NFC) chip, according to Barclaycard, and also due to the incentives offered by its ‘Android Pay Day’ discount schemes. Innovating a step further, Vodafone has announced a partnership with PayPal to allow users with Android devices to make contactless payments from their PayPal account even when the phone is switched off or out of battery – a feature achieved by embedding NFC technology into the SIM rather than the handset.

30% of UK consumers already feel comfortable about the potential for a completely cashless society.
We will see existing wearables expand to incorporate payment capabilities. In May 2016, Fitbit acquired the payments hardware firm Coin and stated that “the acquisition accelerates Fitbit’s ability to develop an active NFC payment solution that could be embedded into future Fitbit devices, broadening its smart capabilities”. A prospective launch date for such a device is currently expected sometime in 2017.

There will be a growing focus on increasing the spending threshold too. Retailers will continue to roll out their own smartphone payment applications, from Alibaba’s Alipay to Tesco’s PayQwiq, which allows customers to store both their Clubcard and debit card details and pay for up to £400 of shopping. Mastercard also recently announced that everyone in Europe will be able to make high-value purchases with their contactless-enabled device for high-value payments (above £30 in the UK) at all contactless terminals by 2017.

![Tesco's PayQwiq app can be linked to debit and credit cards, allowing customers to pay whilst automatically collecting Clubcard points.](image)

**Consumer attitudes towards mobile payments, UK, 2016**

- **30%** I feel comfortable about the potential for a completely cashless society
- **27%** I think that mobile payments are as secure as other payment methods
- **19%** I would be comfortable using a social media or messaging app to send payments to friends and family
- **16%** I would be comfortable using a social media or messaging app to pay online retailers

Source: Mintel’s Consumer Attitudes to Mobile Payments UK 2016 report
British student Lucie Davis embedded a radio frequency identification chip into a set of acrylic false nails, allowing them to function as a Transport for London Oyster card.

WHY CONSUMERS WILL BUY INTO THIS

In retail, businesses that create their own payment schemes will theoretically be able to pass on debit and credit card transaction fee savings to their customers in the form of loyalty-boosting discounts. Cash-free retail spaces will improve convenience for shoppers, while the ease of payment may lead to a greater number of impulse purchases.

This new cashless fluidity and flexibility should also empower smaller merchants, provide greater efficiency and security by eradicating cashing-up and make pop-ups safer and more practical to run.

In terms of finance, we may be entering into an era of reckless spending as money loses its tangibility in a cashless society. However, the advent of ‘open banking’ legislation (the sharing of transactional data required for push payments) is allowing intermediaries like Monzo to offer category statements on spending (on alcohol or food, for example) to help people budget along financial – or health – lines. Cash-free foodservice outlets that have been kitted out with pre-ordering facilities and self-service kiosks, like London’s Tossed, will become more common. Aside from proving convenient, this will benefit patrons looking for ways to split bills simply, while we’ve also seen it suggested...
that cashless automation can benefit workers: customers paying via contactless were found to be more likely to tip compared to those using chip and pin or swipe according to research from Square. Brands embracing this transactional automation can use it as an opportunity to liberate and accentuate the human element – or simply eliminate it.

Technology brands will need to ensure that the hardware they are producing offers, and can work with, the latest digital payment technologies; whether that is NFC-enabled or simply being compatible with digital payment apps. The growing popularity of digital payments could also help wearable technology break into the mainstream as people become accustomed to the convenience offered by new ways to pay.
WHERE NEXT?

In 2017, the process of paying will become so efficient that it will become second nature to quickly swipe a card, smartphone or wearable to complete a purchase. With the practicalities of paying streamlined, possibilities will be opened up for brands and retailers to focus on creating a more unique shopping or eating experience for their customers. There are concerns that, as hard cash fades away, this new simplicity might also encourage recklessness in spending, but a host of real-time tracking apps should actually allow people to control and analyse their spending more successfully.

Kerv has developed a contactless-payment-enabled ring made from hard-wearing ceramic that doesn’t need to be charged, needs no PIN entry and is even waterproof.

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TALKING SHOP
As the software that powers platforms such as Snapchat, WhatsApp and Facebook Messenger improves and becomes more nuanced, these forms of communication will mainstream in the customer service sector and we’ll see people increasingly speak to brands as easily and informally as they would with their friends.

