



# Trendscape

by Michael Tchong

266 Trends • 143 Photographs • 52 Graphs & Tables  
Hundreds of Cool Products, Places & Sites

The background features a complex geometric pattern. It consists of a grid of thin, light gray lines. Overlaid on this grid are several sets of concentric circles of varying radii, also in a light gray color. The circles are centered at different points across the grid, creating a sense of depth and movement. The overall effect is a layered, architectural aesthetic.

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# Introduction

## Welcome to Trendscape 2004

Trends come. Trends go. The only constant is change. If you're like me, you suffer from a gnawing suspicion that, somehow, you're missing something, that trends seem to pass you by.

Staying on top of trends can be a daunting task. Managing long reading lists while Googling endlessly is a significant time drain. That's why we created *Trendscape 2004*. It's designed to keep you *au courant*. While you might think a book about trends would be outdated quickly, the truth is most trends don't change that fast.

But merely keeping on top of trends is not enough. To help you grasp fundamental lifestyle changes, *Trendscape 2004* delves into "Metatrends" — phenomena that ripple through society connected to a warren of sub-trends. The best example is Time Compression. Remember when people used to answer "good" when you asked them how they were doing, not "busy," as is now often the case? Time Compression examines society's need to accelerate everything, from communication to eating to dating.

Another Metatrend of great current interest is Voyeurism — society's tendency to enjoy watching, preferably something to do with the private life of someone else. Witness the onslaught of reality shows, or the bans on camera-equipped mobile phones in gyms and swimming pools throughout the world.

We've also collected key demographic and geographic trends. In Demotrends we explore Latino Americano, a trend that documents the rising power of the Hispanic population. Then we take you on a global tour of hot Geotrends, from looking at China and France to South Beach, Velcro Valley and more.

To be truly valuable, a trend resource must be comprehensive, which is why *Trendscape 2004's* covers as much as it does. Marketrends examine core markets — such as apparel, automotive, food and real estate.

Sometimes rapid-moving phenomena lead to flawed analysis. Take the Internet. In *Dotbomb*, *Trendscape 2004* puts the dotcom failure in context. The Internet is, and always will be, the harbinger of new trends. Our E-trends section shows online trends that are reshaping society in revolutionary ways, including eBay, E-commerce, Googling, IMing, Online Dating and Wi-Fi.


In Trendspotting you'll find lifestyle waves that merit special attention. Many are technology-focused, not a surprise given tech's central role in hyper-charging the economy, including DVD, E-wear, Flat Screens, HDT, and Mobile Phones. But Trendspotting also reports on emerging social phenomena like Hot Peppers, the trend that has us eating spicier food due to increased ethnic integration; or New Gaydar, the growing respect for homosexuals in society; or Overweight, the tendency of many people worldwide to overeat.

Finally, Cool Hunt takes you on a quest to find the ultimate in audio gear, digicams, home theater components, fashion designers, PDAs, shoes and even TV shows.

After assessing the 266 trends chronicled in *Trendscape 2004*, we identified 10 categories as areas of most rapid or significant change. Consider *Trendscape* to be a time capsule of the start of this millennium — one that will be updated annually, thereby charting the course of our habits, preferences and patterns throughout upcoming decades.

Your contributions are, of course, appreciated. Please feel free to drop me a line at [michael@trendsetters.com](mailto:michael@trendsetters.com). Your feedback will add immeasurably to *Trendscape 2005*.

Enjoy,



Michael Tchong  
Trend Analyst

### Mature Content

Note: This report is for mature audiences only. *Trendscape 2004* examines market trends with unusual candor. Some may find a few of these avant-garde trends offensive.

### Top 10 Hottest Trend Categories

1. Wi-Fi
2. Pharmaceuticals
3. Overweight
4. China
5. Broadband
6. Boomers/Gen-Y
7. MP3
8. Home Theater
9. Mobile Phones
10. Organic



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A casual trend impacts fashion, etiquette and entertainment.

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If you can't think of anything new, recycle! Retro is always in.



Aging Boomers have sparked RV sales for the past 10 years.

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Viva Las Vegas. A new monorail lends a Disney-esque touch.

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Samsung thinks wireless home-entertainment is the next wave.

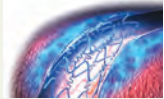


Superpremium liquors are hip. And new entries are pouring in.

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State-of-the-heart: drug-eluting stents from Corbis and J&J.



Yo! You blog? WTF! You need to join this trend, like, now!!! LOL!!



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Chatting naked is no longer an option with this new webcam.



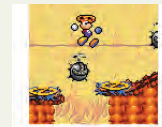
Design hotels are branching out to non-traditional markets.

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Hot peppers pique palates due to ethnic integration.



Video games are building empires, boosted by innovative platforms.

## Legend

Research source information, shown in [hyperlinked blue](#), can be found in [Resources](#) starting on page 86. Additional names of companies and other resources, also highlighted in blue, can be found in the [Resources](#) section of the accompanying CD-ROM. Words highlighted in red are defined in the [Glossary](#) both in this book and on the accompanying CD-ROM.



Digicams are now sharper, smaller, cheaper and oh so cool.

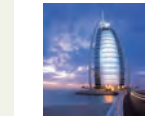
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Retro or novel, sneakers are as trendy as ever.



Read more buzz items here, like the Burj Al Arab hotel in Dubai.



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Crunk, fin, hella ...deck, bling-bling? Find the meaning here.



# Metatrends

## Casual

Only 12% of U.S. companies adhere to a traditional dress code, according to Rowenta. “Business casual” is part of a trend that encourages informality. An undesired side effect of this trend is the evaporation of decorum.

“I’m sorry, sir, but I do not believe we’ve been properly introduced,” is a classic punch line that exemplified British politeness. Today, there’s little time for such ceremony. In fact, British football fans are better known for being louts than having manners.

Unruly behavior is a global problem. In the Netherlands, *wild pissen* — public urination — has caused a national outcry. In the U.S., between 1990 and 1996 “aggressive driving” resulted in 218 deaths. While that’s a drop in the bucket compared with 40,000 traffic fatalities each year, 35% of Americans surveyed by [Public Agenda](#) said they were “aggressive drivers.” The fact that the term “road rage” was coined only in 1988 is telling.

According to a Public Agenda 2002 study, 79% of Americans surveyed say rudeness and disrespect are serious problems.

On the Internet, a lack of etiquette in forums has resulted in numerous flaming wars and a growing incidence of “trolling,” an online form of antisocial behavior (see Text Camouflage in E-trends).

The casual trend is fueled by global population growth, which has turned society into a faceless mass of people. This anonymity encourages rude behavior and the lack of individual responsibility. But this trend is having the greatest impact on fashion. Where once it was deemed de rigueur to dress up for travel or to visit casinos, it’s now commonplace to see people wearing tracksuits on planes or playing roulette in shorts.

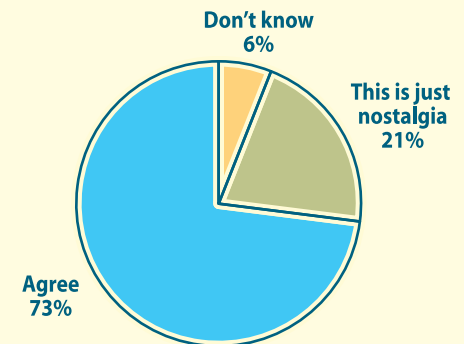
**A casual lifestyle made denim a \$10 billion business. Diesel’s \$209 “Time-Aged” jeans require a day-and-a-half of processing to simulate the effect of having been stored in a closet for 78 years.**

Denim companies have profited from the trend toward casual: denim sales topped \$10.7 billion in 2002, according to [keepingyouinstitches.com](#). But it has had an adverse impact on sales of men’s suits, which declined in 2001 and 2002 (see Apparel in Marketrends). **Hip-hop** further fanned the flames by creating an “athleisure” look — instantly recognizable by its generous use of obesity-shielding velour (see Overweight in Trendspotting).

The preference for casual wear has led to less formal entertaining, as evidenced by flat sales of formal china in the past 10 years in the U.S. (see Furniture in Marketrends).

Could there be a return to more pomp and circumstance? Not likely, according to [Rowenta](#). Only 12% of companies surveyed thought we would go back to more formal business wear. Expect to see more Hawaiian shirts and flip-flops in the workplace.

### Americans used to treat each other with more respect and courtesy



SOURCE: JAN. 2002 PUBLIC AGENDA

IMAGE COURTESY: DIESEL





# Metatrends

## Complexity Nervosa

If you find yourself wishing for simpler times, you're not alone. The lure of simplicity is part of an anti-trend that flows from life's growing complexity.

The good news: There's mounting evidence that simplicity is gaining fans. For 30 years running, [Southwest Airlines](#) has posted a profit. To keep costs and ticket prices low, the airline has relied on a simple success formula: it flies one type of plane, a Boeing 737. That modus operandi has drawn imitators, such as [JetBlue](#), which only flies Airbus A320s. (In June 2003, however, JetBlue bucked the simplicity trend by placing an order for 100 Embraer 190 jet aircraft, which will no doubt lead to increased maintenance complexity.) In 2002, [American Airlines](#) announced it would cut down the number of different aircraft it operates to seven from 15.

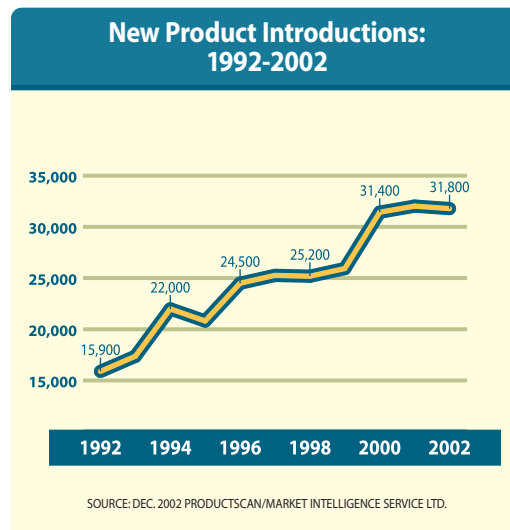
The trend is spreading. [British Airways](#) simplified airplane seating configurations, cockpit controls, technical manuals and airfare tiers, resulting in annual savings to the tune of \$162 million. [Sony](#) announced in October 2003, that it would cut the number of parts it uses in its products from 840,000 to 100,000 by 2005, to save money.

Unfortunately, the same can't be said for the tech industry, where complexity is the name of the game. Unwieldy software has led to a trend dubbed "shelfware" — the languishing of software due to failed expectations or implementation difficulties (see Technology in Metatrends). In October 2002, [Lexmark](#) wrote off a \$15.8 million [Oracle](#)

CRM project. The maker's defense: "Oracle was a small part of a complex, highly customized implementation that Lexmark and a third-party implementer undertook. We have many live customers on Oracle CRM." Another black eye for an industry mired in a deep slump. Software complexity is also the bane of IT departments worldwide. And there's no sign of things letting up unless the industry comes to grips with this issue. It seems that most technology is designed by engineers, for engineers.



IMAGE COURTESY: SOUTHWEST AIRLINES



But complexity is not limited to technology. Some 31,000 new consumer products are launched each year (see chart at left). Overwhelming choices, including 16 flavors of [Kellogg](#) Eggo Waffles or nine types of [Kleenex](#) tissue, leads to buying paralysis and brand erosion. [Stanford University's](#) Mark Lepper set up two tables recently: one with 30 jams and one with six. Each table offered shoppers coupons. Of the shoppers who were offered 30 choices, only 3% made purchases, while 30% of those who had only six choices actually bought jam. As consumers skip from brand to burgeoning brand, loyalty has declined markedly over the past 25 years (see table at right). The stress of living in a complex world is well-documented. An October 1996 [Reuters](#) study, "Dying for Information," discovered that 38% of managers surveyed waste substantial amounts of time just looking for information. Two out of three associated information overload with tension between colleagues and loss of job satisfaction. Let's hope that simplification is a growing trend.

### Sticking to Well-Known Brand Names

AGE	1975	2000
20-29	66%	59%
30-39	73	59
40-49	82	60
50-59	82	59
60-69	86	65
70-79	93	73

SOURCE: 2000 DDB LIFESTYLE STUDY



## Fountain of Youth

Every seven seconds someone in America turns 50. By 2014, all 76 million Baby Boomers will be over 50. Yet, 69% of Boomers plan to keep working beyond age 65, according to a September 2002 [AARP](#) study.

That attitude will fuel a huge demand for health and spiritual rejuvenation products and services. And that demand can be seen all over the Boomer landscape, with Gen-X'ers very close behind.

Yoga, bubbling under the surface for more than 30 years, has exploded. An estimated 15 million Americans now practice this 5000-year-old art, more than triple the number just four years ago, according to a [Yoga Journal/Harris Interactive](#) study.

Meanwhile, the stresses of modern living have driven record numbers to spas (see Trend Watch).

But the quest to reinvigorate the body and spirit has gone beyond meditation and massage. Wonder drugs are helping many stave off destiny. Heart disease is now better managed with statins, such as [Pfizer's](#) Lipitor, a \$5.2 billion blockbuster drug. Pfizer also markets the \$2.3 billion Zoloft, to treat depression, and the most famous "lifestyle" drug of all, Viagra, a \$1.3 billion hit. Tempted by prospects like these, drug labs around the globe are feverishly working on the next

era of lifestyle drugs. A trio of erectile dysfunction competitors is already on the horizon (see Pharmaceuticals in Marketrends).

But the biggest opportunity may well be the nurturing of another flagging member of the Boomer psyche, memory. Memories, after all, are the guardians of the past (see Memory Protection in Trendspotting).

Once they started passing 40, many Boomers began reminiscing about their "easy rider" days, which led to a tripling of motorcycle sales over the past 10 years. And through November 2002, sales for another freedom symbol, the scooter, were up 39% compared with 2001.

In 2001, 8.5 million cosmetic procedures were performed, up 48% from 2000, according to the [American Society of Aesthetic Plastic Surgeons](#). Women are not the only ones youth-obsessed,

however. Men also seek to avoid obvious aging signs, which some fear will cost them career and sexual opportunities. This has led to the spotting of a new demographic trend: the metrosexual (see New Gaydar in Trendspotting). In 2001, men's toiletries already accounted for about \$4 billion of the \$34 billion personal care market, according to [Datamonitor](#). High-end spas have begun adding such services as Botox injections, chemical peels, collagen and dermabrasion to their regular regimen of pampering for women and men, a trend that has accelerated since the [U.S. Food and Drug Administration](#) approved the cosmetic use of Botox in April 2002.

It's abundantly clear that looking and feeling young is a "core" American value.

*"If I'd known I was gonna live this long, I'd have taken better care of myself."*

**Eubie Blake, jazz musician, age 97**



IMAGE COURTESY: HARLEY-DAVIDSON INC.

**Harley-Davidson** sold more bikes in second quarter 2003 than at any other time in its 100-year history. Affluent Boomers obviously dig the looks of this V-Rod "hog."

### Trend Watch

Between 1991 and 2001 spa revenues doubled, zooming from \$5 billion to \$10.7 billion, while the number of spa outlets increased from 5,300 in 1999 to 9,632 today, according to the [International SPA Association](#). Consumers no longer see spa visits as "pampering," which explains why men now make up 24% of spa clientele.

# Metatrends

## Generation X-tasy

“Moderation is a fatal thing,” Oscar Wilde wrote in an 1893 play. “Nothing succeeds like excess.” Were Wilde alive today, he would have plenty of evidence to support his widely quoted observation.

On the [NBC](#) network TV show “Coupling” (an exact replica of the BBC show of the same name), which debuted in fall 2003, one quote epitomizes the state of sex on television, “One swallow does not make her my girlfriend.”

Then there’s [Bravo’s](#) “Queer Eye for the Straight Guy,” in which a gay “panel” rummages through a male fashion victim’s apartment only to find pornographic magazines and tapes. From oral sex to stashes of porn, society is moving at warp speed toward a more licentious existence.

Social norms once taboo invade the mainstream. According to search-engine monitoring firm [Wordtracker](#), “incest” and “bestiality” are typically ranked No. 88 and 95, respectively, among the most popular words searched online.

While the trend began with Adam and Eve, a modern-day milestone was Nevada’s 1931 legalization of gambling. As the timeline shows, Generation X-tasy has picked up steam since then. Atlantic City legalized gambling; Connecticut’s [Foxwoods](#) is the largest Indian casino. Today, one can gamble legally in 48 states and 116 countries. In the U.S., only Utah and Hawaii abstain.

The success of Foxwoods (Connecticut’s \$650 million-a-year gambling take exceeds the state’s corporate tax revenue) has led government officials to think that legalized gambling could boost

state coffers without raising taxes. Consumers, meanwhile, lost \$68 billion in 2002 on legalized gambling, including \$35 billion at electronic gaming devices and \$15 billion on lotteries.

The loosening of sexual mores began, not surprisingly, in Europe. Trendsetters like Germany, whose Reeperbahn became synonymous with adult entertainment in the 1950s; the Netherlands, which coined the term “red light district”; and Denmark, which legalized pornography in 1969, led the way.

Each fall, Amsterdam hosts the [High Times’ Cannabis Cup](#), a conference for marijuana growers and smokers. Exotic exhibits promote everything from seeds to sophisticated solutions for the cultivation of hemp.

Although selling marijuana is not legal in the Netherlands, it’s difficult to tell from the 300 Amsterdam “coffee shops” that sell pot. A booming soft drug industry includes publications filled with ads from growers, suppliers and smoking venues.

Yet, the latest [United Nations](#) study on global drug trends reveals that the Netherlands doesn’t even rank among the top 50 countries in marijuana consumption. Only 4% of the population over 15 smokes pot. Among Canadians, that figure is 9%. While the media claimed defeat after Nevada voters rejected legalizing the possession of marijuana in 2002 (61% to

39%), it’s clearly not the direction the world is headed in. From Canada to the U.K., movements are under way to change existing drug laws.

And a new, even more progressive generation is entering the world of clubbing, where the currency often is drugs like [ecstasy](#) and [GHB](#). Already, 12% of high school seniors have taken ecstasy, also known as [MDMA](#), according to a 2001 study by the U.S. government.

Expect vice habits to increase as gambling, sex and drugs explode in a bold new era of excess.



IMAGE COURTESY: W.E. BRUINING

Amsterdam’s Mellow Yellow Café — world’s first “coffee shop” — opened in 1972.

<b>1930s</b>	1931: Nevada legalizes gambling. 1933: U.S. abolishes prohibition after going “dry” in 1919.
<b>1940s</b>	1949: United Nations passes a convention paper that calls for the decriminalization of prostitution.
<b>1950s</b>	1955: Joe Conforte opens “The Mustang Ranch” brothel near Reno, NV. 1950s: Hamburg legalizes “zoned” prostitution.
<b>1960s</b>	1969: Denmark legalizes picture pornography.
<b>1970s</b>	1971: Nevada authorizes any county with fewer than 200,000 inhabitants to license brothels. 1972: Wernard Bruining opens Amsterdam’s first “coffee shop” — The Mellow Yellow. 1976: Amsterdam decriminalizes smoking pot. 1976: Atlantic City, NJ, legalizes casinos.
<b>1990s</b>	1991: Iowa launches first riverboat casino. 1992: Largest Indian casino, Foxwoods, CT, opens. 1997: <i>Independent</i> poll shows eight out of ten people in the U.K. believe laws against marijuana should be relaxed. 1999: Dutch parliament legalizes brothels.
<b>2000s</b>	2001: Nevada legalizes Internet gambling. 2003: Belgium decriminalizes marijuana. 2003: Canadian federal government introduces bill that will decriminalize possession of small quantities of marijuana.

## Multitasking



In 1968's "2001: A Space Odyssey," HAL, a monolithic computer, runs amok killing the spaceship's crew. While computers are

on their way to mimicking humans, the opposite is also true: We're beginning to resemble the computer.

The most visible aspect of this trend is something technologists refer to as "multitasking" — doing several tasks at once — perhaps the best example of which is the combination of driving while talking on the phone.

Multitasking is a complex software feature that required decades of development before it was stable enough. Not surprisingly, multitasking by human beings is also subject to crashes. According to the [California Highway Patrol](#), in the first nine months of 2001, drivers using their phone caused 4,699 accidents.

But there's another dimension to multitasking that is gaining prominence. In 1999, [ICONOCAST](#), an online marketing media company founded by the author of this report, commissioned [NPD Research](#) to study a new trend, watching TV while surfing the Internet, a phenomenon it dubbed "multi-media tasking." That year, 57% of U.S. Internet users said they could use their computer while watching TV.

[Scarborough Research](#) reported in 2001 that 50% of Internet users had a TV in the same room as a computer. Scarborough found that

91% of those with a TV in the same room where the Internet was used most often said they watched and surfed simultaneously, up from 86% who said so in 1999.

In 2002, [comScore Media Metrix](#) discovered 45 million adults with a TV and PC in the same room. Among multitaskers, 74% browsed sites unrelated to the program they were watching.

A March 2003 "Simultaneous Media Study" by [BIGresearch](#) found 50% of the study's 12,320 respondents

reported they engage in simultaneous media usage, with nearly 33% of males and 36% of females watching TV when they go online (see table at right).

More importantly, those people who regularly, either by job function or avocation, give advice or influence decisions on anything from investments to technology are most likely to "multi-media task" than other respondents. That's not surprising, given that influential consumers are more apt to own notebook computers, a trend that's also gaining momentum (see Notebook Transition in Trendspotting).

Unlike computers, which are designed for executing multiple tasks, humans have yet to develop their multitasking skills,

which has impacted driving and ad effectiveness (see Media in Marketrends and Online Marketing in E-trends).

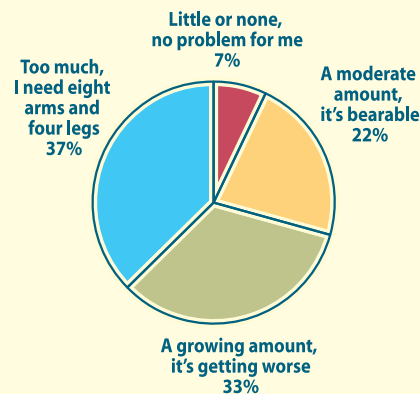
While the day humans will face a rampaging computer like HAL is still a distant dream, it's evident that we're well on our way to becoming computing's long lost twin (see Memory Protection in Trendspotting). But for now, I'm sorry, Dave, I'm afraid I can't do that.



Another sign of multitasking times: PIP (picture-in-picture) — the ability to watch two TV channels at once.

IMAGE COURTESY: PANASONIC CO.

### How much multitasking are you asked to do at work?



SOURCE: DEC. 2001 CNN.COM

### Multi-media Tasking

WHEN YOU GO ONLINE, DO YOU REGULARLY SIMULTANEOUSLY...

Watch television?	35%
Listen to the radio?	18%
Read the mail?	13%
Read the newspaper?	6%
Read magazines?	4%

SOURCE: MAR. 2003 BIGRESEARCH



# Metatrends

## Retro

There's a new [Leica](#) MP for those who can remember that classic camera from 1957. Over at Elmira Stove Works, 50s style refrigerators in flamingo pink and buttercup yellow are hot sellers. As long as we have memories, the Retro Metatrend will reign supreme. And with 450 million Baby Boomers reminiscing about the "good ol' days," this trend will be hotter than ever.

But Boomers are not alone. Due to time compression, things are getting recycled faster than ever.

Classic 16-bit video games are being released to the delight of young gamers everywhere. Players of [Nintendo's](#) Game Boy Advance can now enjoy "The Legend of Zelda: A Link to the Past" and "Yoshi's Island" for the first time on their handheld systems, something they may have missed when these games were first released.

Intrepid trendsetters are fueling sales of jerseys boasting names from basketball's recent past, such as Wes Unseld and Julius "Dr. J" Erving. Sales of basketball shoes, the priciest, most-profitable of athletic footwear products, have grown 4% since 2001 to \$789 million in 2002. And while the \$15.7 billion athletic shoe industry keeps pouring money into the development of new brands and designs, it's the [Nike](#) Air Force 1, a shoe designed in 1981, that's the most sought-after status symbol.

The Air Force 1 fad was airlifted by a [Nelly](#) rap single of the same name that promotes the shoe with a challenge: "You couldn't get this color if you had a personal genie."

Scarcity adds to the mystique, but there's always somebody ready to cling to the past for old time's sake. [Archie McPhee](#) reports that its line of retro lunchboxes, which range in price from \$5 to \$45, sells briskly online. [Verbatim](#) has released "Vinyl CD-Rs" that mimic 45-rpm records from that same era.

Retro kitchen colors are hot, too. [KitchenAid](#) sells a classic mixer in tangerine. That [Northstar](#) refrigerator is billed by [Elmira Stove Works](#) as "Fab Fifties on the outside, strictly 21st century tech inside."

[Williams-Sonoma](#) has expanded its line of small appliances and kitchen accessories from basic white, almond and black to vivid shades such as tangerine, banana and glacier blue.

Another trendy appliance finish, dating back to the 20s, is stainless steel. While no one tracks the share of stainless steel among the 65 million major and 100 million small appliances sold to U.S. consumers annually, one glance at current catalogs will tell you that

metallic finishes are gaining rapidly (see Trend Watch).

In fashion, [Eddie Bauer](#) is reintroducing the 1936 quilted Skyliner jacket, designed by Bauer himself, which was first advertised in a 1945 catalog for \$25. And [Coach](#) is bringing back its bucket-shaped "feed bag" purse, a hit of those maxi-skirt days of 1973.

"Everything old is new again," should be Retro's repetitive motto.



IMAGE COURTESY: VPI INDUSTRIES

**In the past few years, the hi-fi market has witnessed a rebound in album and turntable sales spurred by "golden-ears" and DJs, spiking sales of turntables like this Aries Scout from VPI. Vinyl record sales were up 6% in 2002, while general music sales declined 11%, according to *Billboard* magazine.**

### Trend Watch

**The popularity of stainless steel appliances and skyscraper facings has fueled the demand for nickel, used in the production of stainless steel, causing it to grow 5% a year, trending well above other metals.**



Verbatim's Vinyl CD-R lends a 45-rpm vinyl touch to burned CDs.

# Metatrends

## Technology

“If the auto industry had done what the computer industry has done in the past 30 years, a Rolls-Royce would cost \$2.50 and get 2 million miles per gallon.”

This maxim extols technology’s formidable pace of development. When [Intel](#) introduced its first microprocessor in 1971, the four-bit 4004 contained 2,300 transistors. Today’s 32-bit Pentium IV boasts 42 million transistors.

That quantum power leap became a fundamental driver of global economic growth — a point accentuated by the past three years of malaise. While consumer spending propped up the U.S. economy, the absence of a technology fuel-injection in the economy’s growth engine is glaring.

Since the Internet began to flourish in 1995, U.S. productivity has grown at 2.5% annually, compared with just 1.4% a year in the 70s and 80s. But the greed accompanying dotcom fever overwhelmed the financial services sector, which caused a serious investor backlash.

The tech world needs two things to press the restart button. The first is its signature ingredient: innovation. There’s little doubt that [Microsoft’s](#) vast power, exemplified by its \$49 billion cash hoard, is strangling the industry.

Proof in point: Witness [Apple’s](#) dramatic advances in operating systems, browsers, presentation software and music e-commerce. Yet, the company holds only 3% market share.

For the past decade, no venture capitalist would dream of investing in an outfit that takes on the Wintel hegemony, thus grinding computer advancements — with the possible exception of processor speeds — to a virtual halt. Result: Few users see a need to upgrade their PCs and the legendary speed-bump refreshes of yore fail to strike a chord.

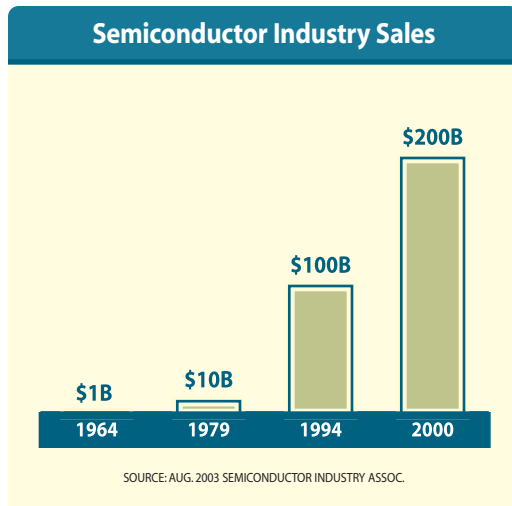
Now, sales are generated mainly from a move to notebooks (see Notebook Transition in Trendspotting), the so-called side-grade.

The second requirement is computing’s inherent promise: simplicity and seamlessness. Silicon Valley’s predicament can be blamed largely on software complexity (see Complexity Nervosa in Metatrends). Starting in 1948, small business has been the engine that propelled the economy out of nine successive recessions (see Small Business in Trendspotting). Yet, a blindingly single-minded focus on complex enterprise solutions has resulted only in “shelfware” (see Trend Opp) and a dearth of tools to help IT-less businesses power the current economy out of its doldrums.

