fractal

Trend Highlights: Consumer Brands 2025

Excerpts from our Strategic Foresight Study

June 2022

Index:

Note: If you'd like to go through our process and approach before checking out the trends, click here

What does the average American household look like in 2025?

Which consumer segments and moments that emerged during the last few years are here to stay?

Do weekly shopping lists still even exist?

Is Metaverse a fad or a trend that'll last? Will it disrupt consumer connection and brand tribes the way we know them?

How will new technologies shape the identities of brands and consumers?

If these are questions you have, you're not alone. Our team at Fractal has spent 8 weeks deeply researching, reflecting, and ideating these very questions. This study is an endeavor to bring today's consumers and businesses closer to the world of tomorrow by identifying macro-drivers of change, strong signals, fringe signals and trends for Consumer Brands as an industry for the year 2025 and beyond. We have identified latent needs, framed worthwhile provocations, and mapped solution directions for the same.

We can't blame Covid anymore

Fig A.1 Baby formula scarcity

Despite being 2 years into the pandemic, many companies still seem under-prepared

Glimmers of Hope for the Supply Chain Shortage But Americans Will Have to Be Patient
From semiconductors to cream cheese, Americans are enduring shortages of key items.
By Tim Smart · Jan. 27, 2022, at 3:42 p.m.
Fig A.2 Supply change challenges

Flight Cancellations, Delays On The Rise In US
Fig A.3

Currently, the average American exists in a paradoxical age of being promised abundance but experiencing scarcity. Never have we had the scale of resources and technological capability we do today, and yet being confronted by such surreal imagery has become more common lately.
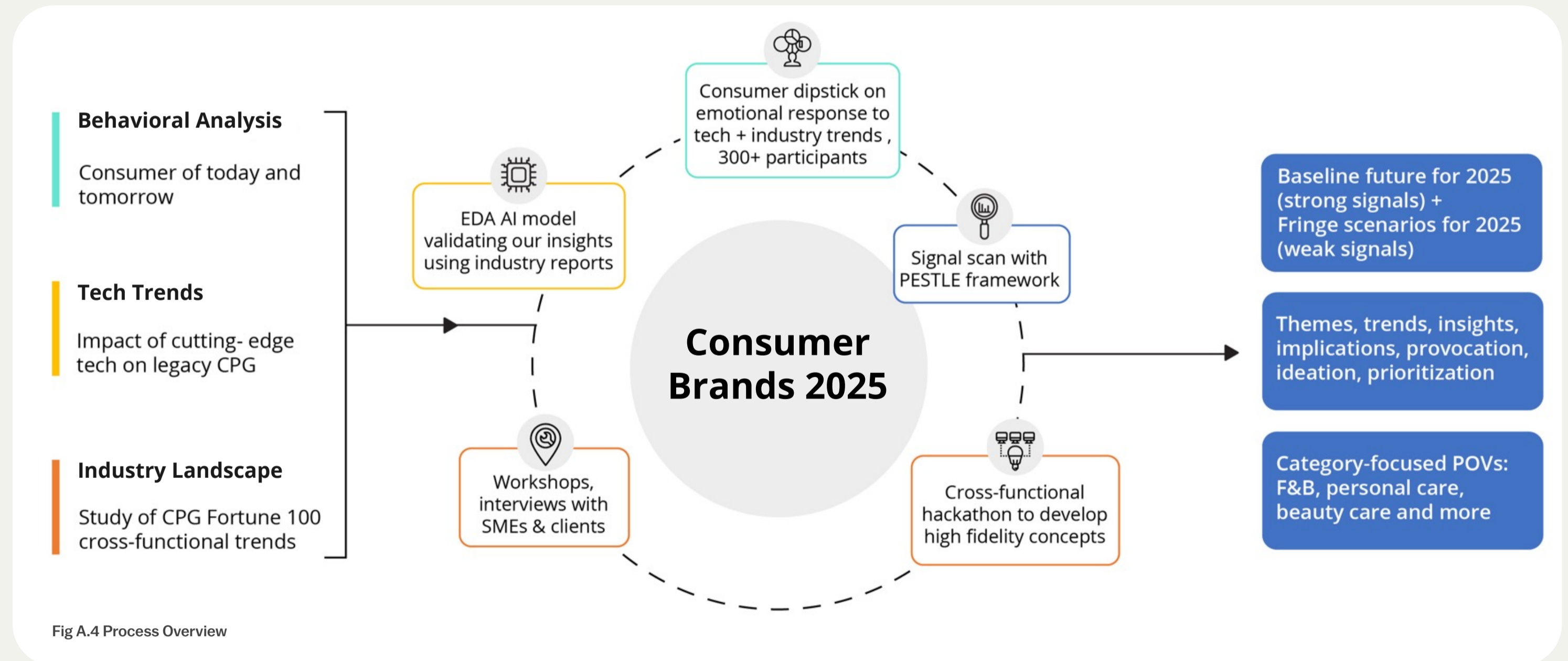
How might we prevent such dystopian scenarios from becoming a common occurrence for the consumers of tomorrow? We now know that making existing systems more efficient is not the answer. We need to, in equal parts, systematically and creatively change the way we prepare for the future.

