



A world transformed by consumer connectedness

Mike Walsh, author, CEO of research agency Tomorrow and a specialist on the digital future, is a keynote speaker at the 2010 national conference Eyes Wide Open in September. He spoke to *Research News* about what the world's digital future might look like – and it may be coming from a different direction than the one you'd expect.

Brazil, Russia, India and China, will the interesting countries to watch in the next few years for digital innovations, according to futurist Mike Walsh. But first, he says, we need to go back to the past...

Walsh has picked 1994 as a world turning point for networked and connected behaviours. People born post-1994 have never experienced a world without the world wide web – and thus have a completely different mentality than that of previous generations when it comes to buying things or being influenced by advertising.

'I call the post-1994 generation "the naturals"' says Walsh. 'What older people think of as privacy, younger generations think of as no one listening to them or watching what they do. They want to share stuff and be seen and heard and they intuitively filter their own information to suit different audiences – such as having different Facebook settings to control what information is available to their parents. They are highly connected and within their social groups there is continuous information available. While older generations tend to use communications technology at an appointment level, kids are never apart from knowing what other people in their cohort are doing.'

This has significant implications for the world's consumers. In his book *Futuretainment* Walsh explores what happens once the world's consumers become highly connected to each other.

'One of the first industries where this has happened is the media,' he says. 'Suddenly we moved away from a model where media was packaged and distributed in formal ways to a situation where consumers were not only creating content themselves, but distributing it. Marketers and programmers had to quickly change their emphasis to getting consumers

to like their TV shows and products enough to blog or tweet about them – in other words, use their own networks for distribution.'

The direction that such changes can bring about isn't necessarily easy to predict. Walsh points out that the entertainment industry is developing in a circular fashion rather than a linear one.

'When DVDs first came out, the ancillary revenue from them saved Hollywood because people had stopped going to the movies, but they did buy DVDs,' he says. 'Now DVDs have almost completely collapsed, particularly in markets like Asia where there is almost no money being spent on them because of digital downloads and piracy. But at the same time box office takings are rising. Consumer behaviour has swung around and people are going to the movies again to have the experience of theatre.'

Walsh explores how Twitter has now grown to a point where it's being used – and effectively – as a medium for customer complaints, with some consumers finding that a complaining tweet is dealt with far more promptly than one made through the traditional channels. Walsh attributes this to the fact that a person making a complaint on Twitter is, in effect, yelling out to their followers that a company has failed them.

'I was speaking to the author and Apple Fellow, Guy Kawasaki, who told me when he was flying he used the plane's WIFI to tweet that he didn't get his meal. Some person in marketing at the airline actually called ground control, who then called the pilot, who then called the stewardess, who then brought him his meal.'

However, Walsh cautions that it's not necessarily a sign of new things to come.

'I'd like to think this is the sign of a new customer focused revolution, but my gut feeling is that it's a novelty. Right now it's so new that people like the marketing director of Westpac are watching what customers are saying, but I think that will settle back down in a couple of years.'

'However, what we are seeing is that smart companies are starting to use Twitter and other social media not simply to solve problems but to deepen their understanding of their customers.'

'We are still in the very early days of monitoring people's behaviour on Twitter and what they are blogging about and how that connects with their consumption behaviour. We look at positive or negative mentions in social media, or we make a knee jerk response to a product complaint, and they are at the superficial level of customer intentions. I believe we're going to see people building much better databases that reach deeper into people's transaction behaviour and start to combine financial transaction information with people's social media commentary and their recommendations to their friends and networks. At that point I believe the research industry will be reborn because researchers will be like archaeologists, going back through the complete history of people's purchasing behaviour.'

Picking international hot spots for technology breakthroughs is one of Walsh's interests – though he does think Australia is a bit of an embarrassing case.

'Australia is still arguing about building a national high-speed broadband network over the next ten years. To me that's a bit like saying we want to build a high definition landline phone network. In ten years time the user behaviour model in relation to the internet and mobile will be radically different. I don't think we should be making infrastructure decisions that will take

ten years to construct based on the behaviours we are seeing now. The really interesting discussion that no one is having yet is how consumer behaviour will change as a result of having universally available high speed broadband at a low price. It will definitely change how people use the internet.'

Walsh makes an interesting comparison with Japan, which has developed its own mobile-driven culture, while being relatively backward in how it uses the web.

'It's unusual for people in Japan to actually use the internet from a desktop terminal, so from a web perspective the country is strangely isolated and behind. On the other hand, most of the content models we're seeing now with the iTunes store and the Application Store were originally developed by Japan. It's the only country in the world trying to solve the problem of its ageing population through robotics. The Japanese are literally investing millions of dollars in helper and companion robots.'

'I think Japanese ingenuity is quite specialised, so they will go off into the mountains or some secret lab and build some amazing piece of robotic technology. But I don't think we'll be seeing international innovation coming through that kind of very expensive, custom-designed technology.'

Instead, Walsh asserts, the countries to watch are those that are being forced to come up with cheap innovations.

'Brazil, Russia, India and China, known as the "BRIC" countries, have a combination of high populations and scale. They are having to invent innovative solutions that are very cheap; designed for their lower middle classes; things that will disperse virally. Through the web they are harnessing the collaborative power of millions of people and to me, the emerging countries are where the next big ideas are going to come from.'

What does Walsh have to say about the iPhone and the newest related gadget – the iPad?

'Apple produces amazing solutions for a certain proportion of the world's population, but to say that everyone will be using an Apple iPhone in the future is like saying everyone will be driving a BMW. The iPad, as well as being the ultimate content consumption device, will be useful for real time analytics – it's the perfect device to be able to interact with consumers in real time.'

The brave new world of connectivity sounds like good news for the research industry. However, Walsh sounds a personal note of warning about the downside of world wide connectedness.

'The Japanese have coined the name "Hikikomori" to describe the condition of many kids today, who while they are highly connected, have no friends in the real world. They are having the experience of knowing lots of people on the internet, but none of them being a "friend" in the sense that we understood maybe 10 years ago.'

'In the same vein, some of the fastest growing medical clinics in China are "internet addiction" clinics. From a sociological perspective we're on new ground. On one hand we have the technologies to connect and on the other hand, we can be very isolated in terms of human interaction.'

Mike Walsh spoke to conference committee member Chris Mawn. *Futuretainment* is published by Phaedon and presents its insights with original photography, innovative graphs and visualisations, with the aim of radically rethinking the traditional business book. Mike is represented in Australia by O2 Speakers.