If things remain status quo, technology might just become as productive as the automotive industry.

### Trend Opp

**The Internet, Y2K and dotcom peer pressure resulted in a software sales boom. But only half of corporate software purchased since 1998 is currently in use, according to [AMR Research](#). This phenomenon, called “shelfware,” is due in part to software complexity. What IT managers need, like everyone else, is “drag and drop.” Since that puts many consulting contracts at risk, few companies have the stomach to do it. It’s technology’s biggest trend opportunity.**



- 1890s** 1896: Herman Hollerith forms the Tabulating Machine Co., renamed IBM in 1924.
- 1950s** 1951: First computer, the Univac, introduced by Remington Rand.  
1956: IBM debuts first hard drive, 305 RAMAC.  
1958: First Pizza Hut opens in Kansas City.
- 1960s** 1960: AT&T invents the first modem.  
1968: Andy Grove, Robert Noyce and Gordon Moore create Intel Corp.
- 1970s** 1971: First microprocessor: the Intel 4004.  
1970: Sharp’s EL-8 is first hand-held calculator.  
1973: Motorola introduces portable cellular radio-telephone.  
1974: Xerox invents the built-in mouse.  
1975: First personal computer, Altair, goes on sale.  
1975: Bill Gates and Paul Allen launch Microsoft.  
1976: Steve Wozniak and Steve Jobs found Apple Computer.  
1979: WordStar and VisiCalc are released.
- 1980s** 1981: IBM launches its PC.  
1981: Osborne shows first portable computer.  
1984: Apple introduces Macintosh computer.  
1984: Hewlett-Packard ships first desktop laser printer, the LaserJet.  
1985: Microsoft releases Windows 1.0.
- 1990s** 1992: Apple announces the Newton MessagePad.  
1994: Palm Computing starts development for Pilot organizer.

# Metatrends

## Time Compression

That's so 70s ... so 1995 ... so last year ... so last week ... so yesterday ... so last minute. It's becoming abundantly clear that time and its related meanings are morphing in a cloud of time-tunnel dust.

The trend started in the 80s. When asked, "How are you?," instead of the usual courtesy answer, "good," or the increasingly popular hyperbole, "great," a new response suddenly emerged — "busy." The new state of mind had become a state of time.

The origin of the trend can be traced to [Federal Express](#)' 1973 debut. But the service did not really catch on until the early 80s, when the company's fast-talking pitchman, John Moschitta Jr., became synonymous with the speed of business.

Around the same time, the first mobile phones went on sale (see [Unwired](#) in [Metatrends](#)). A few years later, the fax machine started its popularity ascent (see [timeline](#)).

The compression of business time had begun — a trend that would accelerate in the 90s with the arrival of the Internet, whose real-time nature made communication virtually instantaneous.

The 80s also saw the rise of the personal computer, a market propelled by "Moore's Law" — the observation by [Intel](#) co-founder Gordon Moore that the number of transistors per integrated-circuit square inch was doubling every 18 months.

Predictably, "18 months" became a regular part of business forecasting vernacular, often warping market places in its wake, like the heady dotcom boom days (see [Dotbomb](#) in [E-trends](#)).

In the eye of the time-compression storm are [codex](#) — an abbreviation of compression/decompression. These algorithms make trendsetting technologies such as CDs, DVDs, HDTV, MP3, satellite TV, Internet telephony and DSL a reality. Compression history dates back to the 60s when work began on videoconferencing systems. In 1987, Karlheinz Brandenburg of [Fraunhofer-Gesellschaft](#) began research on compressing audio. Fraunhofer received a patent on MP3 — an abbreviation of MPEG audio layer 3 — in Germany in 1989.

A few years later, that work was submitted to the [International Standards Organization](#) and integrated into the MPEG-1 specification, the basis for today's DVD technology.

By the late 90s, everything needed to propel MP3's popularity, including fast processors, large disk drives and high-speed Internet connections, became available. This made MP3 so popular, it was second only to the search term "sex" on Internet search engines — a remarkable phenomenon, considering the codec's rather nerdy beginnings.

Since technology is time compression's chief driving force, it had the greatest impact on its own industry. Rapid product cycles were now de rigueur. And technology businesses started up and disappeared faster than ever before.

Gradually, time compression began to spread beyond technology, first by speeding business, then society. Not that consumers hadn't experimented with squeezing their time schedule before. The emergence of amphetamines, known as "speed," in the 60s and the proliferation of the [Starbucks Coffee](#) chain in the 80s are a testament to this phenomenon (see [timeline](#)).

Today's television viewer has no time for serials or made-for-TV movies. Fewer than 40% of today's drama viewers see two of three

*"The rate of change is accelerating: there is more change per unit of time than there was five years ago."*

Jeff Bezos, CEO, Amazon.com

<b>1800s</b>	1865: Telegraph ushers in "standard time" concept. 1887: German laboratory synthesizes first batch of amphetamines, "speed." 1887: John Pemberton introduces Coca-Cola — a "therapeutic agent."
<b>1940s</b>	1940: Birth of fast food: McDonald brothers Dick and Mac open first outlet in San Bernardino, CA. 1947: Raytheon shows first microwave oven, called "Radarange." 1947: Edwin Land debuts instant photography. 1949: U. K. carrier BOAC launches first commercial jet airliner service.
<b>1950s</b>	1956: Hans Selye's <i>The Stress of Life</i> book adds concept to vernacular.
<b>1960s</b>	1966: Xerox introduces 46-pound desktop fax. 1969: First quartz watch, Seiko 35 SQ Astron, accurate to one minute a year, goes on sale in Japan.
<b>1970s</b>	1971: Starbucks opens first location in Seattle. 1973: Federal Express founded by Fred Smith. 1973: Anti-anxiety drug, Xanax, introduced. 1976: Concorde's maiden commercial flight.
<b>1980s</b>	1983: MCI mail launched. 1983: U.S. fax-machine base reaches 300,000.
<b>1990s</b>	1993: World Wide Web ushers in "realtime" era. 1998: 59% of Americans claim they're "too busy," reports WSJ/NBC poll.
<b>2000s</b>	2003: The first 3 Minute Dating cruise sets sail from Port Canaveral, FL.



# Metatrends

## Time Compression cont'd

consecutive television episodes. As a result, these types of shows are vanishing from TV programming.

Then there's the emerging phenomenon of speed dating, which is already having a major impact on the dating scene, fueling services like New York City's [HurryDate](#), Boston's [8minuteDating](#) and London's [Speedflirt](#) (see Online Dating in E-trends).

This summer, [CBS](#) debuted a show, called "Cupid," starring a single woman who gives men just seconds to impress her. The show is the first intersection between two Metatrends, time compression and voyeurism (see Voyeurgasm in Metatrends).

Shopping is also showing symptoms of time compression. In 2002, 23% of mall shoppers browsed, compared with 37% in 2000, according to [ICSC Research Quarterly](#) (see Retail in Marketrends).

Similarly, consumers used to take months to plan their vacations. Now it's a snap decision. In 2002, 64% of U.S. leisure travelers planned at least one of their vacation trips within two weeks of taking that trip, according to the [Travel Industry Association of America](#) (see Travel in Marketrends).

An even more startling example of time compression transpired with the discovery of the SARS virus, which clearly benefited from the presence of the Internet (see chart). On April 13, 2003, [Time's](#) 1996 Person of the Year, Dr. David Ho of the [Aron Diamond AIDS Research Center](#) was driving to work when he heard on the radio that the genetic sequence to the SARS virus was posted on the Web.

Within weeks, Dr. Ho had developed two peptides that, in early test results, proved to be effective against the SARS virus' ability to fuse to

human cells. Ample evidence of two major trends at work: the Internet and genomics.

Some observers believe time compression is an unwelcome aspect of modern society. Robert Kamm, author of *The Superman Syndrome*, notes that "technology is forcing Americans to live at speed, not at depth."



IMAGE COURTESY, CRAIG BREEDLOVE

**A real-life example of time compression occurred during Craig Breedlove's high-speed car crash in 1965. At 620 mph, his Spirit of America went out of control, sheared off a few phone poles, sailed airborne upside down and landed in a salt pond. The whole affair lasted nine seconds, but when Breedlove was interviewed, he gave a coherent, connected account of what he thought and did during the accident that lasted 1 hour and 35 minutes. The narrative had about 9,500 words, equivalent to a compression ratio of about 655 to 1, according to *Wired* magazine.**

While technology is to blame for compressing our social experience, since 1995 U.S. productivity has grown at a 2.5% annual pace, compared with 1.4% a year in the 70s and 80s. And U.S. workforce productivity has expanded at an even faster 4.2% clip since the fourth quarter of 2001.

Yet time compression is still in the early stages of development. Already, new compression algorithms are coming to market that will substantially accelerate the human experience. The impact of these new codecs will be evident by the end of this decade (see Technology and Voyeurgasm in Metatrends).

One thing is clear: These phenomena are small steps in time compression's inexorable march toward the speed of light.

### Trend Watch

**Ellen DeGeneres' 2003 HBO comedy special provides a hilarious dissection of current trends, including time compression: [to coffee-shop attendant:] "I'll have a coffee and a side of Red Bull, because I'm very busy. I've got TBD (too busy disorder) and I'm late for yoga, hurry, hurry!...Even when we say 'how are you,' we don't mean how are you. We don't care, just give us a 'fine' or a 'good,' a one-syllable answer and move along. And don't even say, 'pretty good.' That's a follow-up question. 'Pretty good. Something happened? I don't have time!'"**

### Trendspotting: AIDS vs. SARS

The early 80s:		The early 00s:	
Five patients treated for Pneumocystis Carinii pneumonia at three different hospitals in Los Angeles.		SARS virus jumps from civet cats to humans in China's Guangdong province.	
"I believe we have the cause of AIDS" (virus renamed HIV in May 1986).		Dutch scientists conclusively link coronavirus microbe to SARS.	
Oct. 1980- May 1981	Apr. 22, 1984	Nov. 2002	Apr. 16, 2003

# Metatrends

## Unwired

When Space Command, the first “practical” wireless TV remote control, went into production in 1956, Zenith could never have predicted that its ultrasonic creation would lead to an explosion of wireless controls and devices.

Today, [Zenith's](#) Ultrasonic technology has been replaced by infrared or radio frequency-controlled remotes that boast color touchscreens, Internet connectivity, system automation and built-in TV guides, turning the humble clicker into the access point for the digital home entertainment center.

Now, just about every entertainment device has a remote control: audio receivers, CD and DVD players, VCRs and CD/DVD recorders, satellite and cable set-top boxes (STBs), and even air conditioners and digital cameras. Some households have five or more remote controls cluttering up the living room.

Given its prominence in home entertainment — it's the instrument that allows television viewers, DVD watchers or music aficionados turn programming on and off — it's surprising that no media company has ever thought of providing households with a free remote control.

The remote control may be the “portal” of entertainment, but it's just one small part of the Unwired Metatrend. Mobile phones and



IMAGE COURTESY: KONINGKLIVE PHILIPS ELECTRONICS NV

The fully programmable Philips Pronto line of remote controls is considered by some the ne-plus ultra of TV remotes.

Wi-Fi, however, are shaping up to be the most revolutionary wireless trends transforming society.

Since its inception 20 years ago, the mobile phone has redefined personal communication. Today, it is the second-fastest-growing medium, with more than 1.4 billion users dotting the globe (see Mobile Phones in Trendspotting).

Already, tectonic shifts in the use of wireless phones are in the making. New technologies such as MMS and SMS are redefining culture with their lingo and digicams (see Text

Camouflage in Trendspotting and Voyeurism in Metatrends).

Back in 1983, when rural users started installing large satellite dishes to improve their TV reception, dishes cost up to \$5,000. Now, with 18-inch satellite dishes commonplace, the number of U.S. households with satellite TV has zoomed to 20 million.

The next untethered frontier is Wi-Fi, which will make wireless Internet access available almost everywhere. In June 2003, U.N. Secretary-General Kofi Annan pleaded for broad access: “Wi-Fi can be particularly effective, helping countries leapfrog generations of telecommunications technology and infrastructure and empower their people.”

Being unwired can certainly be liberating.

### Trend Opp

**GUI** > The inscrutable nature of many remotes and their vital role in media and entertainment lends a superb opportunity for a resource dedicated to remote-control “GUIs.”

**Portal** > Since it's the instrument that controls TV viewing and home entertainment, how about a free remote control with a pre-programmed “home” button that auto-tunes a particular network depending on a viewer's market?

<b>1800s</b>	1865: Dentist Dr. Mahlon Loomis of Virginia communicates wirelessly through atmosphere.  1896: Marchese Marconi creates first practical radio system.
<b>1900s</b>	1906: Reginald Fessenden plays violin over radio and talks to startled ship wireless operators.
<b>1920s</b>	1922: Bell Labs invents mobile, two-way, voice-based radio telephone.
<b>1930s</b>	1934: First radio-controlled model yacht.
<b>1940s</b>	1946: AT&T launches first commercial radio telephone system in St. Louis.
<b>1950s</b>	1954: Genie debuts first radio-controlled garage door opener in U.S.  1955: Eugene Polley invents remote control.
<b>1970s</b>	1971: Alohanet, first wireless computer networking system, deployed at University of Hawaii.  1973: Motorola's Martin Cooper makes first call on “cellular” phone.  1978: Bahrain Telephone operates first analog cellular telephone system.
<b>1980s</b>	1983: Ameritech begins first U.S. commercial cellular service in Chicago.
<b>1990s</b>	1990: U.S. digital cellular system overhaul begins.  1991: GSM service launched in Europe.  1992: First SMS message sent by Vodaphone.  1998: Bluetooth debuts.  1999: Wi-Fi alliance formed to certify IEEE 802.11 wireless products.
<b>2000s</b>	2001: NTT DoCoMo launches first 3G mobile phone network in Tokyo.

# Metatrends

## Voyeurgasm

Rodney King's 1991 beating was a groundbreaking event. Not only did it capture police violence on video, but it also ushered in a new trend, voyeurgasm, which points to a future where just about everything will be captured by digital cameras or camcorders.

Since King's beating, a number of high-profile events have been captured on videotape, including Central Park's notorious "wilding" incident; the Concorde crash; the Sept. 11 attack; the Mt. Hood rescue helicopter crash; and Madelyne Toogood's child beating, recorded by a surveillance camera; plus a never-ending string of police-car chases.

The voyeurgasm trend, which also can be called "digital rubbernecking," has spilled over into TV, where reality shows are setting audience records.

In 1992, MTV debuted "Real World," a show about seven strangers who share a house, which started the reality show trend in earnest (see timeline). "Big Brother," created in the Netherlands by Van der Mol Studios, became a big hit in the U.K. in 2000 (see Media in Marketrends). "Big Brother" was buoyed by the popularity of peeping-tom webcams, like JenniCam (see timeline), and was quickly followed by a series of me-too shows, such as "Survivor" and "The Bachelor," proving that people do indeed like to watch.

The avalanche of reality television shows has yet to stop. In July 2003, CBS aired a show called "Cupid," which stars a single woman who gives

men just seconds to impress her. It's the first time that two metatrends — time compression and voyeurgasm — have intersected.

Expect voyeurgasm to explode, fueled largely by technology. In July 2003, [JVC](#) shipped the JVC GR-HD1, the first consumer HDTV video camera (\$3,500), which uses standard mini-DV tapes. In the hands of consumers, HDTV technology will quickly ratchet up the quality of homemade voyeurgasmic videos, many of which are bound to end up on TV.

Video isn't the only trend fueling voyeurgasm. By the next decade, 1 billion consumers could be armed with camera phones worldwide. Early reverberations of their use are already being felt (see Mobile Phones in Trendspotting). In Australia and the U.K., swimming pools and sports facilities are

starting to ban camera phones because of a concern that pedophiles might be using them to surreptitiously take pictures of children. In the U.S., some health clubs have taken similar precautions.

Meanwhile, [Samsung](#), a leading manufacturer of camera phones, has banned their use at company headquarters, out of fear of corporate espionage.

As "cams" become cheaper and sharper, it's only a matter of time before just about anything is captured digitally. Still, as Rodney King's case proved, voyeurgasm can sometimes have positive results.



IMAGE COURTESY: JVC CO.

In July 2003, JVC shipped this 720/30p, 16:9 high-definition camcorder that uses regular MiniDV cassettes for recording. Camcorders of this quality will add a new dimension to voyeuristic videos.



IMAGE COURTESY: SONY ERICSSON AB

This state-of-the-art Sony Ericsson camera phone features VGA (640x480) resolution. One day, camera phones will be able to take pictures as sharp as today's top-of-the-line digital cameras.

### 1970s

1970: "The Phil Donahue Show" pioneers modern television-talk format.

1973: "An American Family"; Santa Barbara's (CA) Loud family is followed by a PBS documentary film maker for seven months.

### 1980s

1985: Sony launches first 8mm camcorder, which fuels voyeurism trend.

### 1990s

1991: Kodak releases first digicam, DCS, aimed at professionals.

1992: NBC's "Dateline" adopts "up-close-and-personal" style.

1992: MTV's "Real World" features seven strangers holed up in an apartment for three months.

1994: Apple launches first consumer digicam, the QuickTake 100.

1995: MTV spin-off "Road Rules" shows young adults on a scavenger hunt.

1996: 21-year-old Jennifer Ringley gives surfers a peek on three webcams, aka as the "JenniCam."

1997: Pamela Anderson video debuts on the Net.

1999: "Big Brother" debuts on TV in the Netherlands.

### 2000s

2000: CBS' "Survivor" marks first successful crossover of "Real World" format to primetime.

2000: NBC shows Central Park's "wilding" incident.

2000: Concorde crash taped from moving car.

2000: J-Phone releases the world's first camera phone, the Sharp J-SH04.

2001: France gets in on the act with "Loft Story."

2003: JVC announces first HD-quality camcorder: JVC GR-HD1.



# Metatrends

## WAF

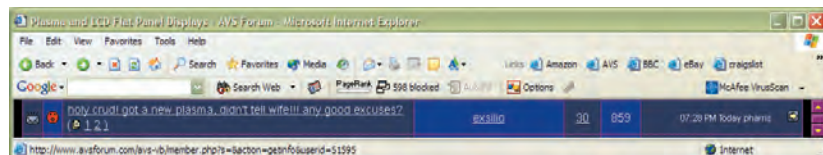
“Go ahead for plasma!” read the forum posting’s subject line. “I have the WAF on my side for a new plasma after the first of the year. We’re moving into a classic 1917 bungalow and had issues with where the TV stuff would go,” continued the mysterious post.

So, what’s **WAF**? Here’s another post that sheds more light: “Solving the WAF is easy if you have a dedicated room. My wife calls the shots in the entire house except for my home office, home theater and kitchen, when I’m in there cooking. The living room has to meet her specs 100%.”

WAF is online speak for Wife Acceptance Factor — semi-onomatopoeic code for approval from a man’s “better half.”

Internet forums provide an unusually intimate glimpse into changing social values. While men were generally considered the head of household, the Wife Acceptance Factor shows how much domestic decision-making power wives possess.

The definition can be traced to the [Home Theater Spot](#) forum, which dedicates an entire discussion area to the topic, humorously titled, “The Wife Acceptance Factor — Not in my house!”



It’s abundantly clear that women wield a great deal of power over household spending. While the widely quoted figure that women influence 80% of household spending can’t be attributed to any specific study, the median income of women has risen 82% between 1971 and 2001, compared with just 11% for men.

Still, working women continue to make less than men. According to 2002 [U.S. Census](#) data, the median income for American working women is 76% of men’s income, compared with 82% in the U.K.

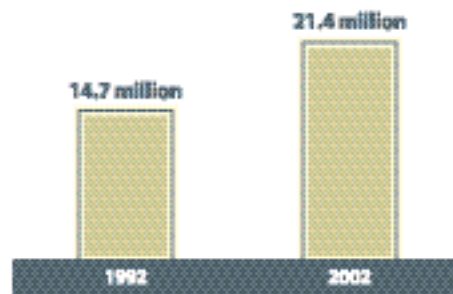
Raising children continues to have an adverse impact on female earning power. Women are at their earnings peak in their thirties, while men reach this point in their forties, according to [Research and Markets](#).

But the rise of women is most evident in the media, as anyone who has seen [CBS’](#) popular “Everybody Loves Raymond” knows. That shift is noticeable not only in the West; women are gaining power in traditionally male-oriented cultures as well. India’s “Bollywood” film industry is increasingly moving women to center stage with strong female roles that push the boundaries of a conservative Hindi society.

In Venezuela, television and radio reporter Marta Colomina has become a celebrated figure due to her polemic battles with President Hugo Chavez. Her ideological opposite is activist Lina Ron, a bleached blonde who wears a baseball cap. Both women are redefining the traditional stereotype of Latin women being quiet supporters of men. From the look of things, it pays to have the WAF on your side.

As this forum post headline reveals, the Internet provides an intimate glimpse into society’s evolution of values.

### Women Employed in Managerial and Professional Specialty Occupations



SOURCE: JUN. 2003 BUREAU OF LABOR STATISTICS

- 1800s**
  - 1848: First women’s rights convention held in Seneca Falls, NY.
  - 1855: Lucy Stone is first woman to keep her own name after marriage.
  - 1878: Susan B. Anthony amendment, to grant women the vote, is first introduced in Congress.
- 1900s**
  - 1900: 5.3 million U.S. working women.
- 1910s**
  - 1915: 40,000 march in New York City suffrage parade, the largest ever in that city.
  - 1917: Jeannette Rankin of Montana is first woman elected to U.S. Congress.
- 1920s**
  - 1920: 19th Amendment is ratified, guaranteeing American women citizens right to vote.
- 1940s**
  - 1941: 7 million women take jobs during war, including 2 million “Rosie the Riveters.”
- 1950s**
  - 1950: 18.4 million U.S. working women.
  - 1955: Daughters of Bilitis, first lesbian organization, founded in San Francisco.
- 1960s**
  - 1960: FDA approves birth control pills.
  - 1967: Chicago Women’s Liberation Group organizes, considered the first to use term “liberation.”
  - 1969: California becomes first state to adopt “no fault” divorce law.
- 1970s**
  - 1970: Equal Rights Amendment is reintroduced into Congress.
  - 1971: *Ms.* magazine first appears as an insert in New York magazine.
  - 1973: Billie Jean King beats Bobby Riggs.
  - 1973: In *Roe v. Wade*, the Supreme Court establishes a woman’s right to abortion.
- 2000s**
  - 2001: 66 million U.S. working women.

## Baby Boomers

They're the world's richest generation. In the U.S. alone, this generation will inherit \$1 trillion in the next decade. They witnessed first-hand such phenomena as the birth of rock and roll, Woodstock, the Vietnam War and the emergence of the mobile phone and the Web.



IMAGE COURTESY: AIRSTREAM INC.

The RV industry has enjoyed a sales spike for the past 10 years, spurred by free-wheeling Boomers yearning to explore the great outdoors. The fact that RVs are tax deductible as a second home in the U.S. didn't hurt either.

Born between 1946 and 1964, Baby Boomers number some 450 million worldwide. These 60s and 70s rebels believed they could change society through activism. As a result, Boomers became the most self-aware and idealistic generation ever.

As they aged, however, many grew more conservative, which

explains the shift toward the Republican Party in the U.S. Congress. According to a September 2002 [AARP](#) study, 66% of Boomers today favor more military power. In the early 70s, that figure was 41%.

Yet Boomers continue to break the mold. Their forever-young attitudes have spiked the healthcare and spirit rejuvenation markets (see Fountain of Youth in Metatrends); and Boomers are driving such trends as the roller-coaster stock market and the "been-there-done-that" fashion trend.

Long before downloading music and "IMing" hit the population at large, Boomers made the Internet what it is today, witnessing it morph from an academic service to one of commerce.

The [Pew Charitable Trusts](#) report that nearly 40% of Boomers who use the Net are at least six-year veterans. Only 7% are "newbies" with a year

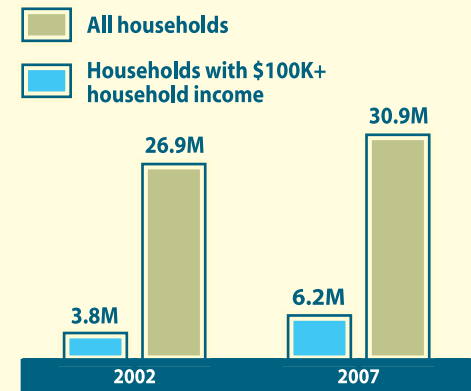
or less of experience. They watch more TV, see more movies and buy more CDs than young people, yet they're the focus of less than 10% of marketing dollars.

Affluent Boomer households will grow dramatically in the next few years. Households headed by people ages 55 to 74 will rise 15% by 2007, according to [Claritas](#). The number of households with an annual income of \$100,000+ is expected to jump 61% over the same period (see chart).

While their bank accounts have been fattened by years of home appreciation and company-sponsored retirement accounts, Boomers are generally unprepared for what it means to live 30 or 40 years beyond the day they quit their jobs.

Luckily, their parents are expected to chip in a significant part of their \$41 trillion in estate values, a challenge that presents the biggest Boomer market opportunity yet.

### Overall Household Growth vs. Households with \$100K+ Income



SOURCE: NOV. 2002 CLARITAS INC.

# Demotrends

## Generation Y

“Erudite dismay” was how one 2003 high school graduate summed up his senior year in a San Francisco school.

What the class learned during its four years, he continued, could be stored on 42 floppy disks.

Welcome to the unique perspective of Generation Y — a generation to date best known for being the offspring of the 78 million Baby Boomers.

But Generation Y, born between 1977 and 1994, is rapidly gaining clout. With 72 million in the U.S. alone, expect this generation to make waves as it enters the workforce and solidifies its own brand preferences.

Gen-Yers have the spending power to leave their own indelible mark. Americans aged 8 to 21 have an annual income of \$211 billion, of which \$172 billion is spent and \$39 billion saved, reports [Harris Interactive](#).

In certain aspects, Generation Y has already proved itself surprising. Teens aged 15 to 17 who've had sexual intercourse decreased from 54% in 1991 to 46% in 2001 according to the [Centers for Disease Control](#). Suicide rates and violent crime are also down among Gen-Yers, according to the [National Center for Health Statistics](#) and the [U.S. Department of Justice](#). And reflecting today's ethnic diversity, 70% of all hip-hop music is bought by white consumers, many of them members of Generation Y, according to musicologist [Arthur Kempton](#).

While Gen-X was labeled “the age of slackers,” Generation Y has already recalibrated the landscape by ignoring traditional media and devoting more attention to the Internet, mobile phones, video games and IMing.

For this generation, fed a steady diet of highly fragmented media like MTV and the Internet, multitasking is par for the course. When [MTV](#) asked 18- to 24-year-olds how much time they devoted to Web surfing, downloading music and e-mail, the average time added up to 31 hours per week (see Multitasking in Metatrends).

They're even more unpredictable when it comes to brands. Eighteen- to 24-year-olds are more likely than other consumers to buy or change brands impulsively, reports [Market Segment Research](#) (see Trend Watch).

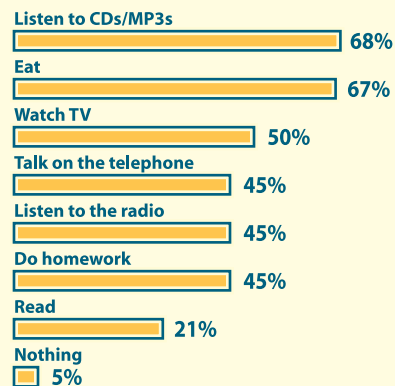
Mobile phones are another Generation Y lifestyle statement. Already, 28% of 13- to 19-year-olds use a mobile device, according to [IDC](#). Among 21-year-olds that figure rises to 47%, just below the 55% national average, reports [Telephia](#). And 53% use them to text message, twice the national average.

The story is the same for IMing. Fully 69% of 13- to 17-year-olds IM, compared with 52% of online adults, notes [Jupiter Research](#).

Gen-Yers, being more diverse, individualistic, pierced, skateboard-oriented and in-your-face, have proved to be a major obstacle for marketers. This group has grown deaf to traditional advertising techniques and is more likely to respond to word-of-mouth whether it's in slang, in person, on their mobile phones or by IMing.

It's erudite dismay indeed.

### Gen-Y, what else do you do when you are online?



SOURCE: JUL. 2003 YAHOO! INC./CARAT NORTH AMERICA

### Trend Watch

With no brand agenda, Gen-Y is moving once-obscure names into the limelight. Surfers and skateboarders have propelled brands like [Billabong](#) and [Roxy](#), turning them into multi-million dollar businesses. Meanwhile, retailers such as [dELIA\\*s](#), [Hot Topic](#) and [Urban Outfitters](#) have become the new standard-bearers for the cool set. With 4 million Gen-Yers turning 21 this year, it's a sure bet that more dark horses are about to be discovered.