Strategic Foresight – What, Why & How

Strategic Foresight is not about predicting the future, but rather it is a structured approach to exploring possible future scenarios, opportunities, and risks based on the information we have today. In the words attributed to Alan Kay – "It's easier to invent the future than predict it".

To generate these insights, our team used a variety of tools including the PESTLE signal scan, a mixed method consumer dipstick, subject matter expert (SME) connects, AI models for exploratory analysis and design-led workshops.

Behavioral Analysis

Consumer of today and tomorrow

Tech Trends

Impact of cutting- edge tech on legacy CPG

Industry Landscape

Study of CPG Fortune 100 cross-functional trends

Consumer dipstick on emotional response to tech + industry trends , 300+ participants

EDA AI model validating our insights using industry reports

Signal scan with PESTLE framework

Consumer Brands 2025

Workshops, interviews with SMEs & clients

Cross-functional hackathon to develop high fidelity concepts

Baseline future for 2025 (strong signals) + Fringe scenarios for 2025 (weak signals)

Themes, trends, insights, implications, provocation, ideation, prioritization

Category-focused POVs: F&B, personal care, beauty care and more

Fig A.4 Process Overview

*For a deeper look under the hood, **check out this paper***

We have identified four pillars to drive growth and build resilience for Consumer Brands for 2025

01
Emerging Risks for C-suite
Exogenous Events Force Introspection

02
Experimentation for Evolving Identities
Identity Drives Preference & Behavior

03
Sustainability for Survival
Principle Replaces Short-Term Productivity

04
Experiential Tech to Connect
Consumer Experience Above All

01

Emerging Risks for C-suite:

Exogenous Events Force

Introspection

Fig B.1

New York City to Require Bias Audits of AI-Type HR Technology

BUSINESS
Google to pay $100 million class-action settlement in Illinois biometric privacy lawsuit
by Tala Tagin
Chicago Tribune • Apr 26, 2022 at 9:55 pm

Fig B.2

Google unveils a new 10-shade skin tone scale to try to remove racial bias from its AI tools

Monk Skin Tone Scale

Fig B.3

TECHNOLOGY
U.S. warns of discrimination in using artificial intelligence to screen job candidates
May 12, 2022 • 5:04 PM ET
THE ASSOCIATED PRESS

Fig B.4

Fig B.5

A beauty contest was judged by AI and the robots didn't like dark skin

Fig B.6

INDEPENDENT
Period-tracking app Flo introduces 'anonymous mode' after Roe v Wade ruling

Fig B.7

AVERAGE WEIGHTED CYBER RISK SCORE
TOP 100 CONSUMER GOODS MANUFACTURING COMPANIES

Website Security (B)
CDN Security (A)
Information Disclosure (C)
Web Ranking (B)
Patch Management (F)
Brand Monitoring (A)
Attack Surface (B+)