WHAT’S HAPPENING IN 2017?

Social media platforms are growing in popularity as secure and trustworthy communication channels connecting brands and consumers. As of July 2016, over one billion messages were being sent between people and businesses on Facebook Messenger every month across the globe. Mintel research reveals the extent of the popularity of social networks across Europe, showing that social networks are used by just under half (47%) of the European population weekly and the region has 393 million active social media users.

The importance of social media in customer services cannot be underestimated. According to Mintel, a quarter (25%) of French consumers would like to be able to chat with a customer service advisor using social media; this rises to half (50%) of Italian consumers. Meanwhile, in Italy, 59% of consumers say they would like to be able to contact customer service through an instant messenger, while in Germany 24% of consumers would like to be able to use an instant messenger service to contact a customer advisor online. As such, brands are looking to take customer service in-house: firstly to avoid the damaging public glare and secondly to nurture closer relationships and greater customer loyalty.

Following WhatsApp’s introduction of end-to-end encryption and Facebook Messenger’s trial of similarly encrypted ‘secret conversations’ since July 2016, consumer confidence in sharing sensitive information with companies via messaging apps will grow. And this is something consumers are seeking: Mintel finds 43% of consumers in the Republic of Ireland
and 41% of consumers in Northern Ireland say that raising issues with a company via social media is more effective than contacting it directly, while 27% of UK consumers say they would find it useful if they could contact brands via messaging apps, e.g. WhatsApp.

This will be stimulated by the fact that Facebook’s Messenger Platform – an application programming interface (API) – will give any third party the opportunity to develop its own chatbots (automated programs that can chat to users in a human-like way) for Messenger.

Away from transactional or data exchanges, we will also expect campaigns on Snapchat to grow and develop further beyond Sponsored Lenses (where users can overlay official branded animations on their selfies) and Geofilters (custom filters that are available based on a user’s location), especially following the launch of Snapchat Partners in June 2016. This API connects brands with tech developers making it easier for brands to buy ads as well as optimise and analyse campaigns. Advertising will be further integrated into the platform following a raft of new developments which will allow brands to insert ads between video content (Stories) posted by a user’s friends.

Iceland’s budget airline WOW air has hired four SnapTravelers to visit destinations around the world and share their experiences on Snapchat.

Brands are looking to take customer service in-house: firstly to avoid the damaging public glare and secondly to nurture closer relationships and greater customer loyalty.

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WHY CONSUMERS WILL BUY INTO THIS

In retail, brands will be able to instantly deal with complaints and queries using these new forms of technology rather than relying on manned social media platforms. However, this may come at a cost, as customer expectations will be raised to new heights. Whilst end-to-end encryption will obviously encourage new forms of online transaction, the advent of service messaging apps also has the potential to enrich in-store experiences, with geolocation services allowing associates to converse with people on the premises. We’ll see more mobile messaging platforms expand to offer an ‘all under one roof’ commerce set up, as WeChat has done in China. This has significant potential for retail brands in terms of offering simpler ways to order, pay and arrange delivery.

In food and drink, we’ll see brands utilise platforms such as Snapchat for social media campaigns. This will allow customers to interact with a brand’s logos and visuals in new and personalised ways (as Vimto has done in the UK) and give people an incentive to share them amongst their friends – something that may lead to greater awareness and recognition.

Beauty and personal care brands such as L’Oréal are already tapping into the popularity of platforms such as Snapchat to create grassroots advertising campaigns with Sponsored Lenses that turn every selfie into a shareable ad. Beauty brands should also be considering how they can use augmented reality technology to showcase their products, allowing people to try products virtually from the comfort of their own home.

In financial services, we’ll see a growth in insurance companies and banks offering chatbots and customer service via messaging apps, as well as opportunities to add credit or make transactions. As people start to use these platforms for all their purchases and communications, platforms can also help users better manage their money.

WHERE NEXT?

In 2017, we will see social media platforms become an essential part of everyday life for users. Beyond being used for their original purpose – to connect users to their friends and family – they will develop to allow users to complete a wide range of activities without having to log off or navigate away from the site. For consumers, this will be convenience nirvana, as they will have unprecedented access to official brand channels. For brands, it will give them an opportunity to nurture closer, more private customer relationships and dialogues through social media but it may also pose some major new challenges as they seek to ensure they can realistically offer constant and reliable communication.

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