Gen-Y specialty marketer and catalog retailer [dELIA\\*s](#) has a 15-million name database.

IMAGE COURTESY: DELIA'S CORP.



## Latino Americano

Jennifer Lopez and Ben Affleck, Tommy Mottola and Thalia, Salma Hayek and Josh Lucas. Detect a pattern? These Hollywood couplings mirror a major trend: the assimilation of Hispanic culture at all strata.

The higher profile of Latinos is mirrored on TV. According to a study by [Initiative](#), the number of Hispanic actors on U.S. network television has grown fivefold since 1990. The trend is a direct result of a rapidly growing population. In 2002, Hispanics surpassed African Americans as the largest minority group, according to the [U.S. Census Bureau](#). Between 1990 and July 2002, the U.S. Latino population surged 74%, from 22.4 million to 38.8 million. During that same period, the African American population grew 22%, from 30 million to 36.6 million.

Hispanics have a younger median age than blacks and non-Hispanic whites. They also have a higher birth rate, which coupled with an influx of Latinos to the U.S., has lifted their ranks.

In 16 U.S. metropolitan areas with a significant Latino presence, the Hispanic population grew 97% between 1980 and 2000, according to the [Pew Hispanic Center](#). High-growth metro areas include Atlanta, Ga., up 995%, to about 269,000 Hispanic residents; Charlotte, N.C., up 930% to 77,000 Hispanic residents; and Sarasota, Fla., up

538% from 6,000 Hispanic residents.

But Latino growth is no longer limited to urban areas, with 54% of Hispanics now living in the suburbs, notes Pew.

As the Hispanic population continues to thrive and diversify geographically, politicians are eager to tap into the group's growing political clout. The number of registered Hispanic voters has tripled from 2.5 million in 1972 to 7.6 million in 2000, according to the [National Council of La Raza](#). The Hispanic advocacy group estimates this number could reach 8 million by 2004.

Hispanic buying power is witnessing a similar dramatic surge. In Florida's Broward County, Latino buying power rose 298% between 1990 and 2003, topping \$6.4 billion. Miami is not alone. There are now 24 metropolitan areas with at least \$5 billion in Hispanic consumer spending power. Since 2000, Hispanic consumer spending has risen 8% per year to reach \$531 billion in 2002.

And that's just the beginning. The Hispanic population is expected to top 66 million by 2022, according to [Global Insight](#). Already, one-third of California's population is of Hispanic descent.

And the Latino Americano trend is not limited to the U.S. In Europe, the number of Hispanic immigrants, both legal and illegal, is projected to reach 3 million in 2003. It's quite obvious that the Latino Americano market is ready to tango. *Espero que usted comprenda la importancia de estas palabras!*

### Metro Areas with the Largest Latino Populations in 2000

	LATINOS	% OF TOTAL
Los Angeles	4.2M	45%
New York	2.3	25
Chicago	1.4	17
Miami	1.3	57
Houston	1.3	30
Riverside-San Bernardino	1.2	38
Orange County	0.9	31
Phoenix	0.8	25
San Antonio	0.8	51
Dallas	0.8	23
Total	15.1M	31%

SOURCE: JUL. 2002 BROOKINGS INSTITUTION



### Trend Watch

Improved cuisine combined with an ethnic flavor is a hot fast-food trend, which begs a question: Who's going to be the next Taco Bell? Southern California, the fast-food trendsetter, might again point to the future. In Santa Barbara, Calif., the line stretches out the door each day at [La Super-Rica Taqueria](#), a favorite of gourmet chef Julia Child. Meanwhile, Guatemala's [Pollo Campero](#), a Latin American fast-food chain with addictive qualities, racked up \$1 million in sales in seven weeks after opening an outlet in Los Angeles. Next markets: Houston, Washington, D.C., Poland, Portugal and Spain.

IMAGE COURTESY: GEORGE LOPEZ

Comedian George Lopez, a co-host for the 2003 Emmy Awards and has his own ABC television show, exemplifies the Latino Americano trend.

# Geotrends

## China

With 1.3 billion people plus an 8% annual GDP growth rate, China's \$1.7 trillion economy is already a worldwide top five economic contender. Its market power in sheer numbers is staggering.

In 2002, the Chinese downed more than 23 billion liters of soft drinks (6 billion gallons). And there are already 260 million mobile phone users in China, according to the official [Xinhua](#) news

### Trend Watch

Shanghai is displacing Hong Kong as China's "It" place, with companies such as [Alcatel](#), [Coca-Cola](#) and numerous others moving to the port city. Home to more than 13 million people, Shanghai is China's largest city and one of its fastest-growing ones. To control congestion, the government has proposed limits on new high-rise buildings. The newest traffic reliever: Shanghai's "mag-lev" train, which makes the 19-mile trip between the financial district and airport in just 14 minutes.



IMAGE COURTESY AP/WIDE WORLD PHOTOS

agency, a figure that's expected to "level off" at 450 million in the next few years, says [China's Ministry of Information Industries](#).

To exploit this massive opportunity, multinational firms have been staking early claims. [McDonald's](#), which invaded China in 1990, now has 560 restaurants, trailing [KFC's](#) 850 outlets. France's [Carrefour](#) plans to double its 31 supermarkets in 2004. [Motorola](#) sold 17 million phones in 2002, according to [Adventis](#).

China's market potential has attracted a host of local competitors that are beefing up their own R&D departments with homegrown engineers earning \$15,000 a year. Example: [Ningbo Bird](#), a Chinese manufacturer that produced 7 million phones in 2002.

Motorola, the 2000 leader with 31% market share, according to the [Gartner Group](#), has scrambled to protect its turf by investing heavily in its own local R&D and manufacturing facilities and by going for a hipper look with diamond-encrusted and karaoke-enabled phones. So far, it hasn't worked. Motorola's market share dropped 11 points to below 19% in 2002.

The consumer packaged goods story is the same. [Great Lakes](#), which built a \$10 million business selling fruit juices, now is being squeezed out of that \$1.4 billion market by [Huiyan Group](#).

Private registration of new automobiles is expected to reach 4 million in 2003, according to the [Association of the Automotive Industry](#). [Volkswagen](#) alone sold 512,548 cars in 2002, a 43% increase over 2001 and manufacturers say 2003 sales are climbing, as the SARS epidemic caused consumers to avoid public transportation.

To meet its growth needs, China is on a tear to upgrade its infrastructure. A magnetic levitation railway system debuted in Shanghai in January 2003 (see Trend Watch) and \$31 billion has been earmarked to upgrade the country's rail system.

Add the massive number of engineers and scientists China turns out each year — 465,000 in 2001 alone, according to [BusinessWeek](#) — to its modernization commitment plus the country's surging demand for consumer goods and you can see why China makes marketers swoon.

### China at a Glance

#### DEMOGRAPHICS

Population	1.3 billion
Annual pop. growth	1.0%
Population per sq. mile	52
Urban population	37%
Life expectancy	72 years

#### ECONOMIC

Labor force	710 million
Annual GDP growth	8.3%
GNP per head	\$3,023
Unemployment rate	5.2%
Inflation rate	0.4%
Total exports (2002)	\$325 billion

#### TECHNOLOGY

Internet users	68 million
Phone households	472 million
Mobile phone users	260 million
Cars sold (2002)	1.1 million

SOURCE: OCT. 2003 TRENDSCAPE



## France

American travel to France dropped 26% in early 2003.

But on an annual basis, that translates to a mere 1 million tourists out of 77 million who spent \$114 billion in 2002.

No wonder the French say: "Ah pfft!"

While American travel declined 26%, upscale hotel occupancy in France was down only 15%. Not surprising, given that Americans account for only 5% of foreign travelers. The blow was softened by the 61 million French who vacation at home and the fact that France is the world's No. 1 tourist destination (see Travel in Marketrends).

France's influence on food and fashion remains unchallenged. Paris runway looks — from [Chanel's](#) black-and-white everything to [Christian Dior's](#) vision of Japanese Kabuki crossed with "The Matrix" — defined the 2003 autumn/winter season. [Le Karr](#) in Nice, [182 RD](#) and [Senso](#) in Paris are hot places to eat and be seen. While other French sectors declined in 2002, the French food production industry grew 1% overall in 2002, sustained mostly by alcohol exports.



In October, Paris celebrated its second *Nuit Blanche*, or White Night, an all-night festival of open museums, galleries and swimming pools. The concept has been copied by Brussels and Rome.

Could 2004 bring a détente between the U.S. and its oldest ally? Among jetsetters, France never went out of style. Think *J'adore Dior* T-shirts seen everywhere on models, rock stars and starlets. The [Paris Convention and Visitors' Bureau's](#) fall 2003 campaign "Let's Fall in Love Again" (or, "Please Come Back"), features pro-France cheerleading from Woody Allen and a New York City firefighter.

French GDP growth sunk to 1.2% in 2002 (down from 2.9% in the 1998-2002 period). But the government now predicts GDP will grow to 1.7% in 2004. With the deficit threatening to breach euro-zone rules for a third year in a row and unemployment hovering around 9%, the French are bound to accommodate new investors. The U.S. still accounts for 8% of France's imports, more than the U.K. Some American brands are already

on the bandwagon. By early 2004, [Starbucks](#) will open its first French outlet in the Opéra section of Paris. U.S. financier [Anthony Hwang](#) last year made a splash in the wine industry by becoming the first foreigner to buy a leading property in the Loire Valley.

And 2003 is rumored to be the best vintage since 1947. If true, you can bet both wine imports and tour packages to *routes du vin* will pick up markedly in 2004.

Recent French polls show the French are open to re-legalizing brothels, which the government shut down in 1946.

*Vive la France!*

### Trend Watch

While no one ever really abandons the beaches of the south of France, a new generation of American celebrities, including Sean (P. Diddy) Combs and Beyoncé Knowles (and even Jenna Bush) turned up the heat again in St. Tropez in 2002 with high-visibility partying. P. Diddy even sang about it in "I Need a Girl, Part II." And normally not included on a list of must-see glamour spots, Marseilles is quickly getting over its inferiority complex with being hometown to soccer superstar Zinedine Zidane and beneficiary of a municipal improvement plan expected to generate 20,000 new jobs. Only three hours from Paris on the TGV train and France's most ethnically diverse city, Marseilles is one French city with **street cred**.



# Geotrends

## Las Vegas

Always pushing the boundaries of tolerance, Las Vegas has shown it not only knows gaming but has learned how to gamble. In a little under a century, Las Vegas has transformed itself from a dusty road stop of 800 souls to the “Broadway of the West.”

As the cultural Mecca of Nevada, a steadfastly progressive U.S. state (see Generation X-tasy in Metatrends), Las Vegas was always at the forefront of adult entertainment.

That changed in the 70s when “Sin City” received its first wake-up call, in the form of Atlantic City. By the early 90s, riverboat and Indian casinos had joined the party. In 1992, Las Vegas’ gambling revenues declined by nearly half a billion dollars.

But as with all great reinventions, the seeds of innovation lay within. In 1972, [Circus Circus](#) added hotel rooms to its casino, thus becoming Las Vegas’ first destination designed for families with children.

Steve Wynn, owner of downtown’s [Golden Nugget](#) casino, accelerated that trend with the opening of the [Mirage](#) in 1989, ushering in Las Vegas’ theme-park era with spectacles such as an artificial volcano that spewed flames every 15 minutes.

With its new target of families, The Strip changed its entertainment profile dramatically. In 10 years, nearly every major hotel along The Strip was either demolished or rebuilt, at a cost of \$12 billion.

To appeal to America’s insatiable appetite for the super-sized, the new venues were huge. Today, 20 of the world’s 23 largest hotels, topped by the [MGM Grand’s](#) 5,005 rooms, are in Las Vegas. And new ones, like Wynn’s [Wynn Las Vegas](#) (see Trend Watch), are on the way.

The building boom led to an explosion in Las Vegas’ population. Between 1990 and 1999, the city grew 64% (see chart).

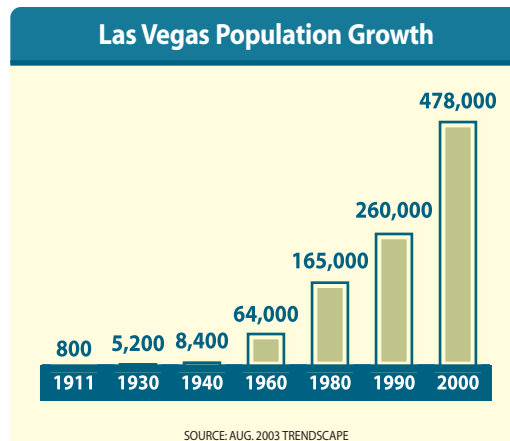
More than 30 million people stay in Las Vegas’ 140,000 hotel rooms each year. To keep drawing new visitors, this onetime two-hotel town has turned itself into a powerhouse of popular entertainment.

(However, not wanting to completely abandon its “Sin City” reputation, Las Vegas has launched TV ads that say, “What happens here, stays here.”) New multimillion acts, such as Celine Dion’s [Caesars Palace](#) show, with its state-of-the-art “virtual world” technology, are setting entertainment standards.

Dion’s show follows the trendsetting footsteps of such extravaganzas as [Cirque du Soleil’s](#) O, for which Wynn built a \$70 million aquatic theater, featuring a 1.5-million-gallon tank of water as the stage. More than 2 million spectators have seen this 74-person theatrical production at the \$1.6 billion [Bellagio](#).

Las Vegas has also become a dance club trendsetter. In July 2003, the \$6 million Ice House Lounge joined the \$7 million Tabu Ultra Lounge at the MGM Grand, extending the buzz that had been started by the Bellagio’s Light and the [Palms Hotel & Casino’s](#) Ghost Bar.

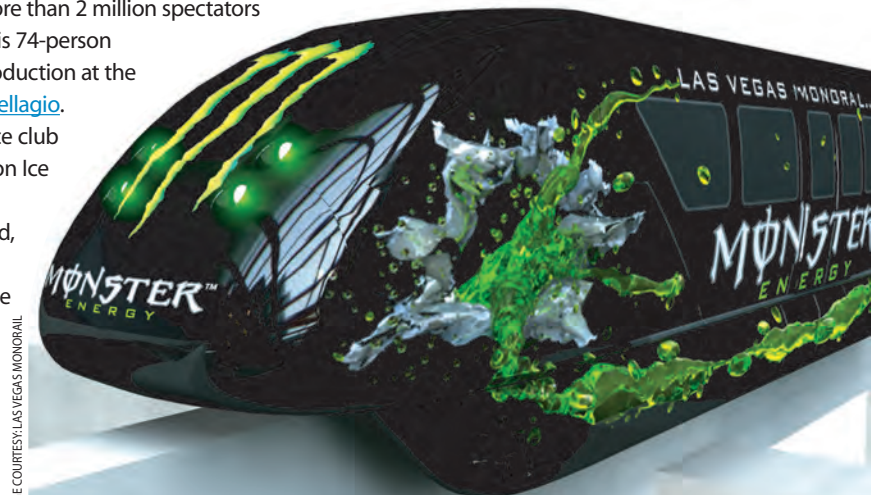
Welcome to the “Super Spectacular New White Way.”



### Trend Watch

Las Vegas is on a tear to out-trump itself and no one is better at the game than Steve Wynn. Fresh from a \$450 million IPO, the sixth largest of 2002, Wynn is getting ready to prove he’s the world’s most successful serial entrepreneur (Wynn was behind the [Mirage](#), [Treasure Island](#) and [Bellagio](#)). His \$2.4 billion Wynn Las Vegas promises to be the ultimate tribute to grandeur.

If Las Vegas is not Disney-esque enough for you, consider the new monorail that connects The Strip’s entire length. That was once Walt Disney’s urban vision. The Monster sponsorship, of course, is a 21st century addition.



## London

From the city that brought you Burberry, punk, [Harrods](#), [Mary Quant](#), Stella McCartney and [Virgin](#), London continues its trendsetting ways, from food to clothes to mobile phones.

More than a year after its U.K. launch, multimedia messaging service (MMS) is taking hold. That's not surprising given the British proclivity to "text" — Britons send 55 million text messages daily. One trendsetting application is [Shazam](#), which enables mobile phone users to dial "2580" and receive a text message providing the name of a song the user heard and liked, but couldn't identify.

MMS has London trendsetters particularly enraptured because they can use their mobiles to e-mail photos.

The trend has spawned a host of sites that help mobile snappers to post pics and has given Londoners a new appreciation for Miss England pictures, among other things.

Pricey restaurants featuring avant-garde food and cool take-out have put to rest the outdated images of boiled beef and soggy meat pies. In the achingly cool Shoreditch in London's East End owners of the famous [Les Trois Garçons](#) restaurant have gone past minimal venues with the opening of their [LoungeLover](#) bar.

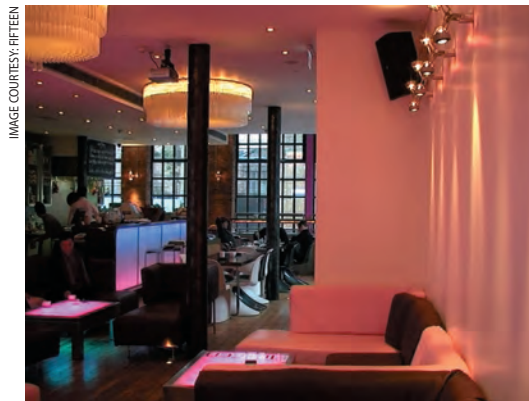
To say its interior is eclectic is an understatement. There is an eccentric fusion of styles from 18th and 19th century Swedish and French furniture to 40s and 50s retro club furnishings to a VIP area gated with wrought iron bars. LoungeLover backs up its style with substance: arguably the best cocktail list in London. One unique

restaurant that recently sprung up on Conduit St. is [Sketch](#), where diners can pay upward of £150 (\$250) per head for dinner and use bathrooms bejeweled with £35,000 worth of Swarovski crystals. [The Bond](#), also on trendy Conduit, features deep-fried locust salad, flash-grilled zebra and Indian cobra risotto.

That cobra risotto taps into the longtime popularity of Indian food, which has grown 57% since 1998, according to a [Mintel](#) report. [Marks & Spencer](#), Britain's favorite high-end food store, has launched an exotic range of Indian dishes with one of London's top Indian chefs, as well as a host of Indian restaurants, including [Benares](#), [Cinnamon Club](#) and [Mint Leaf](#). According to [The Guardian](#), Londoners spend about one-third of their food budget, more than any other food category, on convenience foods, especially Indian, Chinese and other Asian takeout.

Londoners may be ordering more takeout, in lieu of frequenting posh eateries, since the average salary is outstripped by housing costs. The average apartment in greater London is £209,000 (\$349,000) and the average house price is £218,404, according to [Halifax](#), the U.K.'s largest mortgage lender. [The Council of Mortgage Lenders](#) reported that loans to first-time buyers fell by 40% in the first half of 2003 compared to the same period in 2002.

Department store [Selfridges](#) has introduced the Superbrands Room, a showcase of luxury brands such as [Gucci](#), [Chloe](#) and [Burberry](#) and new luxury designers, including [Stella McCartney](#), [Alexander McQueen](#) and [Viktor & Rolf](#). Selfridges also opened a £40 million store in Birmingham, designed by innovative architectural group [Future Systems](#). If the roof of this store is any indication, then there is indeed a silver U.K. lining.



One of London's hottest restaurants is [Fifteen](#), owned by Jamie Oliver, who successfully extended his celebrity brand from the BBC television show "The Naked Chef."



IMAGE COURTESY: CUNING STUNTS COMMUNICATIONS

### Trend Watch

At last someone has come up with a good use for students. London-based advertising agency Cuning Stunts Communications pays them £4.20 an hour to stamp their foreheads with a temporary tattoo featuring a branded logo. Students have been spotted advertising the lads' magazine [FHM](#) and adventure cable-channel [CNX](#).

IMAGE COURTESY: SELFRIDGES RETAIL LTD.



Selfridges' new Birmingham store comes with its own silver lining.



# Geotrends

## New York

Despite a lackluster economy and lingering terrorism fears, New York City attracted more than 35 million visitors in 2002 — up 0.3% from 2001. A record 30 million were domestic tourists, up 2% over 2001.

The city's official tourism marketing organization, [NYC & Company](#), predicts tourism will bounce back in 2003, with 2% more total visitors, driven mostly by an increase in international tourists, whose visits to New York have declined 10% since 2001.

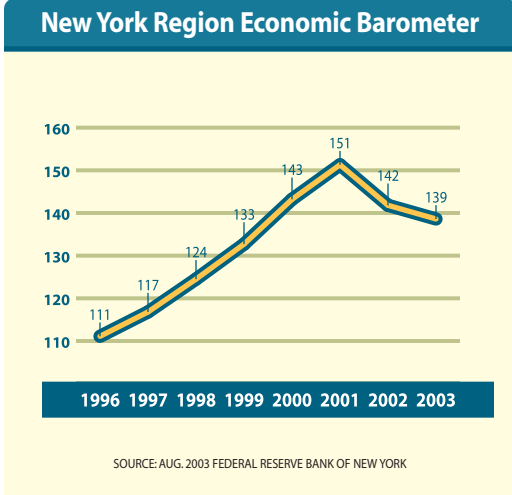
Visitors aside, New York City is home to 8 million people, says the [U.S. Census Bureau](#). Add a few million nonresident daily commuters and 36 major construction sites and you get crowded sidewalks and traffic jams. Building a Second Avenue subway in 2005 will tear up the East Side for 12 years and keep New Yorkers walking, armed with mobile phones and bottled water.

With low interest rates and better returns on real estate than the stock market, many residents are snatching up property. According to the [Douglas Elliman Manhattan Market Overview](#), the average price for a two-bedroom co-op or condo rose 8% to \$1,040,000, while the value of one-bedrooms and studios declined slightly to \$437,102 and \$254,000, respectively. Some believe the increase for larger units is a show of confidence. Prices in Battery Park are now at pre-9/11 levels and record deals still are made. A full floor (12,000 square feet) at

Stumped for a cool place to live? Check out the Lower East Side. It even has its own blog: [LockhartSteele.com](#).

the Time Warner building at the edge of Central Park is selling for \$45 million.

Wall Street profits and bonuses reached record lows in 2002 and 2001, the first consecutive declines since 1989 and 1990. Profits totaled just under \$7 billion in 2002, down from \$10 billion in 2001, which was down from \$21 billion in 2000. Year-end bonuses totaled under \$8 billion in 2002, down 37% from 2001 and 59% from 2000, according to the [Office of the State Comptroller](#). Wages paid last year decreased by almost 9% and unemployment is over 8%, one of the nation's highest rates.



## Trend Watch

IMAGE COURTESY: STELLA MCCARTNEY



New York's hip meat-packing district, MePa, spans several blocks from West 14th St. and Ninth Ave. Visitors can shop for clothes from designers [Stella McCartney](#), [Carlos Miele](#) and [Alexander McQueen](#), or visit [Jeffrey](#), the mini-department store for the super chic. French bistro [Pastis](#) is always packed and [Rhône](#) mixes Vietnamese food with French wine. Another hot "hood" is the Lower East Side, which soon will have its own design hotel, the [Surface Hotel](#) on Rivington Street. But to be truly avant-garde, check out Williamsburg, Brooklyn, the hippest hood yet.

City planners agree that New York's recovery is tied to so many things it's difficult to predict when it will turn around. New York is making a \$166 million deal to put selected [Snapple](#) beverages in city schools, specifically water and fruit juice, and is choosing the company to be the official iced tea, water and chocolate drink vendor for New York-sponsored events. In exchange, Snapple will commit to New York marketing efforts, valued at more than \$60 million.

We predict this won't be the last such sponsorship. Could the city's economic recovery be waiting down the road, on a bridge for sale?



## South Beach

The greater Miami area attracts roughly 10 million visitors each year. More than 7 million — attracted by sun, surf, sumptuous hotels, clubs and fashion models — visit South Beach, a 15-block neighborhood within the City of Miami Beach, say city officials.

Part of SoBe's appeal stems from its historic Art Deco district where candy-colored hotels (built during the late 20s and 30s) and nightclubs provide an eclectic backdrop for jetsetters. The addition of the district to the [National Register of Historic Places](#) in 1979 sparked a multibillion-dollar building boom.

Today, South Beach is design-hotel heaven (see Design Hotels in Trendspotting). Hot spots include Ian Schrager's [Delano Hotel](#) and [The Shore Club](#) (both start at \$305+/night), managed by Ian Schrager, who ignited the 90s design-hotel craze. Other popular spots include [The Sagamore](#) (\$215/night) and [The Raleigh](#) (\$135/night), as well as many smaller historic hotels like [The Albion](#) (\$145/night).

About 1 million visitors stay in one of South Beach's 120 hotels each year; 3.5 million more stay at hotels in Miami Beach. Of Miami Beach's 20,000 hotel rooms, approximately 9,000 are in South Beach.

These hotels serve as launching pads for South Beach's famous VIP nightlife. Hot spot of the moment: the 40,000-square-foot [Level](#) club or [Crobarr](#), home to Monday night's VIP party, "Back Door Bamby." Thursday nights, the [Honey](#) lounge leads "underground parties," by invite only. Ingrid Casares-backed [Privé](#) is perhaps the hardest to crash, especially on Fridays.

Like its nightlife, South Beach's real estate market continues to grow. New construction appears to be on track to equal its record \$447 million in 2002. Not only was 2002 a peak year for new

construction, but also for resale properties, which appreciated at nearly 6%, fueled by low mortgage rates and an expanding pool of international buyers, according to [South Beach Magazine](#).

Latin Americans and Europeans add an international flair to South Beach, unmatched by any other U.S. city. The 2000 census found that 53% of the city's permanent residents are Hispanic, mostly Cuban. While the 15,000 seasonal residents aren't officially counted, a profile of condo buyers is roughly half Latin American or European.

Not all the news is good. Office vacancy rates have climbed from 5.5% in 1999 to nearly 26% in 2003. But while the economy has wobbled, the real-estate boom is in its eighth year and property values are at their highest. As a bonus, the \$50-million fashion-modeling industry is thriving.

South Beach doesn't close at 2 a.m., either. While a cab to anywhere in the neighborhood would cost only a few dollars, Miami Beach is supporting its reputation for wee-hours reveling with a night-owl bus



IMAGE COURTESY: MYNT

that picks up pooped partiers from the major nightclubs along Collins Avenue. To make sure no dazed party animal can miss it, the bus sports a flashing roof light.

Welcome to America's answer to St. Barts and St. Tropez.

### Trend Watch

The six best places to be seen in South Beach:  
Eating at [Nobu](#)  
Drinking at [Mynt](#)  
By the pool at [The Raleigh](#)  
In the spa at [Eden Roc](#)  
Partying with the most beautiful and nearly naked at [Tantra](#) on Monday  
Sunbathing at [Nikki Beach Club](#) on Sunday.

SOURCE: SOUTH BEACH MAGAZINE, THE INDEPENDENT

Avant-garde nightclubs like Mynt uphold Miami's stellar reputation as a world-class clubbing city.

# Geotrends

## South Korea

Teenagers surf the Web. Students register for courses.

Consumers purchase everything from groceries to gasoline.

And they do all this with “hot key”-enabled mobile phones.

Is this the future? No, just another day in South Korea.

Mobile phones are not just for talking anymore. South Korea’s 33.2 million mobile phone owners are able to acquire digital content and play games using wireless payment solutions provided by companies like [Mobilian](#), the first company to offer such a service in South Korea.

Driven by consumer demand, the mobile-payment market is expected to double from \$185 million in 2002 to \$390 million in 2003, according to market player [Infohub](#), [SK Telecom](#) and [KTF](#), South Korea’s two largest mobile phone operators, already have 50,000 payment-chip-enabled phones in use, with more than 600,000 card readers installed at stores.

South Korea leads on other fronts besides mobile phones; it is one of the most wired societies in the world, with 10.7 million, or 70%, of households wired with broadband, according to South Korea’s biggest broadband player, [KT Corp.](#)

South Korea also has a whopping 25,000 cyber cafés, called “PC Bangs,” which are open 24 hours a day. In addition, there are nearly 8,500 Wi-Fi networks, or “hot spots” (more than half the world’s total), according to [IDC](#). The South Korean government plans to invest \$1.7 billion to develop smart home technologies, such as ultra-wideband radio communications, household robots and fiber-to-the-home broadband, reports [The Korea Times](#).

South Korea sports some of the world’s most successful young

brands. Just two decades ago, no one outside South Korea knew a [Samsung](#) from a [Hyundai](#). That’s changed. In fact, Samsung’s global branding campaign has made it one of the most valuable companies in the world, as measured by brand equity, according to [BusinessWeek](#).