B-

DNS Health (B+)
Email Security (B)
SSL/TLS Strength (B-)
Application Security (C-)
DDoS Resiliency (B+)
Network Security (B+)
Fraudulent Domains (C+)
Fraudulent Apps (A)
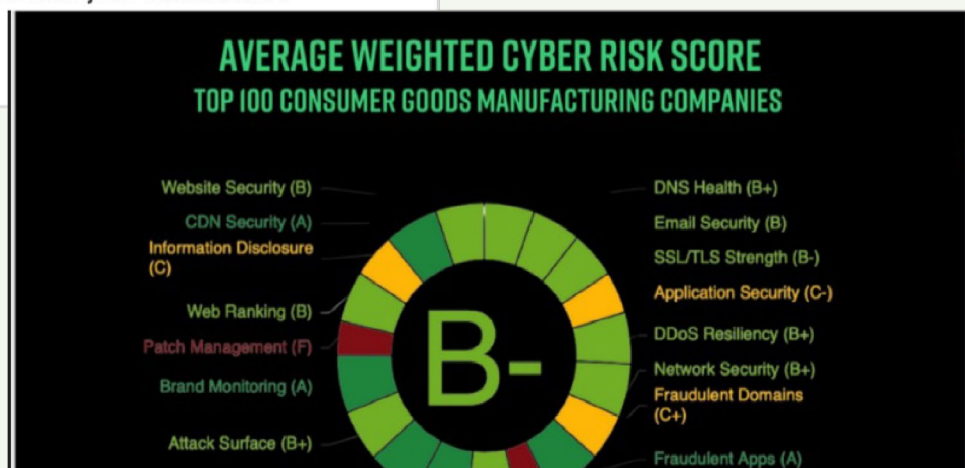
Fig B.8

Despite a good overall cyber rating, 79% of consumer goods companies have high and critical vulnerabilities due to out-of-date systems

INSIGHTS & IMPLICATIONS

Consumer awareness, D&I efforts & new compliance regulations are forcing brands to rethink core functions and approach to data. The cost of not having a strategy on managing AI & data risks has growingly become untenable. Human and technological vulnerabilities have become targets for exploitation.

KEY THEMES

• *Accountability for Ethics*

Use of Responsible AI as a core layer across models & use-cases growingly becomes the norm. Principles of Transparency, Accountability, Privacy & Safety and Fairness integrated and monitored at every stage, end to end

• *Cyber Risk Rising*

As technology grows more interspersed in everyday operations; cyberattacks, scams, financial fraud and misinformation grow more common at every scale. Brands refocus from countering attacks to managing reputation & public trust

02

Experimentation for Evolving Identities: *Identity Drives Preference & Behavior*

> "We've become more conscious about meals, we avoid eating from outside during the week.. But junk food is junk food — it's allowed to be kinda bad for you!"
>
> – 38 year old man, US

Fig B.9 Chopsticks that simulate the taste of salt

> I generally seek social groups either online (WhatsApp channels, Twitter) or offline who share the same parenting values and trust them to make the same set of choices in selecting products.
>
> – 35–year–old man, India

Feature
Emotion AI's risks and rewards: 4 tips to use it responsibly

Fig B.10

JD AND COKE   Fig B.12

> "I wish apps had different modes based on my goals and mood — so if I wanted to be entertained, I'd see that, if I wanted to shop I'd see that. Right now, I just wait for the skip ad button"
>
> – 28 year old female, US

You can never be too thin.

Fig B.11

Wanna stay healthy? Listen to your gut. 70% of your body's immunity begins with your gut, so we made it fun and easy to get the prebiotics your body needs and boost your immunity at the source.

SODA WITH HEALTH BENEFITS   Fig B.13

INSIGHTS & IMPLICATIONS

Consumers have grown more fragmented in their decision-making, not only based on channels but more so based on contexts & occasions. Competition comes from unexpected, "out-of-category" brands. The role of consumer products continues to evolve beyond sustenance, or even indulgence, towards a way of coping. Consumers look to brands to enable better lifestyles, choices & their envisioned self.