With a population of just 48 million people, South Korea’s GDP ranks 12th in the world. Credit an industrial complex that has risen from also-ran status to equal Japan in power and innovation. Its combination of strong productivity growth, low unemployment and high level of investment boosted its economic growth rate to 6.3% in 2002. The country is expected to turn in a respectable 4.1% performance in 2003, according to [The Bank of Korea](#). That compares very favorably to Japan’s 0.3% growth rate in 2002 or the 2.4% growth rate seen in the U.S. in 2002.

But perhaps the best illustration of the growing power of South Korea is the LCD TV deal Japan’s top consumer electronics firm [Sony](#), with \$63 billion in projected 2003 sales, is pursuing with Samsung (\$30 billion in 2002). Late to market, Sony fell behind in this hot segment (see Flat Screens in Trendspotting), allowing rivals to bypass it. In 2002, Sony was ranked fifth in LCD TVs with an 8% market share, according to [DisplaySearch](#).

Samsung, on the other hand, has been on a flat-panel investment spree, making it the No. 2 LCD maker with a 19% share (No. 1: South Korea’s LG-Philips). That a Japanese superpower like Sony would have to resort to sleeping with the enemy is indicative of South Korea’s newfound prestige.

Consumer confidence and social enthusiasm swelled in 2002, with South Korea co-hosting the World Cup. Wired with high technology and mobile savvy, South Korea is becoming the region’s cultural magnet and unquestionably one of Asia’s biggest tigers.

### Global Economic Report Card

RANK	SCORE
1. South Korea	12
2. Norway	11
3. Ireland	10
4. Canada	10
5. Australia	10
6. United States	9
7. Austria	9
8. New Zealand	8
9. Switzerland	7
10. Denmark	7

SOURCE: SEP. 2003 CONFERENCE BOARD OF CANADA

### Trend Watch

Samsung manufactures the world’s largest memory chip, but it has staked its reputation on a future of wireless home entertainment. Samsung’s Home Media Center, a wireless entertainment center that’s a cross between PC and video component, allows HDTV to be served throughout the home over Wi-Fi via wireless “nodes” connected to TV sets in other rooms. The server contains a satellite, cable (QAM) and OTA HDTV set-top box (STB), a PVR, a DVD/CD player, all controlled by a “dynamic user interface” with customized settings that can be saved to **Memory Stick**.



IMAGE COURTESY: SAMSUNG ELECTRONICS CO.

A sneak peek into the wireless entertainment future: Samsung’s Home Media Center streams HDTV throughout the home via Wi-Fi (see Trend Watch).

## Velcro Valley

Orange County, Calif., just one hour south of Los Angeles and best known for its political conservatism, has become America's hip factory on the killer wave of a booming local surfing industry.

Dubbed "Velcro Valley" by locals, because of the popular fastener used in leashes that prevent surfboards from floating away, Orange County is the design center of the \$3.3 billion surfing industry. That sphere has expanded over the years to include the boardsports industry, catering to more than 5 million surfers, 32 million skateboarders and 8 million snowboarders worldwide.

The media's fascination with athletic, attractive female professional surfers, brought out by the 2002 movie "[Blue Crush](#)," didn't hurt. In summer 2003, [Warner Bros.](#) aired a surfing reality TV show, called "Boarding House: North Shore." Then [MTV](#) started broadcasting "Surf Girls." Now there's even a show called "[The O.C.](#)" On deck is [Fox Sports'](#) new "54321," a sort of "60 Minutes for the surf set." Endless summer has turned into endless selling, which has made Velcro Valley the "Cathedral of Cool."

A tightly knit community, surfers and boarders have vaulted such companies as [Billabong](#), [Oakley](#), [Quiksilver](#), [Stussy](#), [Roxy](#) and [Volcom](#) to the top of the surf- and skate-wear industry (see table), part of the \$10 billion active-wear market for 18- to 34-year-olds, according to [The NPD Group](#).

### Surf- and Skatewear Companies

RANK	COMPANY	2003 REVENUES
1.	Quiksilver	\$705M
2.	Oakley	529
3.	Billabong (Aus.)	424
4.	Vans	331
5.	Rusty*	102
6.	Hurley	\$70
7.	Pacific Sunwear	\$50
8.	Sole Technology**	\$40

\*2001 REVENUES \*\*1998 REVENUES  
SOURCE: OCT. 2003 TRENDSCAPE

To create "Surf Girls," MTV partnered with Roxy, a sister label of Quiksilver, the \$705 million leader among surfing companies. "Surf Girls" stars 10 female amateur surfers searching for the perfect wave. Roxy regularly puts on surf fashion shows that announce how cool it is to be a surfer girl. Result: Surf apparel, like board shorts, are popular and featured in [Old Navy's](#) retro TV commercials.

Surfing's sex appeal has even touched the big fashion houses where spring 2003 runways featured surfing-inspired outfits by [Balenciaga](#), [Moschino](#), [Gucci](#), [Louis Vuitton](#) and [Chanel](#), using either surf prints or neoprene fabrics. The U.K.'s [University of Plymouth](#)

even offers a B.S. in "surf science."

"Core" (meaning hardcore in surfing parlance) surf- and skateboarding footwear brands, such as [Rainbow](#), [Reef](#) and [Vans](#), have led the surging popularity of flip-flop sandals. Fashion industry analysts say flip-flops are holding up the casual sandal market, a \$1.8 billion business that's almost entirely flip-flops.

The 2002 movie "Orange County" used this tagline, "It's not just a movie, it's a state of mind." Who would have guessed that Orange County, once better known for arch-conservatives like John Wayne, would turn out to be such a cool magnet?

### Trend Watch

Surfwear is not Velcro Valley's only claim to fame. [Wahoo's Fish Taco](#) is a hip local fast-food chain with 31 outlets, each generating more than \$1 million in sales. [Toyota](#) designs its cars at Newport Beach's Caltly Design Research Center. [Paul Frank Industries](#) markets cool eyewear and watches.



IMAGE COURTESY: RVCA CLOTHING

This RVCA ad demonstrates the industry's skill at reaching its Gen-Y target with playful advertising.



# Marketrends

## Alcoholic Beverages

Busta Rhymes' 2002 hit "Pass the Courvoisier," gave cognac makers something to cheer about. But it made the rest of the \$140 billion U.S. alcoholic beverages industry wish it had a rap song too.

Five years ago, France's Cognac region was on the brink of ruin. Asia's economic crisis caused its No. 1 market — yes, cognac — to evaporate.

Now Americans consume \$1 billion worth of cognac annually, thanks in part to urban drinks like "Thug Passion" and "French Connection." [Hennessy](#), the top U.S. brand with 53% market share, reports that young black people now make up 60% to 85% of domestic sales.

While the overall alcohol market experienced sluggish growth of 1% to 2% over the past few years, the superpremium liquor segment was a bright spot. Led by [Grey Goose](#) vodka, which debuted in 1997 and sold 1 million cases by 2002, [Boston Consulting Group](#) reports that superpremiums grew 52% between 1999 and 2002. Flavored vodkas grew 33% in 2002 and vanilla-flavored vodkas, like recent entries [Skyy](#) Vanilla and [Absolut](#) Vanilia, grew faster: 177%. While the vodka industry as a whole grew just 2.8% in 2002, vodka nevertheless remains the best-selling distilled liquor in the U.S., with 20% of the market.

Pioneered by [Zima](#) in the early 90s, the "malternatives" or "alcopops" category saw little action until [Diageo](#) joined the fray in 2000 with Smirnoff Ice. In just two years, domestic malternatives sales reached



IMAGE COURTESY: INFINITE SPIRITS

\$350 million. But sales are beginning to flatten due to market saturation.

In the U.K. and U.S., wine drinking has grown over the years. In 1965, Americans consumed one gallon (3.8 liters) of wine per capita each year. Nearly 40 years later, it's two gallons.

In France, the opposite is true. Each French person now drinks 15 gallons (58 liters) per year, down markedly from the 31 gallons consumed in 1965.

In 2002, the U.S. consumed 210 million cases of wine, up from 135 million in 1991. During that period red wine went from 16% of the market to 43%, while white declined from 50% to 40%, with blush wine accounting for the remainder.

As palates evolve, the trend favors lighter varietals, like pinot noir. California pinot noir acreage jumped from 6,700 acres in 1982 to 23,800 in 2002. In Oregon, pinot acreage more than doubled from 3,000 to 6,450 from 1997 to 2002.

Still, the \$50 billion U.S. wine market ranks just 32nd in the world in terms of consumption, according to [World Drink Trends 2002](#). Lower prices would boost volume. [Trader Joe's](#) has sold 2 million cases of Charles Shaw merlot and chardonnay at \$1.99 a bottle.

The \$60 billion U.S. beer industry poured \$1.3 billion into advertising in 2001, while vintners countered with just \$111 million, according to [Shanken's Impact Databank](#). Not surprisingly, there's no wine equivalent of [Budweiser's](#) frogs or "Wassup!" guys. The closest winemakers have come is 1986's folksy duo, [Bartles & Jaymes](#). But whichever spirit wins, the industry hopes you'll drink to that.

Part of the mystique of [Shakers](#), a new entry in the superpremium vodka category, besides its \$33 price, is that it's made in Minnesota.

### Trend Watch

In 2002, Britons drank 19% more wine than the year before, a total of six gallons (22 liters) per person, making the U.K. the largest importer of wine among non-producing countries. The U.K. is also buying more spirits. Nearly 10% of European vodka sales are now in the U.K., making it the second largest market in Europe, after Poland.



IMAGE COURTESY: SKYY SPIRITS

The chocolate martini, a trendy drink, is easy to make with [Vermeer](#), a Dutch cream liqueur distributed by [Skyy](#).

## Apparel

The U.S. has given the world two enduring fashion statements: the denim jean and the T-shirt. Fashions may come and go, but 64% of U.S. women surveyed picked denim jeans as their favorite apparel.

That an item patented by Levi Strauss in 1873 would be so popular today is due to an accelerating casual lifestyle trend (see Casual in Metatrends). Still, denim sales shrank 8% in 2002 to \$10.1 billion in the U.S., reports [STS Research](#).

But that could be due to closet saturation. [The Cotton Incorporated Lifestyle Monitor](#) reports that females own an average of 17 denim garments, including seven pairs of jeans, four shorts and one jacket.

The economy also played a role. In 2001, the U.S. fashion industry saw sales decline for the first time in three years, reports [NPD Fashionworld](#), with apparel sales down 6% to \$166 billion from \$176 billion in 2000. New York retail consultant [Walter Loeb](#) predicts retail sales will rise 8% in 2003, with same-store sales gaining 3%.

Denim's popularity has led to a boom in "glam jeans," priced north of \$100, from such labels as [7 For All Mankind](#), [Paper Denim & Cloth](#) and [Habitual](#). While nobody could come between Brooke Shields and her [Calvin Kleins](#), today's teens are smitten with "micro stitchery" brands, such as

[Lucky Brand](#) or [Miss Sixty](#). In fact, 13- to 17-year-olds have become denim's top consumers, according to NPD Fashionworld.

The T-shirt, introduced by the U.S. Navy in 1913, remains extremely popular and has found new uses with kids recycling old T-shirts and celebs sporting above-the-belly-button varieties. Companies such as [American Apparel](#) specialize in "wholesale blank sweatshop free" Ts, which can be remarketed to the club-hopping set.

Once relegated to specialty stores, urban clothing — derived from hip-hop — is popping up in department stores. Led by Jay-Z's [Rocawear](#), which is set to generate \$300 million in 2003, category sales are estimated to reach \$5 billion, according to [S&S Associates](#).

Top category brands include [Ecko](#) (\$200 million), [Sean John](#) (\$150 million), [Phat Farm](#) (\$127 million) and [Baby Phat](#) (\$38 million). Females have begun wearing the rather loose-fitting velour outfits, made more snug by companies like [Juicy Couture](#), [FUBU](#) and Baby Phat.

Another trendsetting group is the surfing and skateboarding

crowd, who've turned companies like the \$705 million [Quiksilver](#) into a major force. The tone here is much more relaxed après-surf gear that typically includes the booming flip-flop category (see Velcro Valley in Geotrends).

In 1998, U.S. active wear grew from \$69 billion to \$73 billion, according to the [NPD Group](#).

Apparel sends loudly signal that consumers are looking for simple, easy-to-wear clothing that's consistently fashionable.

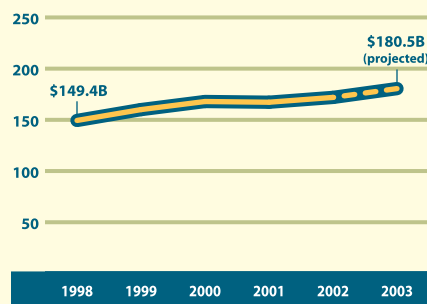
**H&M's "fast fashion" retailing style is a hit. Its Manhattan store was mobbed when it opened in 2000.**

### Trend Watch

When Wall Street firms [Lehman Bros.](#) and [Bear Stearns](#) brought back a formal dress code in 2002, the media, eager to jump on a new bandwagon, hailed it as the "return of the suit." But sales of men's tailored clothing, including suits and sport coats, fell 13% during the first three quarters of 2002, from \$3.7 billion to \$3.2 billion, after declining 0.8% from 2000 to 2001. Since office casual is in vogue, don't expect a return to the glory days of suits.

IMAGE COURTESY: H&M HENNES AND MAURITZ AB/GLENN LUCHFORD

### U. S. Clothing Sales 1998-2003



SOURCE: OCT. 2003 U.S. CENSUS BUREAU



# Marketrends

## Automotive

For the first time, in August 2003, [Toyota](#) sold more cars and trucks in the U.S. than Chrysler, continuing a trend that began inauspiciously in 1957 when the first Japanese car was sold in the U.S.

The Japanese invasion has taken its toll. Between 1995 and 2003, [General Motors](#), [Ford](#) and [DaimlerChrysler's](#) slice of the U.S. auto pie shrank from 74% to 60%, according to [Autodata](#). Meanwhile, Toyota is ready to become the top-selling passenger car brand in the U.S., challenging America's big three.

The reason consumers around the globe choose Japanese-designed cars is quality. While the U.S. has made progress, Japanese makers Lexus (Toyota) and Infinity ([Nissan](#)), top [J.D. Power and Associates'](#) Vehicle Dependability Ratings.

The U.K. story is the same. While the U.K.'s best-selling car, Ford, has made dramatic improvements in customer satisfaction, according to J.D. Power's U.K. Car Customer Satisfaction study, 13 of the top 20 most reliable U.K. models are Japanese brands.

In 2002, U.S. car sales rose to 16.9 million vehicles, up from 16.5 million the year before. But both years were short of 2000's record of 17.4 million. The big three have goosed sales with zero-interest financing incentives since 9/11, which according to a September 2002 [Goldman Sachs](#) report, may be unsustainable long term.

SUVs and trucks are the saving grace of the \$303 billion U.S. automotive industry, accounting for 90% of its profits. In 2002, 4 million SUVs were sold, according to Autodata. That brings to 40% the number of U.S. households with SUVs. And, in 2003 half the automobiles sold were SUVs.

The chief reason why Americans buy SUVs is to weather the harsh elements; after that, reasons are hauling goods and families and safety.

Twenty-four percent of consumers polled by the [Alliance of Automobile Manufacturers](#) said they felt "safe" in SUVs.

But there are signs that SUVs could start to lose their appeal. DaimlerChrysler's research discovered that SUV owners are increasingly unhappy about their vehicles' poor fuel economy.

That explains why "crossover" vehicles, SUVs that deliver a better ride and fuel economy because they're built on car platforms, are the auto industry's fastest-growing segment. The 1998 introduction of the Lexus RX300, the first high-volume, midsize SUV built on a car platform, ignited this category.

To address fuel economy concerns, Detroit and Japan have developed new hybrid cars, which use gas-electric engines. The leader in hybrids is Toyota, which sold 120,000 units since launching the Prius in 1997. Toyota has received 16,000 orders for the company's second-generation model after its introduction in Japan on Sept. 1, 2003.

Score another one for Toyota and the highly innovative Japanese automobile industry.

### Trend Watch

**Only 7% of Toyota's 1.5 million cars sold in the U.S. in 2002 were purchased by drivers under 26. So, Toyota decided to shed its Camry image and join the hip parade with a new line of cars that would appeal to the shabby-chic set. In June 2003, it launched the Scion xA and xB in California. Toyota bypassed mainstream media advertising, choosing instead to street-team market its way into the hearts and minds of Generation Y. Scions parked in front of record stores and other hip places encouraged kids to take it for a spin. Test drivers were then handed a digicam to snap pictures and e-mail them to friends. In four months, Toyota sold 6,414 Scions, a respectable 18,000-unit-a-year pace, considering its limited availability.**



IMAGE COURTESY: TOYOTA MOTOR SALES U.S.A. INC.  
The boxy-looking Scion xB outsold its more conservatively styled xA car cousin by a ratio of two to one, suggesting that car buyers do prefer its unique identity.

### Top 10 Automakers

RANK	MANUFACTURER	2002 SALES
1.	GM	\$186.8B
2.	Ford	163.4
3.	DaimlerChrysler	157.1
4.	Toyota	128.9
5.	Volkswagen	91.1
6.	Fiat	61.0
7.	Peugeot	57.1
8.	Honda	55.3
9.	Nissan	56.9
10.	Renault	38.1

SOURCE: OCT. 2003 TRENDSCAPE

### U.S. Vehicle Unit Sales by Type

TYPE	2002 SALES	CHANGE
SUV	4.1M	1.2%
Pickup	3.0	1.0%
Convertible	0.3	-2.7%
Total	16.8M	-0.9%

SOURCE: OCT. 2003 TRENDSCAPE



## Entertainment

Hollywood continues its winning streak. U.S. box-office revenues are predicted to hit a record \$10 billion in 2003, compared with the \$9.3 billion pulled in during a surprisingly remarkable 2002.

Rising ticket prices, however, may account for part of the jump. About 11 million fewer tickets were sold in summer of 2003 than the summer before. In 2002, the studios boosted box office take by

### Entertainment Industry Share

SEGMENT	2002 SALES	GROWTH RATE
Cable & satellite TV	\$76.9B	10.2%
CD sales	12.0	-6.7
Video games	10.3	10.0
Theme parks	9.9	2.5
Movie box office	9.8	4.0
DVD sales	8.9	65.0
VHS rentals	5.3	-24.0
VHS sales	3.5	-29.0
DVD rentals	2.9	114.0
Concert tickets*	2.1	20.0
MP3 player sales	0.2	51.0
Satellite radio	0.02	400.0
Total:	\$142.0B	—

\*INCLUDES CANADA

SOURCE: OCT. 2003 TRENDSCAPE

11%, according to [Informa Media Group](#). Summer blockbusters helped. "Spider-Man" and "Starwars: Attack of the Clones" contributed to a record \$3.7 billion summer, according to [Nielsen EDI](#). Result: A total of 1.6 billion theater tickets were sold in more than four decades.

Movies remain big business, bigger than video games,

when you factor in the \$20.7 billion in DVD and VHS sales and rentals in 2003, according to the [The Hollywood Reporter](#) (see

Videogaming in [Trendspotting](#)). But several trends may drive viewers from the big screen in 2004: higher ticket prices, fewer blockbusters and Napster-style movie downloading.

Time compression is also affecting movies. [The Wall Street Journal](#) reports that first weekend box-office tallies now regularly top \$60 million, a feat once considered inconceivable. Due to the popularity of IMing among teens (see IMing in E-trends), word-of-mouth about movies spreads faster than ever. Ticket sales for "The Matrix Reloaded" dropped 57% in its second weekend and another 62% in its third weekend.

Unlike the over-hyped "The Matrix" sequel, creative marketing of grassroots successes such as "Bend It Like Beckham," which took in more than \$32 million in 2003 and "My Big Fat Greek Wedding," a \$5 million film that grossed more than \$234 million worldwide in 2002, according to [Internet Movie Database](#), proved that great movies can still trump big-studio budgets.

There truly is no business like show business.

Computer-generated images have made a quantum leap in quality in the past few years as rendering techniques gain sophistication. This character, dubbed "Dusk Fairy" by [NVIDIA](#), points to a future where computer characters overtake human ones in plots.

### Trend Watch

A digital revolution is taking place in movies. "[The Lord of the Rings: The Two Towers](#)" featured such a convincing animation of Gollum that it became the first computer-generated character considered for an Academy Award.

It's clear that computer technology is sweeping the movie industry. [Pixar Animation Studios](#)' "Finding Nemo" became the highest-grossing animated film of all time with \$337 million at the box office, making it the top box-office draw of 2003 and the eighth highest grossing movie of all time, according to [Exhibitor Relations](#).

Taking a cue from the success of "Finding Nemo," the industry is preparing a number of big-budget animation features and tapping the familiar voices of today's biggest stars. Consider "Shark Tale," a wise-guy-meets-whale epic, featuring voices of Robert De Niro, Martin Scorsese, Will Smith, Angelina Jolie and Jack Black.

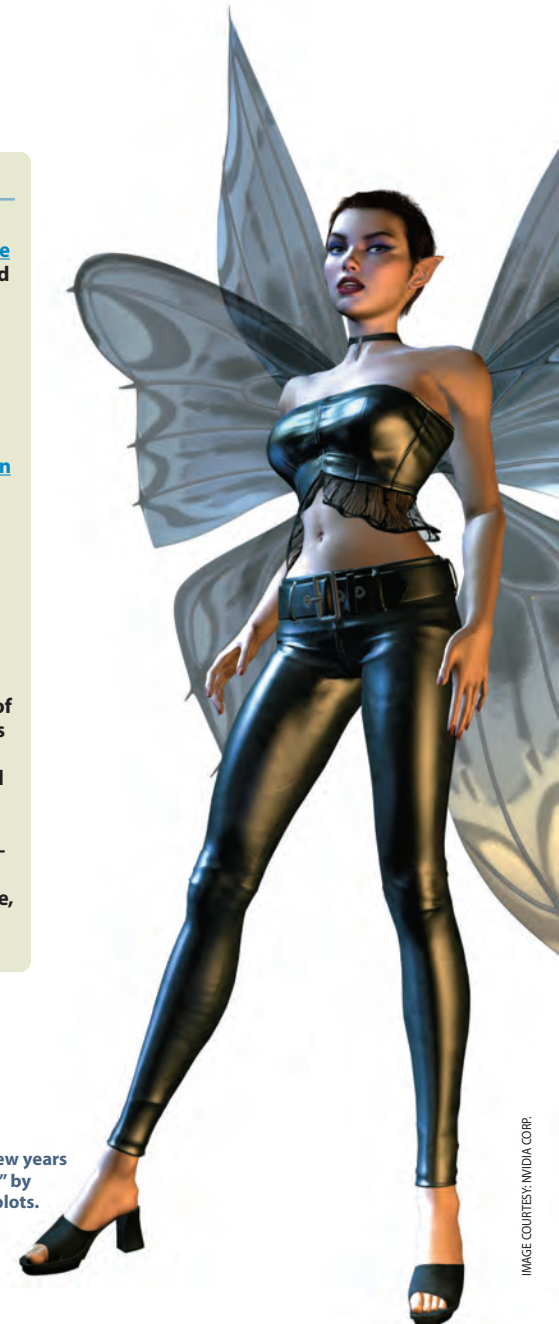


IMAGE COURTESY: NVIDIA CORP.

# Marketrends

## Food

The \$661 billion food industry is racing to meet demand for convenient, healthy and exotic food that can be prepared quickly. Core food trends: meat, “heat and eat,” and slow food.

Fad diets such as [Atkins](#), [South Beach Diet](#), [The Zone](#) and [Sugar Busters](#), plus an improving economy, have snapped cattle ranching out of a five-year recession. The average American now eats 195 pounds of red meat, fish or poultry annually. That’s 57 pounds more than in the 50s.

Meanwhile, the use of flour dropped below 140 pounds per person for the first time in nine years in 2002, according to the [U.S. Department of Agriculture](#). Culprit: a carbohydrates assault.

The diet craze is fueling new products touting the benefits of a high-protein, low-carbohydrate lifestyle. From ketchup and cereal to pizza, pasta and bread, food companies are churning out low-carb versions of “off limit” foods. [Custus Low Carb Superstores](#) has grossed \$4 million in annual sales with just two locations and it recently started franchising. Grocery chain [Trader Joe’s](#) jumped on the bandwagon with a line of low-carb foods, named “Joe’s Lows.”

The \$297 billion restaurant industry has responded with equal vigor. To appeal to gourmet dieters, New York restaurateur [Daniel Boloud](#) has introduced a \$50 hamburger, while the [Old Homestead](#) offers a \$19 Kobe beef hot dog. Another Gotham trendsetter, [Metro Diet Café](#), delivers three Zone diet meals for \$30 each. At exclusive restaurants like [L’Espalier](#) in Boston, the staff is trained in the intricacies of Atkins.

But another trend affecting the food industry is the growing number of single households. Fifty years ago, 10% of U.S. households

consisted of a single person. By 1995, that figure jumped to 25%. Meanwhile, married households have dropped from nearly 80% in the 50s to 51% today. According to [Food Technology Magazine](#), “heat and eat” tops the most-wanted food list. Sixty-nine percent of American shoppers want prepackaged food and many are willing to pay two to three times more for this convenience.

While home food prep emphasizes speed of readiness, the opposite is taking place in dining. “Fast casual” restaurants are increasingly popular as consumers look for better-quality food and a place to sit down (see Fast Casual in Trendspotting).

Upscale restaurants are making more complex “fusion food,” which combines cross-cultural cuisines such as French-Indian and Japanese-Mexican. The [Slow Food movement](#), founded in Italy in 1986, has more than 60,000 members worldwide. The Slow Food manifesto promotes food and wine events, tasting courses and workshops to raise the profile of local culinary treasures worldwide.

Meanwhile, with some Americans unable to curb their food enthusiasm, an estimated 65% are overweight (see Overweight in Trendspotting), restaurants serving smaller meals, such as tapas, are becoming popular.

To cater to sophisticated palates, the food industry introduces 5,000 new specialty food products each year, says the [National Association of the Specialty Food Trade](#). This is beyond the 35,000 SKUs a typical supermarket carried in 2002, according to the [Food Marketing Institute](#).

As time becomes an infinitely more valuable commodity, culinary trends will follow on-the-go lifestyles while addressing modern-day diet demands.



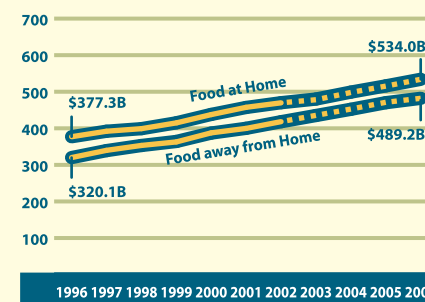
IMAGE COURTESY: DANIEL/THE DINEEX GROUP & H. AMIARD

This retro, Atkins-compatible (hold the bun!) \$50 [DB Bistro Moderne](#) Burger Royale is made with boned short ribs, truffles and foie gras.

### Trend Watch

A renewed health-conscious attitude, which fuels the popularity of yoga and Pilates, has boosted per-capita water intake to 23 gallons annually. Low-calorie enhanced waters contributed 12% of category growth in the \$7.7 billion bottled water industry in 2002. Other notable drinks: [Snapple](#) launched [Snapple-a-Day](#), a juice smoothie that acts as a meal replacement but is not marketed as a diet aid. Tea is also enjoying a resurgence, reaching sales of \$16.9 billion in 2001, driven largely by green tea’s popularity.

### U.S. Food Expenditures Trend



SOURCE: FEB. 2003 USDA ECONOMIC RESEARCH SERVICE



## Furniture

U.S. furniture production grew 6% annually between 1996 and 2000, according to research institute [CSIL Milano](#). But it's [Ikea](#) that's now ranked as the world's largest furniture retailer.

The Swedish home furnishings purveyor has opened 175 stores in 31 countries, including Russia, Iceland, Kuwait and Saudi Arabia and expects to add 10 new outlets in China by 2010. It also plans on 50 new outlets in the U.S. by 2013, making it one of several big retailers trying to get a piece of the U.S.' \$24 billion annual home furniture sales.

But it was retail giant [Wal-Mart](#) that sold more furniture than any

other U.S. retailer in 2002 — \$1.24 billion in furniture and bedding in 2002, up 14% from 2001, according to [Furniture/Today](#) magazine.

Spurred by low-interest rate refinancing and booming home sales, consumers were in a remodeling frenzy in 2002, spending \$170 billion on renovations, up 7%, according to the [National Association of Homebuilders](#). Home-renovation budgets are expected to increase an average of \$3,796 in 2003 — up 31% from \$2,888 in 2000 and up 43% from \$2,660 in 1997, according to the 2003 [American Express Home Improvement Index](#). The surge in spending has lifted other home furnishings categories. Sales of faux-granite and other fake flooring and countertop materials are up 10% in the past three years to \$20 billion, according to [The Wall Street Journal](#).

People in the suburbs of large metropolitan areas spend the most on home furnishings. According to a January 2003 [American Demographics](#) survey, Fairfax County, Va., topped the list in 2001, with a home furnishings bill averaging \$3,935 per household. Second-ranked Morris County, N.J., and third-ranked Santa Clara County, Calif., spent \$3,886 and \$3,779, respectively.

In a remarkable sign of Internet times, 74% of homebuilders now offer broadband access in new homes, according to [In-Stat/MDR](#) (see Broadband in E-trends). Consumers can expect networked appliances such as [LG Electronics'](#) multimedia refrigerator and [Samsung's](#) embedded [Wi-Fi](#) refrigerator (see Wi-Fi in E-trends) to become home furnishings' next generation.

Dual-functioning, "metamorphic" modular furniture is another emerging trend. Consumers can now buy sofas that convert into tables, ottomans that function as beds, and consoles that fit plasma screens and DVDs.

These trends are reflective of a busy consumer lifestyle that demands flexibility, design and value.

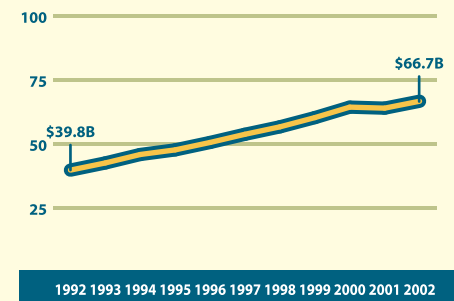
### Trend Watch

**Cheap faux imports from China, with rapidly improving quality, are selling well (see China in Geotrends). China currently accounts for as much as 35% of wood furniture sold in the U.S., more than double the 1999 level. Household wood furniture imports from China increased 75% from \$1.7 billion in 2000 to \$2.9 billion in 2002, according to [The Wall Street Journal](#).**



Riding on the coattails of a global "cheap chic" trend, Ikea has powered its way from \$1 million in 1954 revenues to \$10 billion in 2002.

### U. S. Furniture and Bedding Sales



SOURCE: OCT. 2003 U.S. DEPT. OF COMMERCE PERSONAL CONSUMPTION EXPENDITURE SERIES



# Marketrends

## Healthcare

The U.S. spends more on healthcare than any other nation, a figure predicted to reach \$3 trillion within a decade, making it the world's largest industry by far.

After 25 years of double-digit annual health expenditures growth, the rate of spending slowed during the 90s. In 2003, the U.S. will spend \$1.7 trillion on healthcare, a 13% increase over 2002 and the largest increase in 10 years, notes the [Health and Human Services Department](#).

Yet there's growing evidence that healthcare cost increases are slowing due to higher co-payments, a greater use of generic drugs and the delayed effects of a slowing economy.

In addition to higher co-payments, annual family premiums rose to \$9,068 in spring 2003, according to the [Kaiser Family Foundation](#) and the [Health Research and Educational Trust](#). Small businesses with three to nine workers faced the largest increase: a 17% surge in premiums.

Americans spend nine times more on doctors and medical interventions than they do on pharmaceuticals and prevention, including \$50 billion on lower back-pain treatments alone. This trend has led to the creation of alternative clinics, which offer a holistic approach to healthcare. The number of hospitals featuring alternative clinics rose to almost 100 from fewer than a dozen in 2000.

The first Baby Boomers will turn 65 in 2011. By 2030, one in five Americans will be 65 or older, equal to 70 million, placing a serious strain on healthcare. Meanwhile, more than 1 million new and

replacement nurses will be needed by 2010, as aging patients require more service. Staffing shortages will be compounded when Boomer physicians begin to retire, causing shortages in specialties such as oncology, cardiology and rehabilitation.

As healthcare costs rise and resources become constrained,

consumers are taking greater control of their health. Already, 80% of adult Internet users go online to search for health information, up from 62% in 2000, according to [Pew Charitable Trust](#).

Remarkably, 58% say they will first go online when they need reliable health information, compared with just 35% who would contact a medical professional first. Reasons mentioned: greater independence from doctors, better informed for next doctor visit and a reduction of fear of the unknown.

Expect both information and biomedical technologies to be rethought and retooled. One possible advance is the "interactive medical record," which will act as a decision-support system to find, acquire and deliver both

patient-specific and comparative information to the bedside.

New biotech drugs and promising technologies such as MEMS — micro-electronic mechanical systems that form the basis for implantable drug-delivery systems (see Trend Watch) — will also help reshape healthcare.

### U.S. Healthcare at a Glance

#### EXPENDITURES

Total outlay (2003)	\$1.7 trillion
GDP percentage (2001)	14%

#### PATIENT PROFILE

Av. male life expectancy (2002)	74.4 yrs.
Av. female life expectancy (2002)	79.8 yrs.
Number enrolled in HMOs (2002)	60 million
Premium increase over past decade	75%
Percentage without insurance (2002)	15%

#### PROVIDER PROFILE

Total annual visits (2001)	84 million
Time spent with patient (2000)	19 minutes
Top diagnostic procedure (2001)	Blood pressure check
Total drug prescriptions (2001)	130 million
Most prescribed drug (2001)	Celebrex, Vioxx

SOURCE: OCT. 2003 TRENDSCAPE

### Top Healthcare Technology Trends

Biometrics

CPOE (Computerized Physician Order Entry)

Disease management

Handhelds

MEMS

National connectivity

Storage

Transaction processing

Web services

Wireless

SOURCE: FEB. 2003 HEALTHCARE INFORMATICS/  
OCT. 2003 TRENDSCAPE

### Trend Watch

**Heart patients have a new savior: the drug-coated stent. Stents are tiny, wire-mesh tubes that are inserted into clogged heart vessels to prop them open (see illustration). In the past, arteries clogged up quickly again. The new stents release anti-clogging agents to prevent tissue buildup. Drug-eluting stents are made by [Boston Scientific](#) and [Cordis](#), a Johnson & Johnson company.**

## Marketing

On July 1, 2003, the [Federal Trade Commission](#) started collecting phone numbers of households that didn't want to be disturbed by telemarketers. Ninety days later, the U.S. government agency had 50 million numbers in its "Do Not Call" registry.

It's not surprising that consumers would vote so overwhelmingly against this type of marketing given that 77% of people polled regard telemarketing calls as "rude and pushy," according to [Public Agenda](#).

Telemarketing firms have only themselves to blame. Each day, they would inundate consumers with 100 million calls, usually during the dinner hour.

If the registry survives legal hurdles, marketers will have to find another outlet for the \$28 billion spent annually on consumer telemarketing.

Unfortunately, clutter-busting tactics are hard to come by, as Internet pop-up advertisers are beginning to find out (see Online Marketing in E-trends).

One solution: Use increasingly edgier creative to turn heads (see Porno Chic in Trendspotting). A prime example is [Miller's](#) Catfight ad — one of 2003's most talked-about TV commercials. Gross-out humor is another approach, just witness a European [Sony Ericsson](#) campaign that showed people drooling profusely.

Some companies, like [Proctor & Gamble](#) and [Revlon](#), turned to live ads during the [MTV](#) Video Music Awards. For the first time, P&G

ran a Spanish-language ad for Crest Whitening Plus Scope during the [Grammy Awards](#).

But the fact that [ABC](#), [CBS](#) and [NBC](#) reach only 33% of U.S. prime time viewers today, compared with 55% 10 years ago, has many advertisers scrambling to find other means of reaching their target audience. Movie-screen advertising entered the picture in the mid-90s, despite the fact that only 31% of moviegoers considered this type of promotion acceptable in 2000, according to [RoperASW](#). In 2002, movie ads grew 30%, topping \$200 million, according to [National Cinema Network](#).

But the hottest marketing trend of all is unquestionably street-team marketing. After all, word-of-mouth is Generation Y's preferred marketing channel (see Generation Y in Geotrends). In the U.S., Sony Ericsson used 60 actors and actresses posing as tourists in 2002 to draw attention to its new T68i phone with camera attachment.

Londoners were confronted with students who were paid to march around with messages stamped on their foreheads (see London in Geotrends).

The bar club scene has been a particularly fertile ground for more than a decade with street teams hawking music, alcohol, or other products to DJs and patrons. In New York, [Freedom Tobacco](#) relied on attractive women, dubbed "leaners," to promote its Legal cigarettes in bars.

These trends suggest that marketing is morphing from hardball, in-your-face selling to "How are you, how would you like to have a drink with me?" service marketing.

Please do put us on your list.

### U.S. Marketing Spending in 2002

MEDIUM	AD SPENDING	% TOTAL
Television	\$58.4B	24.7%
Direct mail	46.1	19.4
Newspapers	44.0	18.6
Radio	18.9	7.9
Yellow pages	13.8	5.8
Magazines	11.0	4.6
Internet	5.7	2.4
Other	44.7	19.0
Total	\$242.6B	100.0%

SOURCE: DEC. 2003 UNIVERSAL MCCANN/ROBERT J. COEN  
AUG. 2003 JUPITER RESEARCH

### Trend Watch

**Mitsubishi** has given television viewers "song infection" twice. "Breathe" by [Télépopmusik](#) and [Dirty Vegas](#)' "Days Go By" made many a viewer surf the Web to find the song's title or who that cool dancing "bot" was. Not that Mitsubishi's ad agency, [Deutsch LA](#), is a trendsetter per se. Others have used popular music in commercials before. In fact, according to U.K. site [Commercial Breaks and Beats](#), it's been done at least 1,804 times since 1996. But no one did it with as much aplomb and frequency as Mitsubishi.

IMAGE COURTESY: INTERFERENCE INC



In a highly publicized example of street-team marketing, [Freedom Tobacco](#) used "leaners" — attractive women trained to find unsuspecting customers — to steer bar conversations toward bumming a Legal cigarette.

# Marketrends

## Media

The news for media in 2003 was finally good. After being battered for three years by a severe ad drought, spending rebounded, jumping 6.8% in the first half of 2003, led by increased advertising by packaged goods, automotive and entertainment companies.

Ad spending for the first half topped \$61.6 billion, up from \$57.7 billion in 2002, according to [TNS Media Intelligence/CMR](#). The first good sign was a network television upfront buy totaling \$9.3 billion, up 13% from \$8.2 billion in 2002.

But not everyone greeted the news with the same level of enthusiasm. Print continues to be a mixed bag, with women's and shelter titles faring better than newsweeklies and business publications. Newspapers are also struggling due to soft help-wanted classified advertising. Local advertising remains weak, exemplified by the 3% rise in local radio ad sales in January 2003, compared with national radio's 20% rise, according to the [Radio Advertising Bureau](#).

Economy-driven spending increases may also mask a more worrying trend. Consumers are more time-compressed than ever (see Time Compression in Metatrends) and less responsive to advertising (see Online Marketing in E-trends). Network TV audiences continue to erode; ratings for the six broadcast networks fell another 3% in the fall 2003 season's opening week, while basic cable rose 5%.

Cable's attraction is twofold. First, [HBO](#) buried the competition with 109 Emmy nominations, signaling cable's ability to lead with better

programming. Second, cable lacks advertising and is largely uncensored.

While the networks continued offering reality shows like "Joe Millionaire," which had the highest-rated premiere among 18- to 49-year-olds of any show of the fall season, the volume of reality shows can mean just one thing for viewers: been there, done that.

Still, [Bravo](#) demonstrated that superior creativity can reverse trends. Its "Queer Eye for the Straight Guy" drew 6.9 million viewers for one episode in July 2003, according to [Nielsen Media Research](#).

The competition for mindshare comes not only from cable, however. Simultaneous Internet use (see Multitasking in Metatrends) and the 55 million U.S. households that now own a DVD player (see DVD in Trendspotting) are impacting the time spent on TV and the ability to absorb its content.

The personal video recorder, or **PVR**, which lets consumers store TV shows on hard drives and pause live shows, is beginning to show signs of life. Although initially hamstrung by manufacturer [TiVo's](#) poor marketing, PVR functionality is now being built into many next-generation set-top boxes (see Home Theater in Cool Hunt).

The PVR market is still modest. According to [In-Stat/MDR](#), only 1 million were shipped worldwide in 2002, but that figure will balloon to 11 million by 2005. [The Yankee Group](#) pegs U.S. home penetration at 2%. A joint November 2002 [Forrester Research/ANA](#) study had predicted that marketers would slash TV ad spending when PVR household penetration reached 30%.

In August 2003, [EchoStar](#) announced it would offer new subscribers a free 100-hour PVR, the DISH DVR 510. This after the company announced in September that it had sold its 1 millionth PVR.

It's becoming a fast-forward, timeshifted multimedia world and the new kids on the block are changing all the rules.

### Media Time Allocation

RANK	MEDIUM	SHARE
1.	TV	47.3%
2.	Radio	27.6
3.	Recorded music	5.6
4.	Daily newspaper	4.9
5.	Internet	4.3
6.	Magazines	3.5
7.	Books	3.0
8.	Video games	1.8
9.	Home video	1.6
10.	Movies	0.4

SOURCE: OCT. 2003 VERONIS SUHLER STEVENSON

### Trend Watch

Can print survive in a broadcast world? [Samir Husni](#) reports that the number of consumer magazines tripled from 2,000 in 1980 to 6,000 today. But 60% of new magazines don't make it beyond their first year now, up from 50% a few years ago. Still, publishers are willing to launch new titles aimed at hot markets, like [Vegas](#) (see Las Vegas in Geotrends). The newspaper story is even less rosy. Publishers have been trying to reverse a 30-year-old slide in daily readership by 18- to 29-year-olds, which has fallen from 48% in 1972 to 22%.



[Advertising Age](#) named a publication about shopping, [Lucky](#), magazine of the year, a sign of ROI-thinking times?



## Pharmaceuticals

Patients today spend less time in the hospital and more time at the prescription counter. The trend accelerated in the past 25 years as prescription drug use grew with the increased availability of newer and cheaper drugs.

Prescription drug spending, while still growing almost twice as fast as all other health services, may be losing some steam, however. Spending rose 14% in 2002, down from its 16% growth in 2001, according to the [Center for Medicare and Medicaid National Health Statistics](#).

The slowdown is directly attributable to the higher co-payments that workers are being forced to contribute. Some healthcare plans that required \$5 to \$10 co-pays for prescriptions a few years ago, may now demand co-pays of \$40. In addition, the average worker's monthly premium contribution for family coverage quadrupled from \$52 to \$201 between 1988 and 2003, according to the [Kaiser Family Foundation](#).

Some might credit direct-to-consumer advertising for the increased drug spending, but that's not the real story. [The Wall Street Journal](#) reports that the health industry tripled its sales force to 90,000 in the past decade. That's because selling directly to doctors has proven to be more effective than consumer advertising, despite the fact that in 2001, each salesperson landed only 529 meetings with doctors, compared to 808 meetings in 1996.

According to [Quintiles Informatics](#), the drug industry spent \$2.8 billion on consumer drug ads in 2002, but more than \$12 billion on its

sales force, according to [Sanford C. Bernstein & Co.](#) Result: prescription drug spending jumped to \$401 billion worldwide, up 8% over 2001, according to [IMS Health](#).

The western world's revved-up caloric intake has been a boon to drug companies such as [Pfizer](#) and [Merck](#), whose cholesterol-lowering drugs Lipitor and Zocor (see table) are part of a \$20 billion market (see Overweight in Trendspotting).

And of course, no prescription drug discussion would be complete without mention of Pfizer's Viagra, whose missionary position has been unchallenged since its 1998 debut as the flag waver for erectile dysfunction. However, now Pfizer's \$1.7 billion crown jewel is under assault from [GlaxoSmithKline's](#) Levitra and [Eli Lilly's](#) Cialis, the latter generating a lot of buzz in Europe, where it's already widely available on the Internet and known as the "weekender."

Yet, the erectile-dysfunction market remains largely untapped. An estimated 152 million men worldwide experience some type of erectile dysfunction; that number is projected to reach 322 million in the next generation. To date, only 10% reportedly seek treatment.

By 2030, there will be more lifestyle drugs, including those that improve intelligence, with the first step being memory enhancers (see Memory Protection in Trendspotting).

Most millennials, those born around the turn of the 21st century, could live to see the year 2100, with many breaking the record set by French woman Jeanne Calment, who died in 1997 at age 122. It's something we should all look forward to.



IMAGE COURTESY: PHOTO RESEARCHERS

**Eli Lilly's ED drug Cialis garnered a lot of attention in Europe and a 28% market share in Germany after just seven weeks, because it lasts as long as 24 hours.**

### Trend Opp

**When food is combined with bioactive medicinals or herbs, you have a new drug category called "neutraceuticals." [Prepared Foods](#) reports 59% of manufacturers are developing or marketing neutraceuticals. This development is fueled by a "wellness" trend that has consumers searching for preemptive measures to maintain their health. The fastest-growing category segments, each growing 20%, are weight loss and meal replacements, both part of the \$9.9 billion spent in 2001 on sports nutrition and weight loss.**

### Top U.S. Prescription Drugs in 2002

DRUG NAME (MAKER)	TREATMENT	SALES	2001 GROWTH
Lipitor (Pfizer)	cholesterol	\$6.1B	+19%
Zocor (Merck)	cholesterol	4.2	+16
Prevacid (TAP)	ulcers	3.7	+5
Prilosec (AstraZeneca)	ulcers	3.5	-22
Procrit (Johnson and J.)	anemia	3.1	+22
Zyprexa (Eli Lilly)	antipsychotic	2.9	+17
Epogen (Amgen)	anemia	2.8	+12
Celebrex (Pharmacia)	arthritis	2.6	+2
Zoloft (Pfizer)	depression	2.5	+14
Paxil (GlaxoSmithKline)	depression	2.3	+11

SOURCE: DEC. 2002 IMS HEALTH

# Marketrends

## Real Estate

The U.S. real estate market continues to boom. Fueled by a refinancing frenzy, mortgage originations for 2003 will total \$3.3 trillion, exceeding 2002's record \$2.5 trillion.

[The Mortgage Bankers Association of America](#) reports that 30-year fixed mortgage rates fell to 5.2% in June 2003, an all-time low. Those low rates will continue to propel refinance activity, boost cash flow and support consumption beyond 2003, reports the [Independent Community Bankers of America](#).

Buyers are purchasing homes in record numbers, driving up real estate prices in the process. According to the [National Association of Realtors](#), 2003 will see 5.6 million existing home sales, up 0.5% from 2002.

New-home sales hit 974,000 units in 2002. Housing starts should rise 1% to a total of 1.8 million units in 2003.

NAR says the national median existing-home price for 2002 was nearly \$160,000, up 7% from 2001. In 2003, NAR expects existing-home prices to increase an additional 6%. The 2002 median new-home price of \$187,100 was almost 7% higher than 2001 and could



First he invaded design hotels, now Philippe Starck is lending his cachet to condo developments, like the ICON in Miami's South Beach.

rise an estimated 4% in 2003 to more than \$194,000.

Large suburban cities in the west, with populations of 100,000 or more, dominated the list of America's fastest-growing cities, according to [U.S. Census Bureau](#) estimates. Between April 1, 2000, and July 1, 2002, Gilbert, Ariz., topped the list of 242; south of Phoenix, Gilbert grew 23% to more than 135,000 residents. Rounding out the top five were North Las Vegas (+18%), Henderson in Nevada (+17%), Chandler (+14%) and Peoria in Arizona (+13%).

As a counterpoint, three large urban locations, San Francisco, Boston and Denver, show signs of slower resales, according to tracking by the [Office of Federal Housing Enterprise Oversight](#). Meanwhile, New York counties Nassau and Suffolk, and San Diego County, Calif., lead the nation in home resales. The states of Rhode Island, California and Florida ranked 1, 2 and 3 in home price appreciation.

Several reasons account for U.S. housing demand. Minorities will add 7.5 million households between 2000 and 2010 and another 7.8 million between 2010 and 2020, according to [Harvard University's Joint Center for Housing Studies](#). People also are moving; about 120 million, or 46%, of the nation's population over 4 years old in 2000 lived in a different home than in 1995, said the U.S. Census Bureau.

Outside the U.S., the [International Monetary Fund](#) flagged Australia, the U.K., Ireland and the Netherlands as countries most vulnerable to a reversal in housing prices should interest rates rise. Meanwhile, real estate agents worldwide are embracing online lending. According to [Forrester Research](#), Europeans will use the Net to originate a half million mortgage loans in 2003, approximately 5% of total new mortgages. Forrester predicts this will triple by 2008 to more than \$270 billion of gross new online lending, spurred by growth in the U.K. and the Nordic countries.

With real estate becoming a precious commodity globally, the market's momentum seems ensured.

### Trend Watch

**From Miami to Wausau, Wisc., to Omaha, Neb., to Wilmington, Del., scruffy downtown factories and warehouses are being transformed into edgy living spaces. In Miami, loft apartments start at \$150,000 but soar upward of \$1 million for 5,000 square feet with 20-foot ceilings.**



Johnston Mill, an old cotton mill in Columbus, Ga., is typical of a new trend that brings loft conversions to smaller cities.

### U.S. Real Estate Trends

	2002	2003 (projected)
New homes sold	974,000	1,050,000
Existing homes sold	5,570,000	5,600,000
Housing starts	1,316,000	1,770,000
Median new home price	\$187,100	\$194,000
Median existing home price	\$160,000	\$169,000

## Retail

Since U.S. consumers are responsible for two-thirds of the country's economic growth, analysts monitor shopping trends as closely as the Dow.

Fueled by robust back-to-school sales, the U.S. retail market is recovering. August 2003 marked the third consecutive month in which the [Retail Sector Performance Index](#), which measures CEOs' evaluations of monthly sales, traffic, customer transactions, inventories and six-month outlook, topped 50%.

The world's single largest retailer is [Wal-Mart](#). In the U.S., Wal-Mart is the leading retailer of apparel, furniture, jewelry, groceries, toys, guns, DVDs, CDs and video games, plus the country's third-largest drug store. It also accounts for about 20% of all music sales, according to [Nielsen SoundScan](#).

The Wal-Mart phenomenon underscores a major trend: U.S. department stores have lost half their retail share to discounters and specialty stores over the past two decades and now account for 11% of U.S. retail sales.

In the grocery industry, warehouse clubs like [Costco](#) and [Sam's Club](#) are also making inroads, accounting for \$47 billion, or 7%, of the industry's \$682 billion in 2002 revenues, according to [USA Today](#). Sam's Club accounts for \$32 billion of Wal-Mart's \$245 billion empire.

To compete with discounters and warehouse clubs, department stores are launching private labels, echoing a consumer sentiment: nearly 61% of consumers said that high-end apparel labels are less

important now than a few years ago, according to [Brand Keys](#).

But innovative concepts can still thrive. Swedish retailer [H&M](#) relies on "fast fashion," constantly changing merchandise to keep pace with trends to stay ahead of competitors. H&M has more than 890 stores in 17 countries and plans to open 110 new ones. [Hot Topic](#) targets teens and 20-somethings and plans to boost U.S. stores by more than 20%, with 100 new outlets. [Christopher & Banks](#), which markets clothes to 40-something moms, saw sales rise 23% in 2002. Ultra-hip brand

[Diesel](#) opened 41 new stores in 2002, with 30 more due in 2003.

"Destination stores" are another trend. Always a popular destination, [Victoria's Secret](#) recently opened a 20,000-square-foot flagship store in New York to secure its share of the \$7.3 billion women's intimate apparel market.

Car dealerships are launching one-stop shopping auto malls. The \$100 million [North Scottsdale Auto Mall](#) in Phoenix has a racecar museum, a dealership, a café and two test tracks.

Time compression, meanwhile, has affected Christmas shopping, which has come later every year

for the past two decades, retailers say. That has benefited the gift-certificate business, which is expected to grow 15% to 20%, to \$36 billion in 2002 according to [Bain & Co.](#)

With retail sales showing clear signs of recovery, a major retail sector rebound appears to be in the offing.

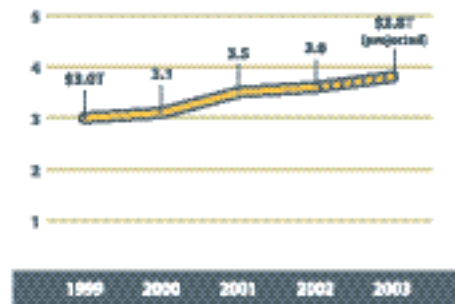
In the U.K., where department stores continue to thrive, [Selfridges](#) uses edgy events, starring celebrities like [Kylie Minogue](#), seen here debuting a new lingerie line, to enhance customer experience.

### Top 10 U.S. Retailers

RANK	BRAND	2002 SALES
1.	Wal-Mart	\$244.5B
2.	Home Depot	58.2
3.	Target	43.9
4.	Sears	41.3
5.	J.C. Penney	32.3
6.	Kmart	30.7
7.	Lowe's	26.4
8.	Best Buy	19.5
9.	Macy's, Bon Marche, Bloomingdale's	15.4
10.	Gap, Old Navy, Banana Republic	14.4

SOURCE: OCT. 2003 TRENDSCAPE, TNS/CMR

### U. S. Retail Sales



SOURCE: AUG. 2003 NATIONAL RETAIL FEDERATION

IMAGE COURTESY: SELFRIDGES RETAIL LTD./DAF JONES





# Marketrends

## Travel

The \$540 billion travel industry is slowly rebounding, according to the [Travel Industry Association of America](#).

Summer 2003 saw gains across most sectors, including rail and car travel as well as hotel occupancy and restaurant receipts, compared with summer 2002.

For 2004, the travel industry is forecasting a 6% increase in expenditures in the U.S. Hotels expect a rebound in occupancy in 2004, according to a September 2003 report from [PricewaterhouseCoopers](#), and some even experimented with raising rates in fall 2003.

Hotels and airlines, however, can expect continued price-hike resistance. The recession and lingering job market weakness have brought about a fundamental shift in travel patterns — travelers want savings and companies that promise them are benefiting.

Discount airlines now account for 24% of departures from the U.S. [Southwest Airlines](#) posted a gain in net income of 23% in the second quarter of 2003 versus the same quarter a year earlier and announced plans for 92 new aircraft.

Both [JetBlue](#) and [Ryanair](#) posted profit increases in the first half of 2003. Like Southwest, JetBlue is expanding its fleet, ordering 65 Airbus jets plus 100 of the smaller Embraer 190 planes from Brazil.

With regional traffic on the rise (due to double by 2020),

**Pucci did it for Braniff in the 60s. Now Delta's new discount airline, Song, hopes Kate Spade will give its flight attendant uniforms a trendy edge.**

European airlines are outperforming their North American counterparts. For the January-July 2003 period, the [International Air Transport Association](#) reported total passenger traffic decreased only 0.5% for European carriers compared with a 10.6% drop for American carriers over 2002.

The shift to discount travel is propelling online travel sites to emphasize deals and last-minute bookings. Travelers spoiled by two years of fire sales have become professional bargain hunters. Travel researchers at [PhoCusWright](#) estimate that 15% of leisure travel dollars will be spent online in 2004. The researchers also found that vacationers who booked hotels online in 2002 boasted an average household income of \$83,422 and spent \$3,401 on leisure travel, both figures up from 2000.

When they do travel, Americans often want to stick with the familiar, preferring destinations within driving distance. According to a survey from [BedandBreakfast.com](#), the B&B industry grew 8% the year after Sept. 11, 2001.

Or they might get on a boat. The number of North Americans cruising the high seas increased nearly 20% in the first quarter of 2003 compared with first-quarter 2002, according to the [Cruise Lines International Association](#). And when

they do fly, Americans prefer heading to the islands. The number of airline seats flying to the Caribbean rose 17% in 2003 over three years ago, according to a [USA Today](#) analysis of flight schedules.

It appears that, indeed, travel is on the road to recovery.



ERIKH  
IMAGE COURTESY: KATE SPADE

### Trend Watch

Discount airlines want to be hipper too. JetBlue described its uniforms as "Prada-esque" once. But [Delta Air Lines'](#) discount subsidiary, [Song](#), is not settling for an imitation. Song hired handbag queen [Kate Spade](#) to redesign its uniforms. While many big-name designers have done airline uniforms — [Givenchy](#) is developing a new look for [British Airways](#) — Song is promising a more radical departure from the usual variation-on-a-business-suit silhouette. The company is also considering adding cosmos and martinis to its menu.