KEY THEMES

• ***The Compartmentalized Consumer***
Brands could design packaging and communication to align with label heuristics consumers use; convenience & social validation can drive preference even when dissonance exists

• ***Emerging Segments, Moments, Needs***
Designing for the extreme consumer and fringe needs could hold broader relevance (ex. age, gender, identity) as fringe is where the excitement is

• ***Collective Mental Health & Belonging***
Consumers feel over-advertised to, over-stimulated and underwhelmed; resulting in distrust in authorities and big brands. Key differentiators could be consumer consent, preference on modalities, responsible emotion capture and relatable imperfection in ads

03

Sustainability for Survival:

Principle Replaces Short-Term Productivity

Fig B.14

> "My husband has decided to stop buying from Amazon all together, because seeing the packaging pile up at home was too much to take"
>
> — 45-year-old female, US

REFILLABLE CONTAINERS AT GROCERY STORES

HYPERLOCAL MARKET

Fig B.15

BEYOND BURGERS= PLANT BASED PATTIES

Fig B.17

Fig B.18

REFILLABLE

REDUCE PLASTIC USAGE BY 10X

Fig B.16

MOUTH WASH TABLETS

Fig B.19

INSIGHTS & IMPLICATIONS

Compliance pressure, resource scarcity and consumer demand for affordability, accessibility and accountability in sustainable options will continue to grow. Further, individuals connect deeper with products that have stories; thus creating more purpose-driven business.

KEY THEMES

- ***Deep Adaptation or Collapse***
Alternate ingredients and materials become more mainstream; as scarcity is increasing and could be lasting, companies should consider maximizing their investment in R&D and experimentation

- ***Growth of the Hyperlocal Supply Chain***
Extends to production & demand, brands can reimagine retail versions of farmers markets; creating benefits for the supply chain & product positioning; opportunity to collaborate with producers using seasonal/exclusive/local ingredients
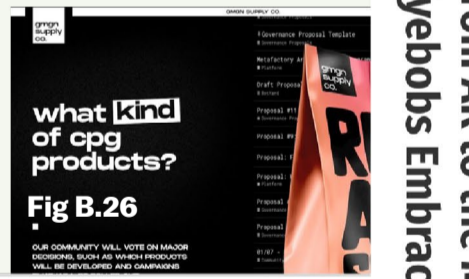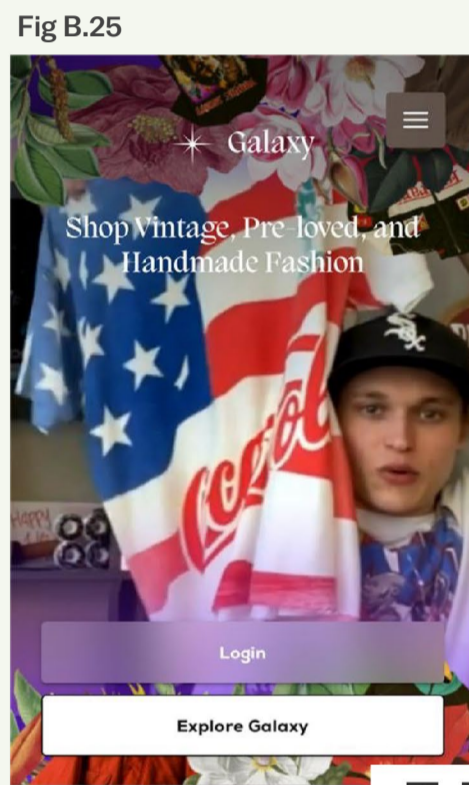
- ***Conscious Consumerism***
The toll mindless consumption has on personal and environmental health will become impossible to ignore; companies could see a saturation in consumer desire for endless options and choices

04

Experiential Tech to Connect:

Consumer Experience Above All

Fig B.20

Fig B.21

Fig B.22

MODIFACE AR

Fig B.23

Fig B.25

Fig B.26

Fig B.27

From AR to the Metaverse: Heineken and Eyebobs Embrace Digital Experiences
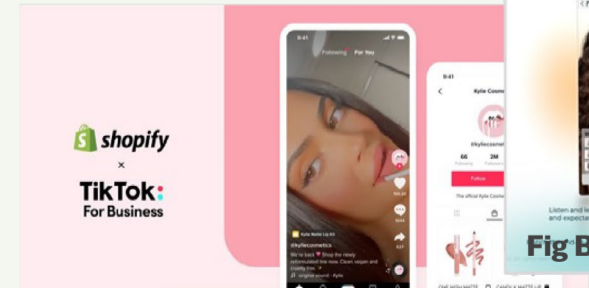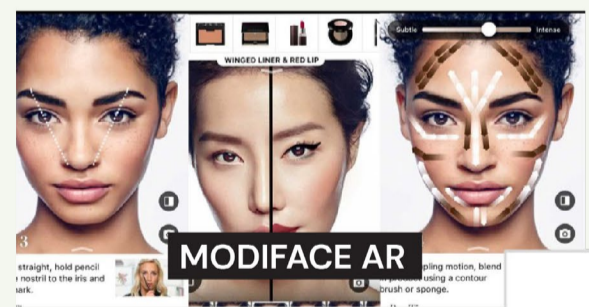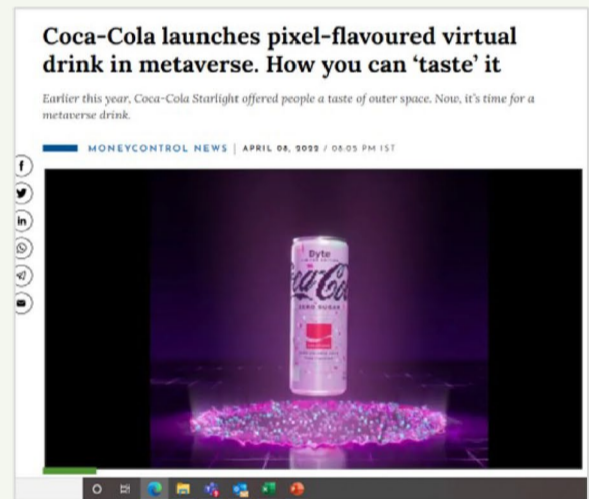
P&G Targets Metaverse in Search for Future Customers

Fig B.24

Fig B.28

INSIGHTS & IMPLICATIONS

Embedded tech provides an opportunity to reduce 'transactionality' in purchase experiences; B2B moves to virtual, with new partnerships and collaborations emerging ex. likeness being licensed. That said, legacy brands must avoid the trap of being driven by what is technically possible and focus on what consumers have an underlying need and explicit desire for – ex. desire to connect, engage and experience retail again.

KEY THEMES

• *Emerging Platforms & Channels*

Consumers choose brands with either unified, connected experiences or highly novel and niche ones. Leverage tech for better health, to enable lifestyles, and help unlock new experiences with identity landscapes for individuals

• *Consumers as Creators, Stakeholders*

Go where consumers are and want you, allow them to participate in shaping experiences, products & services; leverage a data-driven strategy for entry to channels (don't go everywhere)

Showcase of some of Fractal's hackathon sacrificial concepts for 2025

Consumer Brands 2025 : Trend Highlights

1. METAVERSE SANDBOX STORE:

What if we could use the metaverse as an embedded, always on research sandbox?

This gives brands the ability to experiment with their product line, understand consumer decisions and use that data to know exactly what excites their audience.
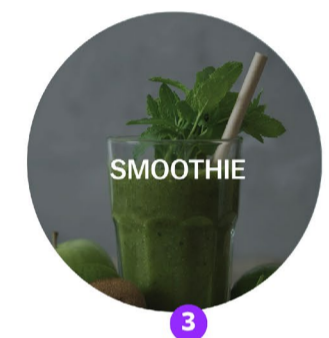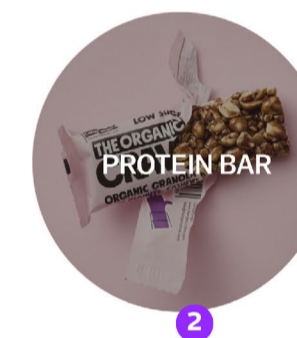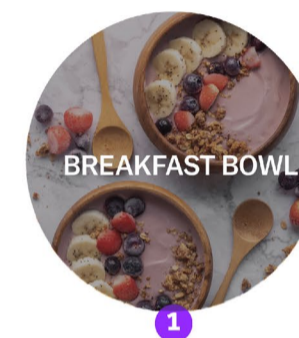
START HERE

3 *select your character*

2 *pick your colour*

SCHOOL SUPPLIES

4 *choose your snacks*

1 *pick your bag*

2. MINDLESS MEALS

What if we could reduce cognitive load for those who treat food as functional?