### The World's Top Airlines Ranked by Revenues

RANK	AIRLINE	2002 REVENUES
1.	AMR Corp.	\$17.3B
2.	UAL Corp. (2001)	14.3
3.	Delta Air Lines Inc.	13.3
4.	Northwest Airlines Corp.	9.5
5.	British Airways Plc	11.9
6.	Air France	10.9
7.	Deutsche Lufthansa AG (2001)	14.8
8.	Japan Airlines System Corp.	12.1
9.	Southwest Airlines Co.	5.5
10.	Continental Airlines Inc.	8.4

SOURCE: OCT. 2003 TRENDSCAPE

## Blogging

Blogs — a contraction of “Web logs” — have become the fastest-growing form of online publishing in the past three years, skyrocketing to some 1.3 million blogs.

Unlike Web sites that are more structured and require some knowledge of coding to build, blogs are a simple, real-time affair in which entries are usually short, frequently updated posts arranged chronologically. They’re most often personal journals and commentaries.

While millions of people have created homepages — U.K. Web monitoring firm [Netcraft](#) reports the existence of some 43 million sites — most Web pages are static affairs. The challenge, as any Webmaster will attest, is keeping sites up-to-date. Enterprise sites tackled the problem long ago with content management tools that replaced hand coding with automated procedures. But content management software is expensive and usually falls outside the purview of most personal publishers.

Then came blogging tools. They made it simple to add, modify and distribute content dynamically. These “rolling logs” of commentary place the latest updates at the top of a Web page and push older content to the bottom, making blogs easy to navigate.

In September 2002, [The Pew Internet and American Life Project](#) found that 1% of survey respondents reported they maintain a daily blog.

When search engine [Google](#) acquired [Pyra Labs](#), the creators of blogging software Blogger in February 2003, the move

signaled that blogging had arrived. It was a prescient move. In the six months after Google acquired Blogger, another million blogs appeared, according to [Idle Words](#).

The hipness of blogs has attracted a host of blogging suppliers. Besides Pyra Labs, blogging tools are provided by such outfits as [Blogspot](#) and [LiveJournal](#).

In February, [Lycos](#) became the first portal to introduce a blogging tool, Blog Builder, at community site [Tripod](#). Priced at anywhere from

free to \$20 a month, Blog Builder is said to require only about a minute from registration to first posting.

The cool image of blogs has attracted the attention of marketers, who are beginning to use them as a “viral marketing” platform. [Dr. Pepper](#) used a blog to spin a fictional yarn for its new milk-based drink, Raging Cow. Borrowing blogging techniques, like intensive cross-linking (see chart), Raging Cow relied on influential bloggers to promote its brand.

Next up in blogging: maintaining a mobile blog, also called “mo-blogging” or “moblog.” Media mavens can now provide on-the-scene reportage with mobile phones or Blackberries.

Blogging is the way that media publishing was meant to be.

### Most Linked-to Blogs

RANK	BLOG	# LINKS
1.	Slashdot	5006
2.	Boing Boing	2543
3.	InstaPundit.Com	2480
4.	Scripting News	2450
5.	FARK.com	2424
6.	Rum and Monkey	2213
7.	Informação e Inutilidade	2202
8.	Pamietnik-zmarlego blog	2021
9.	Metafilter Community Weblog	1956
10.	Penny Arcade!	1945
11.	Where is Raed?	1834
12.	Andrew Sullivan's Daily Dish	1790
13.	MegaTokyo	1699
14.	Wil Wheaton Dot Net	1359
15.	This Modern World	1318

SOURCE: OCT. 2003 NITLE BLOG CENSUS



[Gawker.com](#), a New York-based blog enamored with the media community, and [The Black Table](#), are typical of a new genre of hip, “rolling Weblog” media.

# E-trends

## Broadband

The number of high-speed Internet lines jumped 55% in 2002 to 20 million, reports the U.S. Federal Communications Commission, while actual Internet users with broadband access rose to 39 million, or 36% of total Internet users, according to Nielsen//NetRatings.

Broadband's growth rate is phenomenal. Since December 1999, U.S. broadband subscriptions have risen 488%. The FCC reports that 7.1 million new business and household subscribers signed up for broadband in 2002. That's more than 136,500 new subscribers each week.

The number of U.S. broadband households now stands at more than 22 million (see chart), a figure nearly double the forecast of two years ago.

Still, 64% of users connect via slower dial-up lines, including 56 Kbps (52%), 28/33.3 Kbps (9%) and a few prehistoric types who surf at the glacial speed of 14.4 Kbps (3%), according to Nielsen//NetRatings.

Broadband is now available in 88% of the nation's ZIP codes, the FCC reports, but service can be spotty. The most popular solution is cable-modem, with 11.4 million lines, or 57% of all high-speed lines, compared with DSL's 6.5 million lines (33%). Satellite, fixed wireless and fiber-optic connections accounted for the remaining 10%, or 2 million broadband lines. DSL, at a rate of 64%, grew slightly faster in 2002, compared with cable's 61% growth.

European figures tell a similar story. [Strategy Analytics](#) reports that nearly 7.5% of European households have broadband access, with another 7.2 million homes joining in 2003, bringing the total to 19.1 million, or 12% of total European households. And it's DSL that reaches at least twice as many households as cable.

Some analysts predict Europe will overtake the U.S. in broadband access by 2008, with 48% of homes enjoying a high-speed connection compared with 46% in the U.S. That year, [Jupiter Research](#) predicts, Germany will have 12.2 million broadband connections, followed by the U.K.'s 8 million. There are lags, however. In Glasgow, Scotland, broadband use is only at 5%, according to [British Telecom](#).

Some countries, notably South Korea and Canada, as well as the city of Hong Kong, are ahead in broadband use (see "Number" table). [Forrester Research](#) says Europeans choose broadband to free up phone lines (64%) and gain speed (58%).

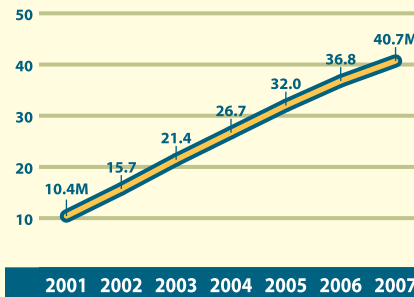
In Asia, South Korea leads with the highest penetration of home broadband (about 70%) in the world, thanks to low usage fees and comprehensive national cable infrastructure (see South Korea in Geotrends). The govern-

ment investment is part of a move to create 10 million "smart homes."

Hong Kong boasts 82% of its Netizens connecting via broadband. In Japan, the number of subscribers has reached 10 million, with [NTT](#) predicting that nearly 60 million Japanese will have broadband by 2007. As in Europe, DSL leads cable in twice as many households.

Spending by phone companies on high-speed Internet access equipment will reach \$16 billion in 2003, up from \$11 billion in 2002 and \$7 billion in 2001. This will ensure that the "always-on" push will continue to gain fans.

### U. S. Broadband Household Penetration



SOURCE: DEC. 2002 JUPITER RESEARCH

### Number of Broadband Subscribers per 100 Inhabitants in 2002

RANK	REGION	RATIO
1.	South Korea	21.3
2.	Hong Kong	14.9
3.	Canada	11.2
4.	Taiwan	9.4
5.	Denmark	8.6
6.	Belgium	8.4
7.	Iceland	8.4
8.	Sweden	7.8
9.	Netherlands	7.2
10.	Japan	7.1
11.	United States	6.9
12.	Austria	6.6

SOURCE: SEP. 2003 ITU WORLD TELECOMMUNICATION INDICATORS DATABASE

### Broadband Providers Ranked by Subscribers

RANK	PROVIDER	SUBSCRIBERS
1.	Comcast (cable)	4.1M
2.	SBC (telecom)	3.9
3.	NTT FLET'S	3.5
4.	Yahoo BB Japan	2.8
5.	Time-Warner (cable)	2.7
6.	Verizon (telecom)	2.5
7.	AOL (ISP)	2.2
8.	BellSouth (telecom)	1.1
9.	EarthLink (ISP)	1.0
10.	Telstra (telecom)	0.23

SOURCE: JUL. 2003 TRENDSCAPE



## Dotbomb

It was a classic [SEC](#) filing from the dotcom heyday: "NetJ.com Corp. is a development stage company that currently has no business. . . . It has no day-to-day operations at present. For the nine months ended 9/30/99, the company reports no revenues."

The list is long. Nearly 5,000 Internet companies have either been acquired or shut down, reports [Webmergers.com](#).

Reasons are many, but greed clearly overtook business sense and distorted company values.

Living.com burned through \$70 million trying to sell furniture online. The company's mistake: buying North Carolina-based bricks-and-mortar furniture company Shaw and then attempting to upgrade Shaw's computer, telephone and shipping systems to integrate them with a call center in nearby Greensboro. The results were disastrous: orders got lost, prices became unavailable. It was a classic business misstep that would be repeated.

Anyone who has ever visited a pet store knows it doesn't take 320



"Goodbye" screens were a sign of the dotcom times. Never have more pithy messages of failure made the rounds.

people to run it, particularly one that relies on the Internet to gain selling efficiencies. But that was precisely the number of people Pets.com employed. Tactical errors like these were made daily and actually encouraged by financiers, whose venture-capital pockets seemed to be bottomless.

The crash was gruesome. More than 550,000 telecom jobs and 290,000 computer industry jobs were lost during 2001-2002, reports [Challenger, Gray & Christman](#). By the end of 2002, investors had lost \$7.2 trillion since the market began its precipitous decline in the spring of 2000. In 2002, the [Standard & Poor's](#) 500 index was down for three consecutive years, the first time that had occurred since 1941. Investors pulled more than \$100 billion out of stock mutual funds in 2002, the biggest outflow in history.

The average tech startup received 2.75 rounds, according to a [Stanford University](#) study and the number of venture rounds totaled 17,116, according to [VentureOne](#), therefore, the approximate number of companies receiving funding between 1996 and 2000 was 6,224, suggesting a dotcom failure/sold rate of 80%.

However, there were far more startups than venture-capital-funded companies. [Dun & Bradstreet](#) reports, for example, that in 1999 alone there were 10,795 IT startups. As a result, the actual failure/sold rate is unknowable.

But the dotcom tide appears to be turning. In fourth-quarter 2002, 84 out of 208 dotcoms were profitable, according to [BusinessWeek](#). And there's renewed activity in categories once left for dead, such as grocery delivery ([FreshDirect](#)) and online casinos, where Las Vegas' biggest hotels have joined the fray.

Gradually, companies are beginning to emerge from hibernation — a Silicon Valley trend that had them working out of their homes and a post office box.

Ladies and gentlemen, it's time to defuse the **dotbomb**.

### Trend Watch

With F.kedCompany's shakeout watch now out of vogue, it's time once again to start tracking hot dotcoms. Here's a list of companies that lead the dotcomeback parade:

COMPANY	2002 SALES
Amazon.com	\$3,900.0M
eBay	1,200.0
Monster.com	1,100.0
Priceline	1,000.0
Yahoo!	953.1
WebMD	925.9
uBid	210.8
United Online	167.5
FreshDirect	166.0
Netflix	152.8
Overture	142.8
LendingTree.com	111.4
Google	100.0
LookSmart	96.0
Overstock.com	91.8
Autobytel.com	80.9
Digital River	77.8
Ask Jeeves	74.1
Blue Nile	72.0
RedEnvelope	55.8
LastMinute.com	54.7
Salesforce.com	52.0
MarketWatch.com	44.5
Zappos.com	32.0
Fandango	15.3

SOURCE: OCT. 2003 TRENDSCAPE

### IPOs: Signs of Life

	2002	2003
January	10	5
February	14	1
March	21	1
April	25	3
May	19	6
June	12	4
July	8	8
August	10	20
September	4	18
October	3	n/a
November	2	n/a
December	6	n/a
Total	134	—

SOURCE: OCT. 2003 RENAISSANCE CAPITAL LTD.

# E-trends

## eBay

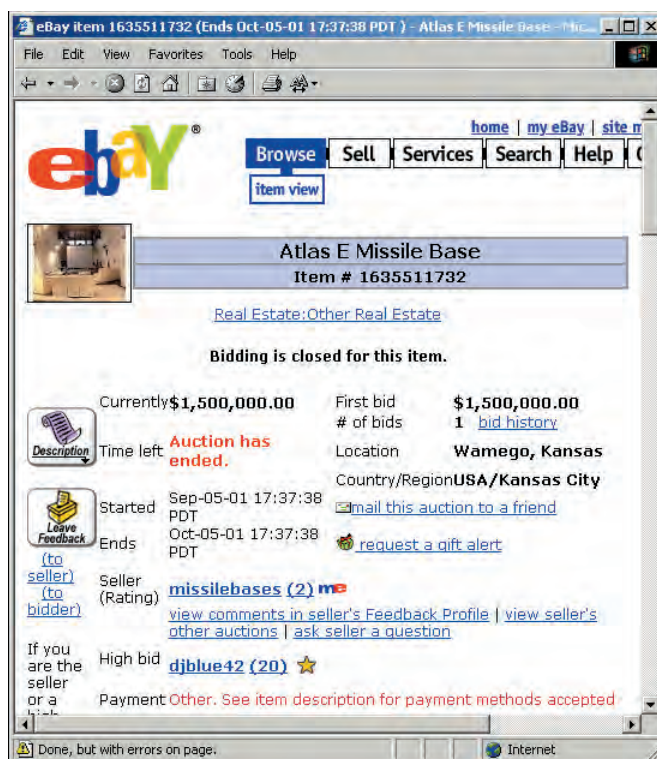
In 1995, Pierre Omidyar's fiancée had trouble trading PEZ dispensers. So Omidyar, a French-Iranian Silicon Valley programmer, knocked out a Web site over a weekend. Today eBay auctions off \$23 billion in products.

Meet the world's most successful infomediary — a business built on the premise of bringing together vendors and customers to facilitate purchase decisions — as described in John Hagel and Marc Singer's 1999 book *Net Worth*.

eBay mediates sales ranging from Barbie memorabilia to nuclear power plants. Profits come from a commission on every sale.

*Net Worth* includes a chart showing a prototypical infomediary's fiscal-year 8 revenues reaching \$2.4 billion — a figure close to eBay's projected revenues in 2003, its eighth fiscal year.

But Hagel and Singer could never have envisioned the scale of the community eBay's business model would create. Its 86 million registered users exceed the population of Egypt, the world's 15th-



A missile base for sale on eBay? Sure! Might I interest you in canned deer dung? How about used dentures, a bracelet made from goat toenails or a picture of a woman's colonoscopy? All items reportedly found on eBay.

largest country. On any given day, some 7 million items are up for sale, notes Adam Cohen, author of *The Perfect Store: Inside eBay*.

eBay's appeal is universal. In 2003, eBay overtook [Amazon.com](http://Amazon.com) to become the U.K.'s top e-merchant. In Australia, [eBay.com.au](http://eBay.com.au) is the largest auction site with more than 1 million visitors. eBay estimates that more than 150,000 people around the world are full-time sellers.

In second-quarter 2003, eBay listed a record 225 million items for sale, up 55% from the 145 million items listed for sale in second-quarter 2002. Active eBay users, those who have listed or bid on at least one item in the past year, jumped 57% to 34 million.

With its considerable clout, eBay can become a remarkable force in every marketplace. In 1999, the company entered the used-vehicles market. While most online auto sales ventures have fizzled, eBay rocketed from less than \$500 million in used-car sales to more than \$2.5 billion in revenues in 2002. While the 300,000 used cars eBay moved represent just a sliver of the 43 million used vehicles sold in the U.S. in 2002, eBay has become one of the largest used-car dealers in the U.S.

And you thought PEZ dispensers were just for kids.

### Trend Watch

Newbies are frequently reprimanded for buying from eBay sellers without user feedback. Best strategy: buy only from the elite "power sellers." But how does one snare a buy without tipping other parties off? That's a technique auction cognoscenti refer to as "sniping" — a last-minute bid that snatches the prize. To help snipe bids, bidders can choose from [Auction-Blitz](#), [AuctionTamer](#), [Bidnapper](#), [Bidslayer](#) and [eSnipe](#). The way eBay is growing, one day, sniping might be part of normal dinner conversation.

### Top eBay Product Auction Categories

RANK	CATEGORY	% HITS
1.	Collectibles	27.0%
2.	Clothing, accessories	17.3
3.	Sports	9.2
4.	Pottery, glass	7.6
5.	Home	7.6
6.	Electronics, computers	6.5
7.	Books	5.2
8.	Toys, hobbies	3.2
9.	Movies, television	2.8
10.	Other	3.6

SOURCE: OCT. 2003 AMHERST ROBOTS

## E-commerce

It took the catalog business 146 years to reach \$126 billion in sales — 3.5% of the \$3.6 trillion U.S. retail market in 2002. E-commerce topped \$80 billion, according to [Forrester Research](#), in just 18 years.

And the two channels are now virtually tied in terms of consumer interest. Within three years, the percentage of consumers interested in shopping via catalog dropped from 45% to 30%, according to a November 2002 [USA Today/CNN/Gallup Poll](#). That same poll revealed that 29% of the U.S. population is somewhat or very likely to shop online — suggesting that e-commerce is poised to surpass catalogs as the preferred nonstore retail channel.

While the catalog business has changed markedly since Charles Orvis began peddling fishing lures back in 1856, since 1994 the true innovations in remote selling have all occurred on the Web.

When [Amazon.com](#) launched its online bookstore in July 1995, it changed retailing forever. In just eight years, the company zoomed from \$16 million in sales to \$4.9 billion, a feat unequalled by any retailer. It took [Federated Department Stores](#) (owners of Macy's and Bloomingdale's) 134 years to surpass \$1 billion in sales. In just four years online, Amazon.com's revenues hit \$1.6 billion.

When *Harry Potter and the Order of the Phoenix* was released in June 2003, Amazon.com shipped more than 1 million copies, making it the largest one-day distribution of a single item in e-commerce's brief history.

That record was fueled by a trendsetting recommendation engine that allows Amazon's 30 million monthly visitors to create personalized shopping profiles.

Personalization, when a Web site recognizes you and remembers your purchases when you log on, distinguishes online shopping from conventional retail and it's growing fast.

Customization, the consumer's ability to literally "build" his or her

own article of clothing by choosing color, style and design, is growing as well. Fully 40% of jean and chino sales at online retailer [Lands' End](#) are customized. [Nike](#) says 20% of sales on its Nike iD site are customized.

At [J.Crew](#), online sales are simply booming; while catalog sales were flat in December 2002, online sales rose 24% to \$26 million, accounting for 55% of direct sales, according to [Jupiter Research](#).

But the biggest e-commerce innovation of 2003 came from an unusual player. On April 28, [Apple Computer](#) opened its iTunes Music Store, selling about 14 million songs for 99 cents each during its first six

months of operation. Apple's e-commerce effort was lauded industrywide (see Entertainment in Marketrends).

It looks like print catalogs will soon join Charles Orvis in the big fishing boat the sky.



Apple's iTunes Music Store, which sells songs for 99 cents each, has been hailed by the industry, including compliments from pop star Michael Jackson.

### Trend Watch

**U.K. online shopping is growing three times faster than the U.S. and already comprises three times the share of total retail sales. During third-quarter 2002, U.K. online retail was worth \$3.1 billion (£2 billion), or 4% of total U.K. retail, up 115% over Q3 2001.**

### Top U. S. E-commerce Sites

RANK	SITE	VISITORS*
1.	eBay	42.4M
2.	Amazon	26.1
3.	Yahoo! Shopping	15.1
4.	DealTime	11.9
5.	Wal-Mart	9.2
6.	Target	7.6
7.	AOL Shopping	7.5
8.	Bizrate.com	7.4
9.	Sears	5.3
10.	MSN Shopping	4.9

\* UNIQUE VISITORS IN AUGUST 2003  
SOURCE: AUG. 2003 NIELSEN/NETRATINGS



# E-trends

## Googling

"I can't explain it," says a character in a [New Yorker](#) cartoon, "it's just a funny feeling that I'm being Googled."

Google's popularity has made online searching synonymous with its name. The engine's success has inspired a host of jargon, including "googlewashing," "googleholes" and the "Google Dance."

Google's launch hinted at its future. It received venture-capital money from [Kleiner, Perkins, Caufield & Byers](#) and [Sequoia Capital](#) — a rare feat among Silicon Valley startups.

In September 1998, Google handled 10,000 searches a day. Today, the company processes more than 200 million a day, according to [Nielsen//NetRatings](#).

Among high-profile technocrats, "Googling" is the preferred way to "background check" anything. After all, if your past accomplishments aren't "Googable" among 3.1 billion Web pages, they're obviously not distinguished enough.

Phenomenal success has made Google such a staple of online culture that jokes are designed around its search capability. At one time one could type "French military victories," then click "I'm feeling lucky," and get a page mimicking Google's results: "No results were found for *French military*

victories. Did you mean *French military defeats*?" Google also inspired "baiting games," which involve stumping the engine with particular words, called "Googleholes."

In fall 2002, Google launched a news-search service that must have [LexisNexis](#) worried. Both services are about even in success rate, but searching [Google News](#) is far easier, faster and free. Next up is [Froogle](#), a shopping comparison engine.

When Google launched AdWords in 2000, a technology that contextually displays text ads near searches, the market yawned. That yawn turned into chagrin, as Google's growing search dominance led to an explosion in ad revenues.

Analysts estimate Google will generate ad revenues of \$1.2 billion in 2003, one-fifth of the \$5.7 billion [Jupiter Research](#) predicts online advertisers will spend this year.

Google's clout has [Amazon.com](#), [Microsoft](#) and [Yahoo!](#) playing furious catch-up. Amazon.com established a new search division in California called [A9](#).

In July 2003, Yahoo! acquired [Overture](#) for \$1.6 billion, following its December 2002 purchase of [Inktomi](#) for \$235 million. Yahoo! recently launched its own shopping service, [shopping.yahoo.com](#).

But Webmasters know optimizing sites for maximum Google visibility is the name of the game. While Google closely guards its search algorithms, it's well established that the company places a lot of emphasis on inbound links. Each month, Webmasters

worldwide anxiously await Google's search-bot sweep, dubbed the "Google Dance." It's a phenomenon that leaves little doubt as to who is doing all the dancing in the search-engine market.

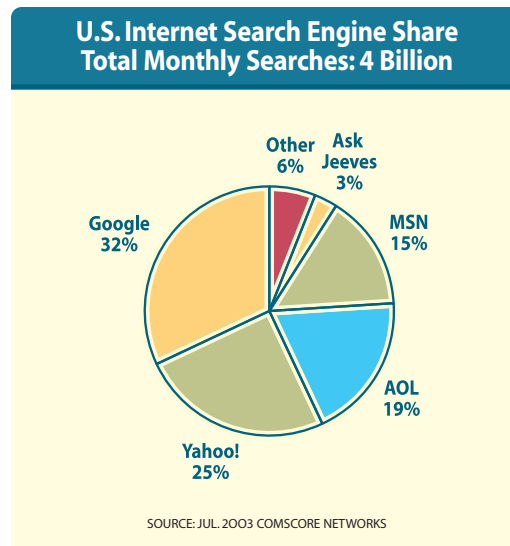


IMAGE COURTESY: O'REILLY & ASSOCIATES

Want to tame the search engine beast? Now there's a guide to help you improve your search skills. Happy Googling!

## IMing

You couldn't ask for a better solution for an instant-gratification society. Instant messaging has evolved from a chat tool for teens to a serious work tool for the online masses. One day, "IMing" could replace phone calls as the preferred way to communicate.

Each day, 1.6 billion instant messages are sent across AOL's IM network (AIM), instant messaging's grandfather. While AOL has had some form of instant messaging since the early 90s, it wasn't until 1996, when the company added "buddy lists" (the ability to instantly know when a friend is signed on to his or her computer) to its service, that AIM really took off.

But, why would the tedious task of chatting via keyboard be preferred over phone calls? For one thing, the medium is instantly available to online users, while calling requires dialing a number to connect. As the number of homes with always-on broadband connections rises, IM's popularity is bound to explode (see Broadband in E-trends).

Another aspect of IMing that has propelled its popularity is the availability of emoticons, which can communicate a wide range of feelings often not easily expressed in a phone call. Plus, in many situations, IMing can be anonymous, which better suits the Net's quasi-underground culture (see Text Camouflage in E-trends).

Today, the combined worldwide membership of the three

leading IM networks, AIM (195 million), [Microsoft MSN Messenger](#) (100 million) and [Yahoo! Messenger](#) (36 million), exceeds 317 million users.

The most significant trend since IM's inception is its adoption among business users. More than 60 million businesspeople worldwide use IM, according to [IDC](#). The research firm predicts the number of business IM users will leap to 230 million by 2005. IM is catching on fast in the corporate environment for numerous reasons, according to [The Wall Street Journal](#), from the efficiency of immediate access to a supervisor knowing a worker is actually at his or her computer. Downsides are the feeling, or knowledge, that one's presence online is known to many and IM's disruptive quality when one is absorbed in work.

To address these concerns, business IM providers such as [FaceTime Communications](#), [IBM](#),

[IMlogic](#) and [Reuters](#) have added security, logging and other capabilities not available on public IM networks.

While one might think that IM is turning the nation into an alienated lot, ad hoc evidence suggests the opposite. Generation Y is actually more engaged socially due to IMing (see Generation Y in Demotrends) and there's growing evidence that many people IM who wouldn't ordinarily have picked up the phone.

Another trend that is developing fast are news stories mentioning "IM interviews." This trend is bound to accelerate as this new communication phenomenon spreads its wings.



Chatting can be very addictive. The use of emoticons and sounds, and, in this particular example, video, lends a new dimension to human communication.

### Top U.S. Instant Messenger Services and Tools

INTERNET APPLICATION	UNIQUE AUDIENCE	ACTIVE REACH
AOL Instant Messenger	28.0M	20.7%
MSN Messenger Service	27.1	19.9
Yahoo! Messenger	17.6	13.0
ICQ	3.0	2.2
Trillian	0.8	0.6



Leave it to [Apple Computer](#) to reinvent the webcam. Apple's new iSight complements its highly intuitive iChat application (shown, center).

IMAGES COURTESY: APPLE COMPUTER INC.



# E-trends

## Internet Access

When CERN declared the World Wide Web to be in the public domain in April 1993, there were fewer than 3 million Internet users. Today, 655 million people have Internet access worldwide, reports [Nielsen//NetRatings](#).

By any measure, it's the fastest-growing medium ever.

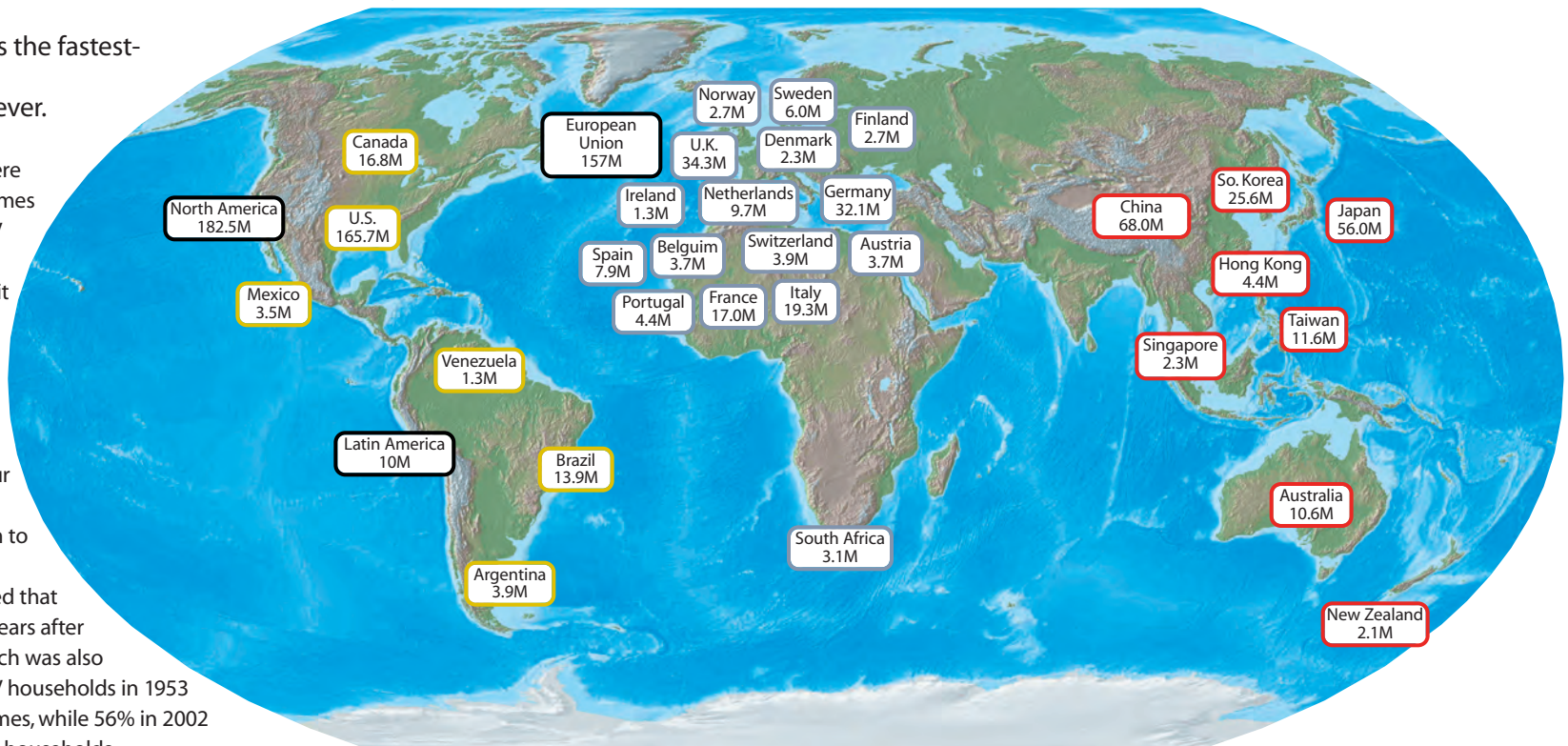
Although TV sets were placed in three U.S. homes in 1928 and the first TV station was built in London the year after, it wasn't until 1939 that regular TV broadcasts began in the U.S. By 1949, TV households reached 940,000, a 2% penetration. It took four years, until 1953, for TV household penetration to reach 56%.

The Internet achieved that level in 2002, only 10 years after the Web went live. Reach was also higher, since 56% of TV households in 1953 equaled 21 million homes, while 56% in 2002 represented 61 million households.

Today, China is the Internet's fastest-growing market, having

exploded from 4 million users in 2000 to 68 million today. Other fast-growing Asian countries include South Korea, up from 1.5 million in 2000 to 26 million; Japan, up from 32 million in 2000 to 56 million; and Taiwan, up from 500,000 users in 2000 to nearly 12 million today.

While television still reigns supreme, the Web continues its ascent.



SOURCE: OCT. 2003 TRENDSCAPE



## Online Dating

The market was ripe for picking. By 2000, the number of divorced people in the U.S. had nearly quintupled to 20 million since 1970. Meanwhile, singles, 18 and over, now make up 40% of the population, or more than 82 million people.

That's a date-capable market of 102 million adults, many ready and willing to try online dating. And there may be more: one-third of people who use online dating services are married, according to [Marketdata Enterprises](#).

No wonder online matchmaking has exploded. Leader [Match.com](#) now claims 857,000 paying members plus 18 million more with posted profiles. The company's operating income in second-quarter 2003 increased 14% to almost \$8 million on \$48 million in revenues, driven by a \$25 monthly subscriber fee.

That success has attracted other players, including [Yahoo!](#), [Kiss.com](#), [eHarmony.com](#), [Matchmaker.com](#) (Terra Lycos), [Nerve.com](#) and [Friendster](#) — the market's latest arrival.

Hoping to start a new trend, [Yahoo! Personals](#) has introduced a feature that brings recommendation engines to online dating.

Made popular by [Amazon.com](#), recommendation engines supply recommendations based on similar consumption patterns by other consumers. Imagine receiving an e-mail that says, to paraphrase Woody Allen, "Since you're into Beethoven and bondage, we thought you might like these candidates, Ms. Smith."

According to [comScore Media Metrix](#), 40 million people visited personal sites in July 2003, up from 35 million who visited in December 2002. But that's just 35% of 127 million active U.S. Internet users, according to an August 2003 [Nielsen/NetRatings](#) estimate, suggesting a large, untapped market.

The popularity of matchmaking has spurred a boom in matchmaking software, which ranges in cost from \$30,000 to \$100,000. Using this type of software, some colleges can now match roommates based on personal preferences.

But showing it can go beyond software, Match.com launched an "Advisors" service in October 2003 that lets members seek one-on-one dating advice from a trained counselor during a live online session.

It looks like the Internet may have finally found us a well-to-do match.



The hot new startup, hailing from Palo Alto, Calif., is [Friendster](#), which works on a by-invitation-only basis. Once invited by a member, you watch your personal network grow as more people join.

### Trend Watch

Call it an anti-trend. The surge in online dating has resulted in a renewed appreciation for face-to-face encounters, called "F2F" in chats. Match.com's offline service is MatchLive. The trend is fueled by time compression, which is driving consumers to find time-saving services. The newest wrinkle: "speed-dating" — offline dating services that line up as many as 25 dates per session and give each a few minutes to impress you. Match.com's [Speedmatching.com](#) already has plenty of competition: [8minuteDating](#), [HurryDate](#) and the U.K.'s [Speedflirt](#).



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- > Orange
- > Philadelphia
- > Phoenix
- > Raleigh
- > Richmond
- > San Diego
- > Washington
- > West Coast

# E-trends

## Online Marketing

It's Oct. 27, 1994. In an industrial area of San Francisco called "Multimedia Gulch," a one-year-old magazine startup, [Wired](#), is launching its first site, HotWired.

Always on the leading edge, *Wired* had sold 14 advertisers on an exciting new vision.

The ability for visitors to click on hyper-linked ad banners made the Internet the first major medium ever sold with an implicit promise of response. In retrospect, that was a mistake.

That explains why online advertising has been held to a stricter standard than other media. As the novelty of banners wore off, click-through rates (CTRs) declined. By mid-1996, the average CTR had fallen to 2.1%, based on an [I/PRO](#) analysis of 200 million impressions served by [DoubleClick](#).

That figure steadily declined to 0.28% in July 2001, the last month [Nielsen/NetRatings](#) published its widely quoted online response rate.

But despite widespread media coverage of the decline of online response rates, the overall decrease in response rates in *all* media was never discussed.

Evidence is anecdotal at best, because no formal studies have ever been conducted on the topic. When asked whether response rates had declined in other media, media legend [Erwin Ephon](#) said via e-

mail that he thought response rates had been declining, but had no tactile evidence to support that belief. Ephon suggested one possible clue — the fact that TV commercial recall scores were down.

Marketing is at a critical juncture. The Internet is not alone in ad obliviousness — 45% of TV watchers skip commercials (see Marketing in Marketrends). Direct marketers have witnessed declining response rates first-hand. [Catalog Age's Benchmark Reports](#) show there was a 19% decline in house file response rates between 1996 and 1999. In 2000, response rates to credit-card offers fell to an all-time low of 0.6%, after a steady, eight-year decline, according to [BAIGlobal](#).

At a 2000 AAAA conference, Ephon cited results from a 1999 study, [AdWorks 2](#), that found that TV advertising returned 32 cents for every dollar invested.

More recent evidence to support that waste was published in October 2003 by [Advertising Age](#).

In that study, conducted by [Lightspeed Research](#) with the support of the ANA, network TV was singled out as the worst medium for providing ROI by 32% of 222 marketing professionals queried. Overwhelmingly, 42% respondents chose direct mail as the best medium for proving ROI, followed by the Internet at 19%.

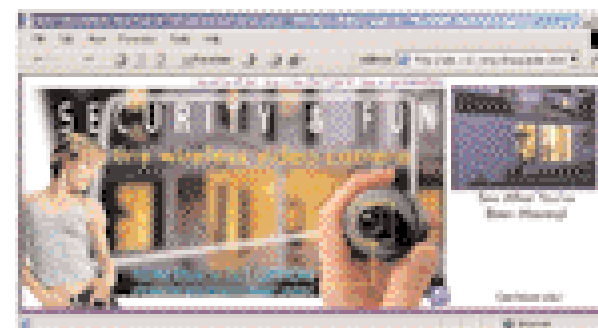
But the explosion in spam may well take the glow off that latter finding. Ten years after HotWired's launch, online marketing remains just an exciting vision.

*"Management believes this increase in customer acquisition costs...is due primarily to...decreased responses to marketing programs conducted in fiscal years 1997 and 1998."*

[Seattle FilmWorks, Fiscal Year 1998 Results](#)

### Trend Watch

No campaign has garnered as much hatred *and* response as [X10's](#) pop-ups. The company drew 34 million unique visitors in June 2001, good enough for a fourth place ranking among Internet powerhouses. But pop-up ads, hated by 78% of online users, appear to be on their way out. [EarthLink](#) added Pop-up Blocker to its software. After being an early supporter of pop-ups, AOL is running a TV ad that pokes fun of them. And [Google's](#) new toolbar also blocks pop-up ads.



Like street-team marketers, online advertisers feel compelled to be in your face. X10's pop-ups were so successful they started a trend that appears to be waning.



## Spamnesia

Every weekday, about 250 million people stare at their inbox trying to figure out if they know an “Althea Marquez” or a “Judson Schaffer.” Tens of millions, who can’t recall, click the e-mail, telling spammers they’re alive and well and ready for more e-mail abuse.

Jokingly named after Hormel Foods’ spiced ham, spam is no longer humorous. An estimated 7.3 billion spams are sent around the globe each day, according to [International Data Corp.](#), accounting for more than a third of the 20 billion daily e-mails. Since the average office worker spends 1 hour, 47 minutes on e-mail each day, it’s clearly a major time drain. Yet, despite the fact that 92% of workers receive spam at the office, 86% of respondents to an [American Management Association](#) survey agreed e-mail has made them more efficient.

In April 2001, 7% of the e-mail checked by anti-spam software company [Brightmail](#) was spam. As of June 2003, 48% of the 60 billion e-mails Brightmail monitored for its clients was spam.



*“Thank you for your recent E-mail. I appreciate your concern. However, I am, at this time, completely satisfied with the size of my penis.”*

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The overwhelming volume has driven computer users to erect spam barriers (see Trend Watch). But, spammers have had plenty of time to hone their techniques. The first spam was sent 25 years ago, in 1978, by DEC employee Gary Thuerk. But the term “spam” itself was first used on March 31, 1993, to describe an unwelcome [USENET](#) post, according to Brad Templeton, former publisher of [Clarinet Communications](#). Today, an estimated 150 individuals, most of whom are U.S.-based, are responsible for 90% of the world’s spam, notes U.K. anti-spam activist Steve Linford.

Spammers get through by using names of real people snatched with e-mail harvesting tools or by misspelling subject lines to outfox spam filters. Some hide pornographic subject lines using that famous New York subway advertisement, “If u cn rd this u cn gt a gd jb,” as a blueprint. Others use only images so messages contain zero text or fake “bounced messages.”

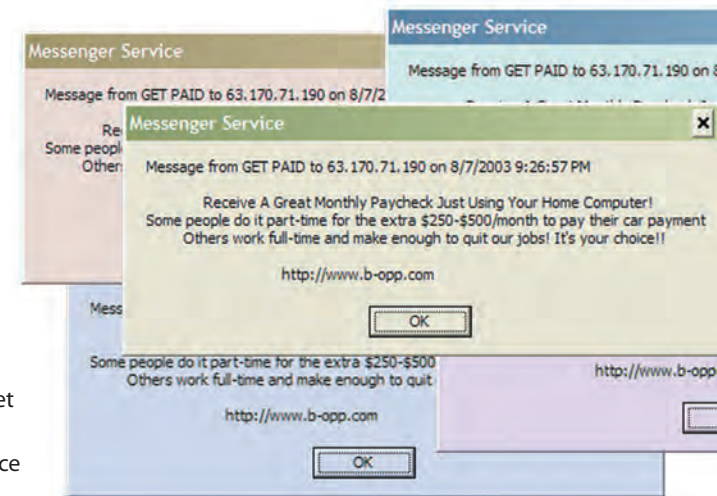
Recipients pay a price for mistakenly clicking on tracking-bug-enabled spam: more spam.

There’s no easy solution. The success of the [U.S. National Do Not Call Registry](#), which prevents unwanted telemarketing calls, has elicited calls for a similar approach to spam.

But unlike the telemarketing industry, the Internet is “a town without a sheriff,” as former head of Chrysler information security Robert Moskowitz once put it to the *Orange County Register*. That’s why spamnesia symptoms will continue to spread until an effective “spamicide” is found.

### Trend Watch

**Mailblocks** eliminates 100% of spam by sending challenge e-mails to anyone not in your address book. The sender visits Mailblocks’ site and enters a GIF-based number, which lets e-mail through while keeping spammers out.



Another trendy spam technique uses Windows Messenger to send instant pop-up spams.



## Text Camouflage

When men's tie fashion trendsetter Avril Lavigne scored a hit with her song "Sk8ter Boi," it symbolized the growing momentum of an online trend that can trace its roots to AOL's Instant Messenger service.

On registration, [AIM](#) suggests a screen name that echoes available inventory. If you are the 9,837th person to request "Joe," it suggests "Joe9837."

Those name suggestions fueled a trend that has online users mimicking random screen names, but with a twist. The Internet's anonymity welcome mat encouraged users to devise ever more inscrutable screen names or "**handles.**"

Over time, these handles adopted a look only a cryptographer could take delight in. How does x83Urt2dY strike you? It's as if posters want you to forget their names. You might call it anti-branding.

Proponents believe anonymity lets forum posters say what they would ordinarily never express in public. You definitely need a camouflage to participate in some of today's online chats (see illustration).

But text camouflage is spurring a phenomenon called "trolling" — postings designed to enrage forum members. The term is derived from "trawling" — a type of fishing where one drags a trawl net behind a boat.

Concealed by their camouflaged identities, trolls have become a major problem for many online communities, as members can post without being responsible for what they say. The trend is partly driven by a fear that identifiable posters expressing true feelings will either

get flamed or "flagged" — a process where posts are identified by forum members as candidates for removal.

The online camouflage trend has spilled over into our daily world. When the Web debuted, vanity plates (personalized automobile license plates) were still the rage in California. In the past 10 years they've all but disappeared, as society moves in lockstep to a more private, anonymous world.

Hip-hop music, with its misspelled song titles, is also fueling text camouflage. [Nelly's](#) summer 2002 hit "Hot in Herre," was the first song to feature a "typo." Then came [Christina Aguilera's](#) "Dirrty," [Chingy's](#) "Right Thurr" and others.

In August 2003, a Romanian hacker site, which displayed stolen credit cards from 450 people, was finally taken offline. The departing

### Cool Site Watch

IM's popularity has created a whole new "teenspeak." To see what your chats ought to look like, check out [The English-to-12-Year-Old-AOLer Translator](#):

<http://ssshotaru.homestead.com/files/aolertranslator.html>

Looking for cozy coffeehouse in SF - suggestions? < sore\_ass >

```
sfo Who will warm my bed tonight? § < home_alone_again > 06/22 21:33
... Specify your gender first! § < manalone > 06/22 21:38
..... Specify sexual orientation first! § < hethom > 06/22 21:53
..... Specify cup size/penis size first! § < in-inches > 06/22 21:55
..... Specify preferred position first! § < k-sutra > 06/22 21:57
..... Specify you medical history < goingback > 06/22 21:59
..... Specify state of the part. § < loose_n_tight >
```

message, posted by a hacker who used the handle "Light," read as follows: "i'M G0n3 W/th thE W/nD..." It's a contemporary and graphic example of text camouflage using such popular alternatives as "3" for "e" and "/" for "i."

As text and instant messaging (see IMing in E-trends) gain an even stronger foothold in society — industry watchers at [Radicati](#) expect as many as 1.4 billion IM users in four years — handles and lingo will evolve into an artform not seen since the days of stenography.

And if you don't keep up, you might not be able to communicate in 2010. OMG CU L8TR!

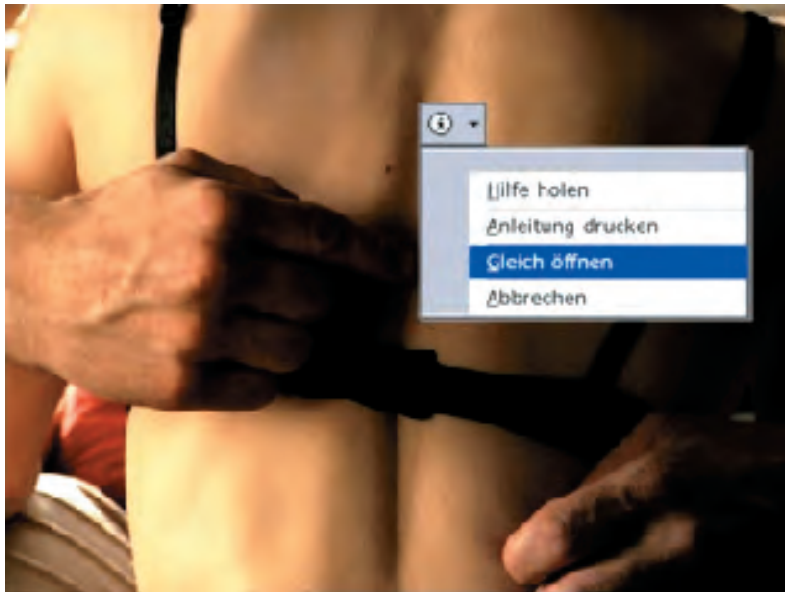
In this [Craigslst](#) post, you can see that handles have been creatively obscured with post comments and additions — a clever version of "text camouflage."

## Viral Marketing

On July 23, 2001, thousands of users around the world woke up to an e-mail that asked, "Have you seen this?"

The included link led to a site of Microsoft Switzerland, where a steamy TV ad played for all to see.

Within hours, the Office XP ad, which featured a man trying to undo a woman's bra, had spread like a virus around the globe to millions of Internet users. Our copy arrived via the Caribbean before 11 a.m.



Apple did it before, now it's Microsoft's turn. This viral video features a man trying to undo his companion's bra. The menu beckons, "Open immediately," followed by a password prompt and a voice-over, "The unexpected experience — new Office XP." Touché, big brother!

While [Microsoft](#) does not suffer from a lack of exposure, the incident showed the Internet's power as a viral-marketing tool.

Online chatter was peppered with comments such as, "This has to be the best ad Microsoft has ever made — funny, cheeky, sassy and very...uh...captivating."

The Internet has repeatedly demonstrated its ability to propel messages at blinding speed through legions of "evangelists" — a virtual "viral army," (see Multitasking in Metatrends and Memory Protection in Trendspotting).

The genome for a successful viral hit includes entertainment and perhaps a little sex. Once properly engineered, a viral hit behaves much like a virus, spreading by quickly mutating and dividing itself. [Budweiser's](#) "Wassup" viral videos were spoofed in a number of ways, including a "Superfriends" parody that landed the parodists, Graham Robertson and Philip Stark, a job at the studio that created the original Superfriends cartoon.

This powerful new strain of word-of-mouth, appropriately dubbed word-of-mouse, first leapt from man to machine in July 1996 when [Hotmail](#) began promoting itself with the following line in each e-mail: "Sign up for your FREE Hotmail account." With a miniscule budget, the service recruited 12 million members by the end of 1997.

A parade of viral phenomena followed, including "[The Blair Witch Project](#)," which relied on rumors to fuel the movie's buzz quotient. That movie cost \$1.5 million to produce and promote, and brought in \$141 million at the box office. And then there's [Mahir Cagri](#), "the crazy Turk," who instantly made "I kiss you" the viral buzz sentence du jour. His cult status boosted site traffic virtually overnight from zip to nearly 1.5 million visits.

Yet the true limits of viral marketing remain to be explored. We're still waiting for one that will unleash an "Internet storm."

### Trend Watch

In 1997, a story doing the viral rounds began "Ladies and gentlemen of the class of '97: Wear sunscreen." Word on the e-street was that this "address" had been written by Kurt Vonnegut. The story was so convincing, even Vonnegut's wife believed he had written it. Nothing could be further from the truth. "Wear sunscreen" was based on a June 1, 1997, column by Mary Schmich of *The Chicago Tribune*. Her article was so popular, it even became a song, titled "Everybody's Free to Wear Sunscreen" that appeared on the CD, "Something For Everybody: Baz Luhrmann." Yes, the same Luhrmann who directed "Moulin Rouge" and "La Bohème." His 1998 recording represents the first time that mass culture began imitating Internet trends.

# E-trends

## Wi-Fi

You couldn't come up with a less enticing name than "IEEE 802.11b." So it was a blessing when the wireless technology standard got a snappy new moniker, Wi-Fi, in 1999. It was also a brilliant move, because the Wi-Fi engine now powers Internet growth.

The first access points sold for as much as \$1,900 in 1997. Today, you can buy a [Wi-Fi gateway](#) from [Amazon.com](#) for \$35 after rebate — a striking example of how technology drives growth through price drops. It also explains why venture capitalists dedicated 22% of their 2003 investments to wireless Internet companies. Case in point: [Vivato](#) landed \$67 million in funding to build a device that extends Wi-Fi's range from around 110 yards (100 m) to about two miles (3.5 km). And hardware Wi-Fi player [Netgear](#) achieved a rare feat in July 2003, raising \$98 million in an IPO.

Visit tiny Coarsegold in California's gold country (population: 7,000) and you'll find a Wi-Fi spot at Rudy's Coffee Shop. If you're headed to Fresno, look for Wi-Fi at Klein's EZ Trip Truck Stop, both are serviced by [Sierra Tel Internet](#).

While many Wi-Fi hot spots charge for their service, such as [Starbucks](#), which relied on [T-Mobile](#) to outfit more than 2,300 stores in 2002, offering free Wi-Fi access will become a key selling point for coffee shops, hotels and some restaurants. The [Omni](#) hotel chain, for example, has jumped on the bandwagon, offering free Wi-Fi to hotel guests at four of its U.S. hotels. That trend could be fueled by acts like "Warchalking,"

which helps Internet users find free Wi-Fi access points (see illustration). In 2002, computer users spent \$1.7 billion on Wi-Fi gear, which helped push the number of Wi-Fi users to more than 5.4 million worldwide, says the [Gartner Group](#). By 2006, that number is projected to rise to 100 million, supported by some 89,000 public Wi-Fi access points, up from 1,200 at the start of 2002, notes Gartner. It can't hurt that [Intel](#) has created a \$300 million campaign for its new Centrino notebook chipset, which supports integrated Wi-Fi. The company estimates 19% of notebooks sold in 2002 were Wi-Fi-equipped.

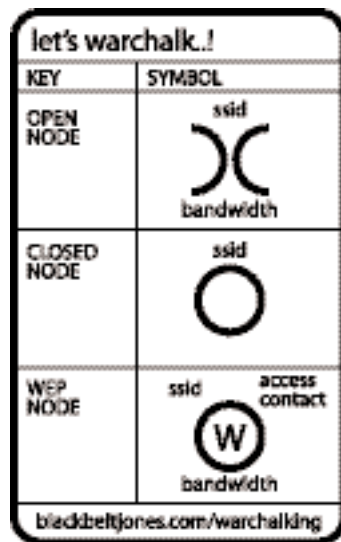
[Intel](#) primed the pump by investing \$150 million in Wi-Fi startups. To promote hotel Wi-Fi access, the company teamed up with [Starwood Hotels](#) and [Marriott](#), which estimates that 10% of its guests have Wi-Fi capability. Typical access cost is \$3.75 for 15 minutes and 25 cents per minute thereafter.

T-Mobile has "Wi-Fied" 330 [Borders](#) stores and 119 airport frequent-flier lounges, for a total of 2,769 hot spots, making it the Wi-Fi market leader. Other players include [Wayport](#), which has wired 652 locations, [Boingo Wireless](#) and [Surf and Sip](#), which have wired 750 and 150 locations, respectively.

Wi-Fi is poised to invade the home. Although only 3% of today's U.S. households with Internet access are equipped with Wi-Fi, industry interest in wireless entertainment (see South Korea in Geotrends) will soon make Wi-Fi as commonplace as its intended metaphor, Hi-Fi. Already, two companies, [Philips](#) and [Yamaha](#), have debuted home entertainment devices that stream Internet music content via Wi-Fi (see

Home Entertainment in Cool Hunt).

If history is any guide (see Unwired in Metatrends), the force of unwiring is simply unstoppable.



London-based Warchalking.org has made it easy to find free Wi-Fi. Members mark sidewalks with a special "hobo" symbol language that describes the type of wireless access point that can be found near that chalkmark.

### Top 10 Wi-Fi Countries

RANK	COUNTRY	HOT SPOTS
1.	United States	10,415
2.	United Kingdom	1,211
3.	Taiwan	567
4.	Germany	554
5.	Japan	481
6.	Australia	453
7.	Sweden	368
8.	Austria	327
9.	Canada	300
10.	Italy	268

SOURCE: OCT. 2003. JMWIRE INC.



# Trendspotting

## Design Hotels

In 1984, Steve Rubell and Ian Schrager pioneered the design-hotel concept, opening Morgans on New York's Madison Avenue. Today, more than 200 American design hotels, plus many others, dot the globe.

While two [Schrager](#) properties now operate in Chapter 11, new design hotels keep opening. [The Alex](#) in New York will welcome guests in fall 2003. The \$25 million hip-but-affordable [James Hotel](#) will debut in December 2003 in Scottsdale, Ariz. Miami's South Beach welcomes [The Victor](#), from Hyatt, in spring 2004.

[Smith Travel Research](#) says design hotels are difficult to define, but has tallied 213 U.S. properties, including [Starwood's W Hotels](#), the [Kimpton](#) chain, [Joie de Vivre](#), as well as Schrager's hotels. The August 2003 occupancy rate for boutique hotels was 65%, up 2.9% over July, while the occupancy rate for upscale hotels in August 2003 was 67%, down 0.3% from July, says Smith Travel Research. Overall, the lodging industry is poised for a modest comeback. [PricewaterhouseCoopers](#) predicts that room revenues, a key profitability factor, will gain 4.9% in 2004 and then 3.4% in 2005.

Design hotels feature a carefully cultivated aesthetic. [Andrée Putman](#) designed Schrager's [Morgans](#). For subsequent hotels, Schrager turned to the modernist designs of [Philippe Starck](#). The Alex used architectural designer [David Rockwell](#), also responsible for the W Hotels' look. Other design-hotel differentiators are their hip bars and restaurants that draw locals, as well as hotel guests. The W Hotel chain has exploited this tactic, with many of its properties becoming hipster

magnets. In today's \$103 billion American hotel and lodging industry, some new hotels are choosing a less opulent but comfier approach, such as Manhattan's [Bryant Park](#), which calls its style "post-designer."

Yet, design hotels continue to answer their clientele's preference for personality over brand, such as in-room goldfish bowls and lava lamps at [Hillside Su Hotel](#) in Antalya, Turkey, or at The Alex, where linens are by [Frette](#), bath by [Frederic Fekkai](#) and snack trays by [Dean & DeLuca](#).

With many Americans still sticking close to home and choosing rural over urban destinations (See Travel in Marketrends), hoteliers are eyeing opportunities for boutique hotels in secondary markets such as Lake Tahoe, or anywhere within driving distance of a metropolitan area. This is the impetus behind Las Vegas' latest effort, Mandalay Resort Group's [THE Hotel](#), where the mood

is Zen and each room will house a plasma TV, a feature already spreading to other hotels. Witness the James Hotel, which offers 42-inch plasma screens and wireless DSL (see Flat Screens and HDTV in Trendspotting and Wi-Fi in E-trends).

In addition, look for a variation we call nostalgia hotels, such as [Marriott's Wentworth by the Sea](#) in New Castle, N.H., which reopened last spring. Or take the [Grand Hotel](#) in Mackinac Island, Mich., which boasts of having hosted Mark Twain, Rudy Giuliani and Madonna. Now that's a magic marketing combo.



New York's The Alex, located on East 45th St. in Manhattan, features [Sharp](#) Aquos flat-panel TVs in living room, bedroom and bath.

IMAGE COURTESY: THE ALEX HOTEL



The Downtown L.A. Standard rooftop is the place to hang with the hip and famous.

### Trend Watch

While the Skybar in L.A.'s [Mondrian Hotel](#) is technically not on a roof, its dramatic views and beds-in-the-open-air décor are considered the rooftop hangout trendsetter. The trend has spread to other cities, like New York, where [60 Thompson](#) and [The Woodward Hotel](#) draw cosmo-swilling patrons. In South Beach, the rooftop *du moment* is at the [Townhouse Hotel](#). Downtown L.A. also has a cool rooftop: [The Standard](#), which sports a fireplace and psychedelic AstroTurf. As more smokers are chased out of bars, expect trendy rooftops to surge in popularity.

IMAGES COURTESY: THE STANDARD

# Trendspotting

## DVD

In a scenario reminiscent of CDs and record albums from more than a decade ago, [Blockbuster](#) announced in September 2001 that it would eliminate about 25% of its VHS videotape inventory and focus on booming DVD sales.

The addition of video to the silvery audio disc in April 1997 turned this format into the fastest-adopted consumer invention. By December 2002, some stores were already stocking an equal amount of DVDs and VHS tapes. And that was when 94% of U.S. households owned a VCR, compared with 35 million DVD households.

About 55 million U.S. households now own DVD players; several have more than one. And the number of homes with VHS recorders has declined to 86%.

By early 2003, DVD rentals exceeded VHS in unit and dollar sales for the first time, pushing another format toward extinction.