300 cals

oat milk   almonds   seeds
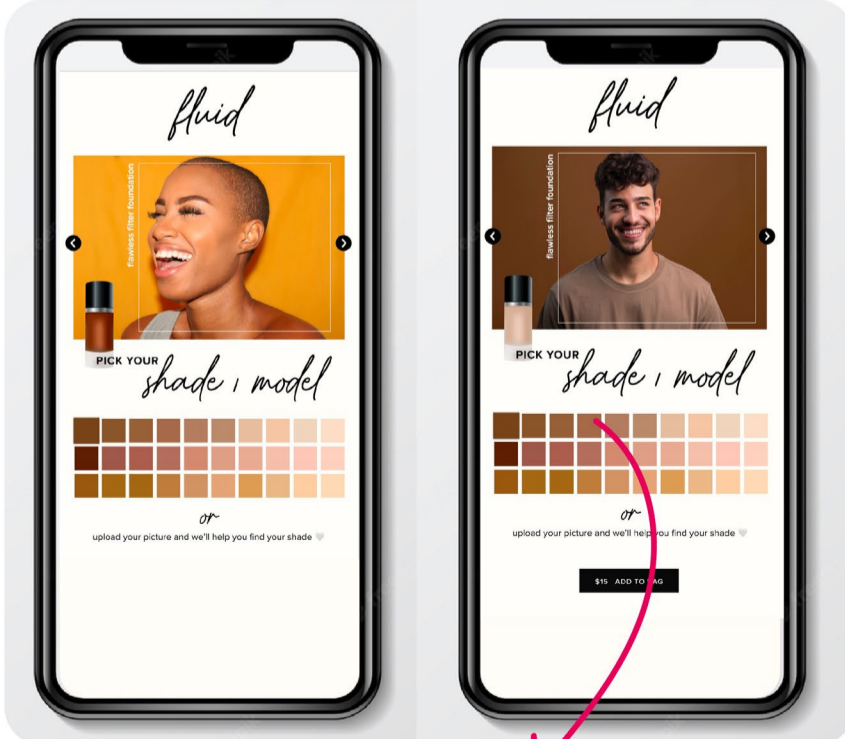
protein powder   avocado

cereal   peanut butter   honey

SELECT YOUR PREPARATION FOR TODAY:

BREAKFAST BOWL 1

PROTEIN BAR 2

SMOOTHIE 3

As the role of food changes, there emerges a segment of users who look at meals from a utilitarian perspective.
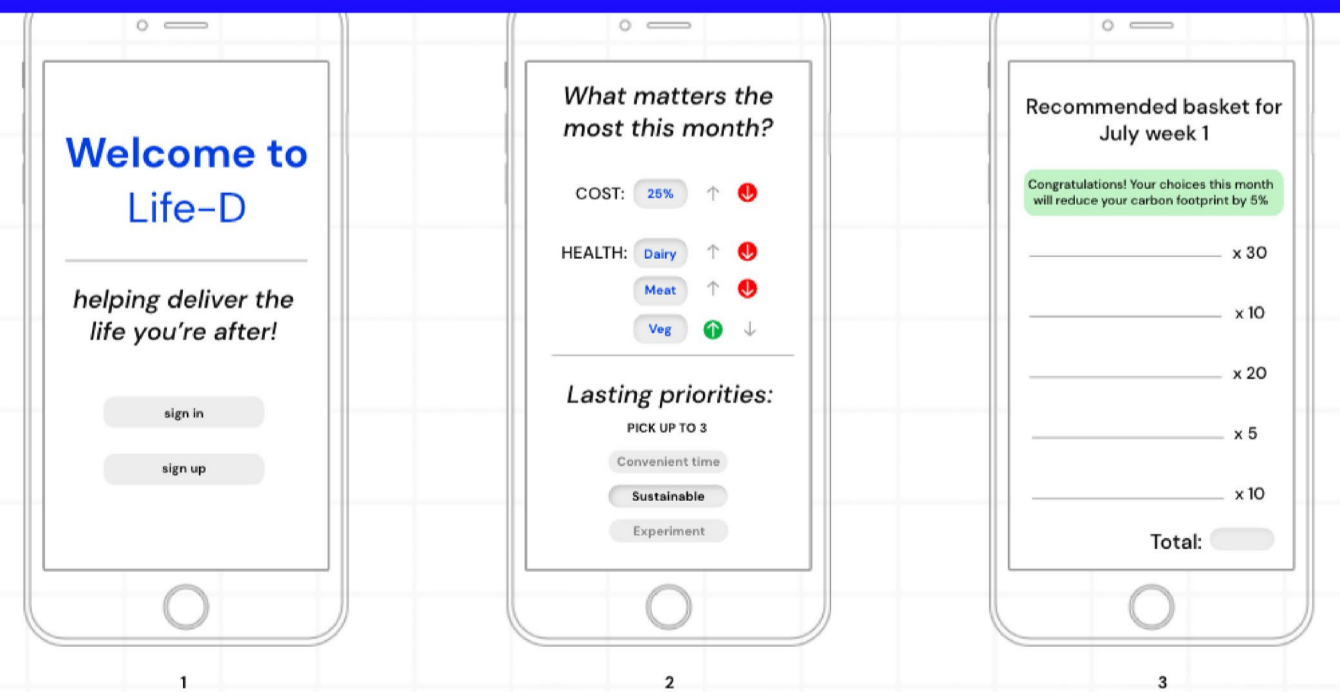
3. FLUID- THE GENDERLESS STORE

What if shopping experiences were not gendered and representative for all?

fluid

PICK YOUR *shade ; model*

or
upload your picture and we'll help you find your shade

fluid

PICK YOUR *shade ; model*

or
upload your picture and we'll help you find your shade

$15 ADD TO BAG

This website allows judgement-free selection of skin color, model and products, enabling inclusive shopping experiences.

4. WHAT IF A DELIVERY SERVICE HELPED SET AND ACHIEVE YOUR LIFESTYLE GOALS?

What if an app could help you establish a lifestyle objective?

Welcome to Life-D

helping deliver the life you're after!

sign in

sign up

1

What matters the most this month?

COST: 25%

HEALTH: Dairy

Meat

Veg

Lasting priorities:

PICK UP TO 3

Convenient time

Sustainable

Experiment

2

Recommended basket for July week 1

Congratulations! Your choices this month will reduce your carbon footprint by 5%

x 30

x 10

x 20

x 5

x 10

Total:

3

Enabling consumers to meet their lifestyle goals by choosing the right assortment of products for them.

EXPERIMENT *for today*

HMW prevent disruption to our supply chain while ensuring sustainable practices and creating value for local communities?

Ex: Local ingredient substitution, rotation, manufacturing and delivery

HMW enable the creation of accurate & cost-effective models for shelf analytics and planogram compliance?

Ex: Use synthetic data to create images and train computer vision models to track compliance

HMW capture the value of creating products/branding/marketing efforts for fringe customer segments/ moments/needs?

Ex: Experiments and behavioral analysis of your target segment in the metaverse

INVEST *for tomorrow*

HMW ensure all Consumer Products are part of a circular economy?

Ex: Gamified return/ disposal cycle of products across distributed networks.

HMW codify analogous inspiration from sister industries to understand where the next opportunity is within & outside the industry?

Ex: Out of category competition (ex. from hyperlocal brands/small batch purveyors; meat replacement products for people who are not vegan)

DISRUPT *for day after*

HMW enable brand extensions and collaborations at scale?

Ex: Research and sandbox simulations on the Metaverse for crowdsourcing creations

HMW discover better ingredients and materials that are cost effective, environmentally friendly and loved by consumers?

Ex: Better molecules identified from AI models for specific use-cases with models to track compliance

*HMW = How Might We

Concluding Note: Separating the Best from the Rest

In today's VUCA (Volatile, Uncertain, Complex & Ambiguous) world, a few priorities will differentiate the winners, they must:

- Prepare to operate at the **speed** of digital commerce, for all commerce
- Relentlessly follow & lead the **consumer** be where they are: create experiences, common purpose and innovate constantly
- Be clear about the **path to value** – for the consumer, for the company
- Invest in a **digital organization** & an intelligent, connected decision spine
- Power decisions **data** analytics always; look for data everywhere, let **AI prescribe decisions**

In the absence of this focus, it's no surprise that we're still navigating our way into a new normal, losing count of which pandemic wave we're in, political and social unrest, regulatory changes, prevalent mental health challenges and supply chain disruptions, globally. Companies that fail to implement these will be left behind or even risk becoming obsolete.

If you're sitting there thinking this is all interesting but what should I do next, drop us a line at ***dimension@fractal.ai .***
If you'd like to explore the process and possibilities in depth, ***click here***

Fractal Offerings

	WHAT WE'LL DO	WHAT YOU'LL GET
Advisory *About 1 to 2 days*	• Lunch & Learn • Curated Futures Point of View (POV) • Foresight Strategy Sprint Workshop	• Team Awareness • Leadership Perception • Vocabulary Building • Rough Estimations • Opportunity Mapping
Experiment *Between 2 to 4 weeks*	• Proof of Concept (POC) • Foresight-Driven Experiment • Map-and-Gap Exercises • Proof of Value (evaluation for further investment)	• Project Framing • Concept Generation & Testing • Cross-Functional Collaboration • Opportunity Qualification • Process Education
Strategy Lab *About 8 to 12 weeks*	• Evaluate Readiness / Resilience • Minimum Viable Product (MVP) (prototype on specific use cases) • Roadmap for Investment & Value • Sandbox Set-up	• Capability Building • Project Initiation • Business Alignment • Solution Design & Blueprint • Mechanisms for Value Realization

Consumer Brands 2025 : Trend Highlights

Team

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Sources:

SECTION 1

A.1: A Baby Formula Shortage Leaves Desperate Parents Searching for Food

A.2: https://www.usnews.com/news/economy/articles/2022-01-27/glimmers-of-hope-for-the-supply-chain-shortage-but-americans-will-have-to-be-patient

A.3: https://www.nasdaq.com/articles/flight-cancellations-delays-on-the-rise-in-us

A.4: Process Image

SECTION 2

B.1: New York City to Require Bias Audits of AI-Type HR Technology" – SHRM

B.2: Google to pay $100 million class-action" – Chicago Tribune

B.3: Google unveils new 10-shade skin tone scale to test AI for bias | Reuters

B.4: U.S. warns of discrimination in using AI to screen job candidates : NPR

B.5: Picture of women facing security camera

B.6: A beauty contest was judged by AI and the robots didn't like dark skin

B.7: Period tracking app Flo introduces 'anonymous mode'

B.8: A Preview of the 2021 Manufacturing Risk Pulse: Consumer Packaged Goods - Black Kite

B.9: Chopsticks that simulate the taste of salt

B.10: Emotion AI's risks and rewards

B.11: Pretzel Ad promotes eating disorders

B.12: JD and Coke

B.13: Be Gut Happy, Be Gut Healthy | Poppi (drinkpoppi.com)

B.14: Refillable containers at grocery stores

B.15: Greengrocer selling organic fresh agricultural product at farmer market

B.16: Refillable

B.17: Burger | Plant-Based Burger Patties | Beyond Meat

B.18: Soapbottle

B.19: Mouthwash Tablets

B.20: Hershey's Mobile Customer Insights Center

B.21: Coca Cola launches pixel flavour in Metaverse

B.22: Modiface AR

B.23: Shopify x Tik Tok

B.24: P&G Metaverse

B.25: Galaxy: Internet Security by Zscaler

B.26: Gmgn Supply & Co

B.27: Unilever AI Hair Care

B.28: Heineken x Metaverse