U.S. consumers have bought more than 66 million DVD players, while a total of 1.8 billion DVDs have been sold worldwide since the format's inception in 1997. The chief driving force here is technology, which continues to affect consumer experience (see Time Compression in Metatrends).

And the trend is global. In May 2003, about 30% of U.K. households owned a DVD player, with the format already accounting for 62% of video rentals in some stores. In Australia, DVD household penetration stands at 40%.

U.S. sales continue to grow. According to figures released at the end of June 2003 by the [Digital Entertainment Group](#), consumers bought more than 10 million DVD players during the first half of the year, up 44% over the same period in 2002. According to a recent survey by the [Consumer Electronics Association](#), one in three non-DVD U.S. households will switch by the end of 2003.

And more change is on the horizon. The introduction of DVD recorders is ramping up DVD sales, encouraging the installed base to upgrade.

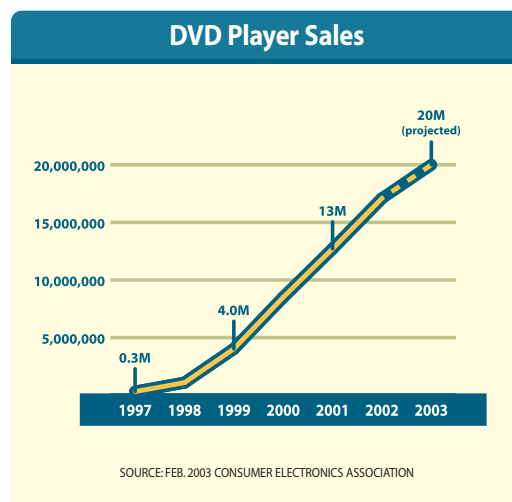
Worldwide sales of stand-alone and PC-attached DVD recorders will reach 16 million in 2003 and is set to eclipse DVD player sales by 2005, according to [IDC](#) and [Strategy Analytics](#). Retail unit sales of computers equipped with DVD recorders jumped 550% in the first half of 2003, according to [NPD Group](#).

But the most promising DVD upheaval is in the offing. In April 2003, [Sony](#) began selling the world's first high-definition DVD recorder in Japan — the Sony BDZ-S77 Blu-Ray Disc Recorder.

The marriage of HDTV and a recordable high-

definition medium will turbocharge this already hot home entertainment market well into the next decade.

While some pundits believe DVDs will go the way of the Dodo bird once video-on-demand services become widely available, the huge bandwidth requirements of high-definition will likely make video-on-demand a lesser-quality service than HD-DVD. The day consumers can receive HD video-on-demand, of course, is not that far off either, as [codec](#) advancement continues to prove.



### Trend Watch

The biggest annoyance for renters is returning DVDs on time. [Walt Disney](#) is testing a disposable DVD, called EZ-Ds. Once an airtight seal is broken, these DVDs can be played for at least 48 hours before self-destructing. It remains to be seen whether the market will find EZ-Ds appealing. In 2002, U.S. consumers paid \$1.6 billion in late fees, after \$8 billion in rental fees. But the convenience charge is steep: EZ-Ds are \$5 to \$7 each, nearly twice a DVD rental.



IMAGE COURTESY: DENON ELECTRONICS

DVD sales continue to be fueled by new format innovations, like this state-of-the-art [Denon](#) DVD-5900, a multi-format DVD player that also handles hi-def audio formats DVD-Audio and SACD.



# Trendspotting

## Electronica

Each March, thousands of people gather in South Beach to attend the [Winter Music Conference](#) — a tradeshow for DJs and a celebration of its music: electronica, which was derived from the early 70s music of Kraftwerk.

Electronica, commonly only associated with techno, its most popular subset, actually has many genres, including house, jungle, breakbeat, drum 'n bass, industrial, electro, trance and ambient.

Electronica's secondary roots can be traced back to the techno sounds that emanated from Detroit in the early 80s, pioneered by Juan Atkins, Derrick May and Kevin Saunderson, DJs influenced by Giorgio Moroder and Kraftwerk.

The second electronica vein, house, began pulsing in Chicago in 1983 and was based on the pioneering work of Frankie Knuckles and Kool Herc, nicknamed "the godfather of house."

In 1989, this new genre got its own music festival, Berlin's [Love Parade](#), which now draws more than 1 million fans, making it, by far, the world's largest musical extravaganza.

Not only has electronica taken over the music industry, it's influenc-

ing everything from hardcore rap to Hispanic music and losing its rebel-rave stigma in the bargain (see Trend Watch).

Mainstream listeners know electronica through movie scores and commercials, popularized by artists like [Moby](#), [Kruder & Dorfmeister](#) and the hipster-beloved [Thievery Corporation](#).

One of the best examples of electronica gone commercial is [Mitsubishi's](#) use of a song by the French band [Télépopmusik](#) to give

its Outlander SUV a sexy, urban appeal. Even pop icon [Britney Spears](#) has commissioned San Francisco's [Miguel Migs](#) of [Naked Music](#), a leading producer of ambient, to remix "Stronger," for a soulful, seductive edge.

Electronica's hottest new trend is ambient, which is a mid-tempo mélange of easy-listening groove music that draws on the lighter side of Brazilian, Jamaican, French and Indian arrangements.

The trend has touched cutting-edge, retail establishments, which now pre-

fer ambient because of its upbeat world style.

The Spanish island Ibiza is now considered by electronica music lovers to be the hub of progressive music. Think [Café del Mar](#), which produces a dynamic series of Far Eastern psychedelia mixed with sitars. Electronica, another trend spun off the technology metatrend, can only get bigger...and louder.



IMAGE COURTESY: MINT  
The DJ is now the center of the universe, which is why you often spot solitary dancers facing the DJ while on the dance floor. As the number of singles increases, expect more dancers to face the music.

### Trend Watch

Besides bars and restaurants with DJ booths, both of which are getting far more popular worldwide, the DJ culture has spawned furniture (San Francisco's [Dual](#) "coffins"), DJ schools ([Scratch DJ Academy](#), [Metatrack Studios](#), [You Know Me DJ Academy](#)), a textbook ([Turntable Technique: The Art of the DJ](#)), a documentary ("[Scratch](#)") and even a book for children ([Turntable Timmy](#)).



IMAGE COURTESY: THE COCA-COLA CO.  
Electronica culture is imbuing society at many levels, as this new Sprite "Remix" brand attests.



# Trendspotting

## E-wear

Mobile executives regularly carry up to 10 pounds (5 kg) of tech tools. This trend has all but erased sales of attaché cases, once the mainstay of business professionals, and is the driving force behind a new fashion direction: e-wear.

With more people toting notebook computers, PDAs, mobile phones, and maybe digicams or MP3 players, they have two choices: use a photographer-style “gadget bag” or stow their gear in available pockets. But traditional clothing is not designed for bulky gear, which tears pockets and frays jackets as belt-worn mobile phones brush against coat linings.

Levi's Dockers Mobile Pant addresses this problem with hidden gear pockets, while Japanese apparel manufacturer Sanyo Shokai has created a line of raincoats featuring a “Designed for Palm Handhelds” pocket.

In early 2003, Burton Snowboards introduced the Burton Amp, a jacket designed exclusively for Apple's iPod MP3 player. The Amp features an interface module in its pocket that connects via a cloth-covered cable to five soft switches on the left sleeve to operate the iPod's controls with ease.

Another anti-body-clutter approach comes from SCOTTeVEST, whose Version Three.0 hides headset cords in garment conduits that it

dubs a “personal area network.” To keep in touch with other climbers in a trekking group, Finland's Reima introduced the Smart Shout (\$560), a snow jacket that includes speakers, a microphone and a connector for a GSM phone.

Even more radical solutions are in the works. Garment manufacturers are working on numerous “smart fabrics” that will provide space-age functionality. Many will use nanotechnology, a highly specialized molecular science.

The first product to market, developed by Nano-Tex, features a spill-resistant fabric in Nano-Care chinos from Eddie Bauer (\$50). Liquids roll right off the cloth.

Levi's markets the same technology as Dockers Stain Defenders.

Since 69% of Baby Boomers plan to work beyond retirement, they'll be happy to know the Sensatex SmartShirt (\$200) can record blood pressure and heart rate. It also can beam the wearer's precise location via wireless technology.

And for Boomers worried about losing muscle strength, MIT Institute of Soldier Nanotechnologies is working on clothes fitted with artificial “exomuscles.” Made of polymers that mimic human muscles, this technology could make the Bionic Man a reality.

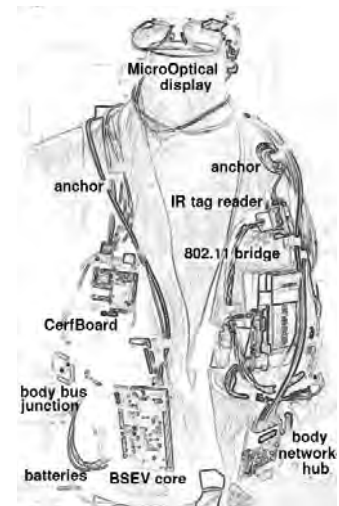
Then there's a new generation of e-wear that will literally electrify you. So-called textronics will enable clothing to be made with enough conductivity to power mobile phones and MP3 players.

Some day, those odd-looking people talking into mobile phone headsets might seem positively normal next to the guy talking to his vest.



IMAGE COURTESY, BURTON SNOWBOARDS™/A.

The Amp snow jacket from Burton features easy-to-operate switches on the left arm that allow an Apple iPod to be controlled without removing gloves.



E-wear options are endless as this MIT sketch shows.

IMAGE COURTESY, MIT

# Trendspotting

## Fast Casual

One of the fastest-growing restaurant categories is "fast casual," which combines fast food's quick service, an informal, sit-down style and higher-quality cuisine like portofino turkey sandwiches and spicy chicken burritos.

Entrenched in burger price wars, the fast-food sector has been slow to recognize changing consumer tastes. That lapse hurt the \$112 billion fast-food market, which is growing at just 3% to 4%. The 15 largest restaurants in the \$6 billion fast-casual market, on the other hand, grew 12% in 2002, according to [Technomic](#).

That growth was fueled by satisfied customers. Fewer than 5% of fast-casual customers express dissatisfaction with restaurants they frequent, compared with one-third of fast-food customers, who are dissatisfied with several aspects of fast-food dining, according to [NFO WorldGroup](#).

Another worrisome trend for the fast-food industry: About 37% of fast-casual customers are 18-to-34-year-olds, a demographic that typically consumes the most fast food, according to [NPD Foodworld](#). And since fast-casual customers spend an average \$6 to \$8 on fast-casual fare, double a typical fast-food bill, fast food is not only losing customers but market share as well.



IMAGE COURTESY: BRENDA BENNER

The next Krispy Kreme? Visitors to Portugal report that the local "Bola de Berlim," sold everywhere for a Euro, is a superb doughnut.

Fast-food giants are now heeding the fast-casual trend. [Wendy's](#) bought [Baja Fresh](#) for \$275 million. [McDonald's](#) acquired [Chipotle](#), [Boston Markets](#) and British sandwich chain [Pret a Manger](#).

[Quizno's](#), [Chipotle](#), [Panera Bread](#) and [Baja Fresh](#) topped the list of 10 fastest-growing chains in 2002, according to Technomic. Chipotle's revenues have more than tripled, from \$67 million in 2000 to about \$225 million in 2002. [Baja Fresh's](#) sales grew 41% to \$249 million in 2002.

Another popular fast-casual concept is bakery cafés, like [Panera Bread](#) and [Atlanta Bread Company](#), the fastest-growing fast-casual concept, with 59% sales growth in 2002.

Maturing tastes have boosted the popularity of Latin-food chains, which cater to an underserved, growing market of Hispanic Americans (see Latino Americano in Demotrends) as well to non-Latinos who enjoy

the fare. Guatemalan chain [Pollo Campero](#) estimates it will have 200 U.S. outlets within five years. In its first seven weeks alone, sales at the chain's first Los Angeles restaurant topped \$1 million.

The fast-casual market is only a fraction of the fast-food market, so new brands are unlikely to make a big dent in sales. [McDonald's](#) expects its partner brands, currently adding 6% to 7% to its revenue, to boost its operating income only 1% to 2% by 2005.

With consumers desiring better-quality food and a more friendly environment, fast-casual is poised for heady growth.



### Trend Watch

Americans' changing tastes aren't just for healthier fare. Doughnut shops were the fastest-growing U.S. dining category in 2002. The \$3.6 billion industry saw sales grow 9% in 2002, says Technomic. [Dunkin' Donuts](#) plans to add 300 new outlets by June 2004. [Krispy Kreme](#) is expected add 77 stores and open 25 shops in the U.K. over the next five years. And doughnuts are not just for breakfast anymore — more than half of Krispy Kreme's sales are between noon and midnight. It remains to be seen whether Krispy Kreme will be able to convince Europeans to forgo their chips and crisps for this U.S. treat.



IMAGE COURTESY: KRISPY KREME CORP.

After launching its first international store in Australia, Krispy Kreme has opened a U.K. outlet in Harrods. Doughnuts and champs, anyone?

# Trendspotting

## Flat Screens

The video world is going flat. The trend will ripple through markets ranging from armoires to hotel room space.

At least three design hotels have announced they will install flat screens in guest rooms; two opted for plasmas and one for LCD TVs (see Design Hotels in Trendspotting). Whatever the technology, expect flat screens to spread rapidly to businesses and homes around the globe.

The attraction is palpable. Unlike bulky CRT displays, flat panels offer a more natural, corner-to-corner picture, minimal light reflection and a wider viewing angle.

Manufacturers are adding capacity to meet anticipated demand. [Matsushita](#), whose [Panasonic](#) brand is a plasma front-runner (see Home Theater in Cool Hunt), and [Toray](#), one of Japan's biggest synthetic fiber makers, are building the world's largest plant capable of producing 960,000 plasma display panels (PDPs) a year. Other major PDP players include [Pioneer](#) and a joint venture between [Fujitsu](#) and [Hitachi](#).

According to the [Consumer Electronics Association](#), U.S. sales of plasma TVs totaled \$515 million in 2002 and is forecast to reach \$701 million in 2003. The plasma TV market is expected to jump from 400,000 units in 2002 to 9.4 million units in 2006, according to [DisplaySearch](#). As consumers replace CRT televisions, the global market for flat TVs will reach 37 million units, or one-fifth of total TV



**Philips** has announced the **Mirror TV** — an LCD display integrated in a mirror. The displays, in 17-, 23- and 30-inch sizes, will be available in 2005.

shipments, worth \$20 billion, by 2007, according to DisplaySearch.

While plasmas have the advantage over LCD in larger screen sizes, LCD screen sizes are getting larger quickly. And, since plasma displays cannot be produced in sizes smaller than 32 inches, LCD TVs will dominate smaller screen sizes. LCD players include [Panasonic](#), [Samsung](#), [Sharp](#) and latecomer [Sony](#).

In 2003, about 2% of TVs sold in the U.S. were LCD models. By 2005, LCD's share of the market will rise to about 8%. DisplaySearch projects that U.S. LCD TVs will double to 4 million units in 2003. The flat-screen industry, as a whole, is

expected to grow 19% annually for the next four years.

In September, [Dell](#) announced it would start selling flat TVs to gain a share of the market, currently led by Japan's Sharp. That should accelerate the downward pricing trend. The price of a 28- to 32-inch LCD TV is forecast to decrease from \$5,357 in mid-2002 to \$1,625 by second-quarter 2004.

Because people can place flat screens in areas where a TV would never before fit, interior designs will no longer be dominated by gargantuan TVs. Instead, flat screens will seamlessly blend into existing décors, enabling a more aesthetically pleasing interior while allowing for hours of television enjoyment. This should please both men and women (see WAF in Metatrends).

### Trend Watch

**Armoires began showing up in the 80s because music fans have to hide their gear in an elegant but cost-effective way. But with the leading edge switching to flat screens, the market for A/V armoires will begin shrinking slowly. What videophiles need now is low-slung furniture that can hold table-stand-mounted flat screens. Or wall-mounts strong enough to anchor a 100-pound plasma. "Plasma lifts," once reserved for the very rich and James Bond movie sets, will raise and lower screens at bed ends in many households.**



This widescreen Sony KLV-26HG2 LCD WEGA (\$3,300) is HDTV-compatible and has a **Memory Stick** slot to display digicam pictures on screen, a new product trend.



# Trendspotting

## Goodbye Film

*Popular Photography*, the largest camera-buff magazine in the U.S., featured this May 2003 cover headline: "Hot News!! Kodak Digital SLR Beats Film!" It was a milestone, considering that a majority of *Popular Photography's* advertising is for good, old-fashioned film gear.

In 2003, digital cameras (digicams) will outsell conventional cameras, 12.8 million to 12.1 million, excluding disposable, one-time-use cameras, according to the [Photo Marketing Association](#). That's a big exclusion, because PMA predicts sales of disposable cameras will reach 214 million in 2003, up from 198 million in 2002.

Digicam popularity — 31% of U.S. households already own one, according to [InfoTrends Research](#) — is fueled by a rapid drop in prices. Some digicams sold for as little as \$100 during the 2002 holidays, signaling an incursion into the disposable-camera territory.

[Pure Digital Technologies](#) introduced the first disposable two-megapixel digicam, the Dakota Digital, in July 2003. It sold at [Ritz Camera](#) for \$11. But, to keep its price so low, the Dakota sacrificed the LCD preview screen, which is the No. 1 reason people buy digicams.

Besides instant previews, consumers have become enamored with the ability to share pictures via e-mail, which, to the chagrin of printer manufacturers, has taken precedence over printing photos.

Three-megapixel digicams, which InfoTrends Research reports comprise nearly 50% of unit sales, and are the de facto digicam entry point, now retail for less than \$300. At their 1997 debut, three-megapixel cameras cost more than \$1,000. [Shopping.yahoo.com's](#) most popular digicam is [Canon's](#) A70, a top-rated, three-megapixel model selling for less than \$300.

For trendsetters, the coolest digicams come from conventional camera makers such as Canon and [Nikon](#). But its consumer electronics brand reputation vaulted [Sony](#) to the top of digicam sales leaders, followed by [Olympus](#), Canon, [Fuji](#) and [Kodak](#), according to [IDC](#).

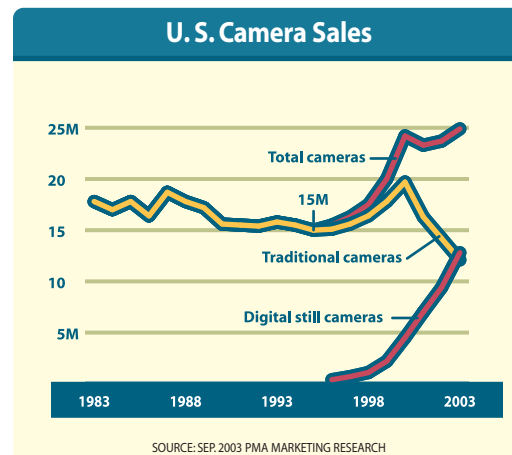
But in 2003, new players [Dell](#) and [Gateway](#) announced entries that are guaranteed to add even more pricing pressure to the marketplace. Gateway's new 6.3-ounce, five-megapixel DC-T50, in particular, trumped a comparable Kodak model, according to [The Wall Street Journal's](#) Walter Mossberg. The DC-T50 also set a new five-megapixel price benchmark at \$400.

The effects of digital turmoil are clearly visible at Kodak, which announced it would cut 6,000 jobs in July 2003, as film sales suffered from digital competition. In September 2003, the company said it

would slash dividends for the first time in 101 years and announced plans for a major digital push, underscoring its Darwinian struggle.

InfoTrends predicts the replacement of conventional cameras will be virtually complete by 2008. Due to higher prices, digicam sales surpassed film-based cameras in terms of dollars in 2000. By 2007, digicam unit sales are forecast to reach \$12 billion.

One day, dropping film at the corner drugstore will seem as quaint as getting milk delivered by the milkman.



The first disposable digital camera, the Dakota Digital, went on sale at Ritz Camera in July 2003 for \$11.

IMAGE COURTESY: PURE DIGITAL TECHNOLOGIES

# Trendspotting

## HDTV

This decade's biggest media revolution is in full swing. In the next five years, the U.S. will switch to a superior television standard, **HDTV**. With its more lifelike pictures and sound, and its lucid white screen, high definition will turn the already powerful medium of TV into an even more formidable force with ads to match.

Forget what you've heard about HDTV's problems. Truth is, when consumers have been offered superior alternatives, such as CDs and DVDs vs. tape, they've never hesitated to upgrade. Each year, U.S. consumers buy 25 million new TVs, mostly non-digital, adding to or replacing about 10% of the 275 million TV sets. But, with nearly 100% of network broadcasting set to be produced in HDTV by fall 2004, there's little doubt that product mix will change rapidly.

In August 2002, the **FCC** required TV makers to equip sets 36 inches or larger with HDTV tuners by July 2004. By mid-2007, all new TVs 13 inches or larger must also be equipped with HDTV tuners. TV makers resisted, saying it would boost TV prices and be of little use to the 72 million U.S. households that now receive TV via cable (out of a total of 105 million TV homes). That hurdle

was overcome in November 2002 when TV makers and cable companies agreed to let manufacturers embed **QAM** cable-box technology in new TV sets, which allows digital TVs to receive HDTV via cable without a separate set-top box (**STB**).

More than 5.4 million digital TVs have been sold in the U.S., according to the [Consumer Electronics Association](#). An additional 3 million are projected to be shipped to dealers by the end of 2003. But only 12% of digital TV buyers purchased sets that included tuners or bought separate STBs to go with their monitors in 2002. Around the globe, like in the U.S., most consumers are using their new digital TV sets to watch DVDs.

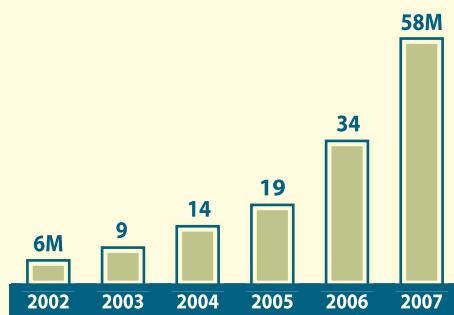
In Europe, digital terrestrial broadcasting, not HDTV, has begun popping up in some countries, much to the dismay of Euro videophiles. In Japan, digital TV is set to launch by 2004.

In terms of U.S. distribution, satellite has cable beaten. About one-third of HDTV households are satellite subscribers in areas where cable is available, reports [Leichtman Research Group](#). That advantage is due to satellite's relative ease of implementing HDTV compared with cable's hard-wired infrastructure. But more than 55 million cable TV subscribers now receive HDTV signals, up 50% from the start of 2003.

Since HDTV-capable sets (see Home Theater in Cool Hunt) have already dropped below the \$1,000 price mark, 33 million U.S. households will have HDTV by 2006. Household penetration is set to reach 80% in 2010, up from only 5% today.

Now that's truly a media revolution.

### Worldwide Digital TV Shipment Forecast (both HDTV and non-HDTV)



SOURCE: JAN. 2003 INSTAT/MDR

### Trend Opp

In the 1968 movie "The Graduate," the hot thing, besides Mrs. Robinson, was plastics. By 2006, it will be TV recycling. An estimated 100 million U.S. TV sets will be discarded between now and 2010. While 25 million computers are disposed of each year in the U.S., their footprint is typically smaller than the average TV set. That's a perfect trend opportunity for the next Wayne Huizenga.

IMAGE COURTESY: FUJITSU GENERAL AMERICA



Plasma prices have plunged. This 50-inch **Fujitsu** now sells for about \$10,000. A few years ago, a smaller 42-inch version fetched \$15,000.

# Trendspotting

## Hot Peppers

Eating hot is what's hot. The trend is fired up by the growing popularity of ethnic food and a global intermingling of ethnicities.

Americans consumed more than 1 billion pounds of spices in 2000, up 87% from the 544 million pounds consumed in 1981, according to the [American Spice Trade Association](#). The fastest-growing category is hot spices, including white pepper, red pepper and mustard seed, which together comprise 41% of U.S. spice usage, up 71% since the late 70s.

[Information Resources](#) reports that the Cajun-style hot sauce category grew 6.5% in 2002, led by [Tabasco](#) with 27% market share and [Frank's](#) Red Hot Cayenne Pepper Sauce with 16%. To grow its share, Frank's is moving away from being a "family hot sauce" and instead is targeting young males who are driving category growth.

Instead of simply turning up the heat, some makers are launching less-spicy sauces. Tabasco's Chipotle Pepper Sauce is mild enough for most taste buds. [Dave's Gourmet](#), which sells 1 million bottles of

Boutique pepper brands, like category-leading Dave's Insanity, are enjoying heady sales as palates adapt to ever hotter foods.

Dave's Insanity each year, has expanded into salsas, marinades and drink mixes.

For those who require the ultimate challenge, there are pequin and tepin peppers, members of the bird pepper family, the world's hottest. The tepin scores 35,000 to 50,000 units on [Dremann's](#) scale, compared with a "mere" 5,000 for the habanero. Some of these peppers end up in more than 200 boutique hot sauces, with names like Butt Twister Butt-Blazin' Fire Sauce and Colon Cleaner. Even Tabasco has launched Habanero Pepper Sauce, a hotter version of its popular sauce.

One in five Americans eats more ethnic food than two years ago, according to a 2002 survey by [Supermarket News](#). A 1998 [Promar International](#) study reported that in the next decade, one in seven new food dollars will go toward ethnic foods. Changing demographics propel ethnic food (see Latino Americano in Demotrends). There are more than 36,000 Chinese restaurants in the U.S., more than

[McDonald's](#), [Burger King](#) and [Wendy's](#) combined. The Indian population in the U.S. more than doubled to 1.9 million in the 90s.

The \$2.2 billion ethnic market is one of the fastest-growing frozen-food categories. In 2001, sales for traditional TV dinners dropped 1.6%, to less than \$1.2 billion, while pot-pie sales fell 3.4% to \$318 million, according to [A.C. Nielsen](#). Mexican entrée sales increased 21% to \$488 million. Asian entrées, which include Indian fare, rose 12% to \$463 million.

As global tastes grow more diverse, pepper sales will turn red-hot.



IMAGE COURTESY: REDWOOD CITY SEED CO./ CRAIG DREMANN

The world's hottest pepper is not the habanero. According to [Redwood City Seed Co.](#) principal Craig Dremann, that honor belongs to the tepin pepper, which is so hot Dremann had to create a new scale to measure it.



IMAGE COURTESY: DAVE'S GOURMET

### Trend Watch

"Sweet heat" products, which combine sweet and hot flavors, are the next culinary trend to test Americans' tastebuds. Marketers are tempting pallid palates with products like jalapeño jam and raspberry chipotle sauce. [Peppered Palette](#) sells a spicy dessert topping called Toad Sweat. [Cowgirl Chocolates](#) has a line of spicy chocolates, including Spicy Lime Tequila Truffle Bars and Spicy Peanut Butter Truffle Bars. Look for these eclectic goods to infiltrate mainstream grocery stores.



# Trendspotting

## Memory Protection

As the world's 450 million Baby Boomers head toward retirement, they're confronted with something no generation has ever faced before: a massive collective senior moment. Culprits: faster living, multitasking and less mental exercise.

You can place the blame squarely on MCI, or mild cognitive impairment. That explains why you can't recall Reese Witherspoon's name even though you just watched a movie with her in it the evening before.

It's a condition millions suffer from, with many more sufferers expected. Scientists have found that memory test scores steadily decline after age 25. And it's a process that appears to be accelerating as society engages in more binge drinking and drug use, which is enough to kill a few million brain cells each time.

By midlife, memory erosion increases, with humans losing about 1% of brain volume, on average, each year. While most people can commend themselves for living a healthy life, it's those occasional indiscretions, plus a growing reliance on calculators, PDAs and speed-dialing that reduce mental exercise and are causing the brain to deteriorate at a faster rate than ever before.

An [Australian National University](#) study of Australian ecstasy users found that regular use affects memory. Not that you're a regular user, mind you, but even when used occasionally, ecstasy causes memory impairment.

THC, marijuana's active ingredient, also changes the way in which information is acted upon by the hippocampus, that part of the brain that's crucial for memory and learning.

A modern problem is juggling too many tasks (see Multitasking in Metatrends). Research by psychologist Denise Park at the [University of Illinois at Urbana-Champaign](#) shows that adults who multitask regularly have more memory complaints than their older parents.

But there's new evidence that memory can be improved through diet and mental exercise. Clinical studies have shown that diets rich in antioxidants, such as berries, and vitamins A and E can stave off memory erosion.

Another method being explored is memory training. Wellness organizations and outfits like [Memory Training Institute](#) teach mental aerobics designed to keep the brain performing at its peak.

A [National Institutes of Health](#) study discovered that 26% of those who received a 10-session memory training class showed substantial improvement that lasted at least two years, with periodic "booster" sessions helping even more.

The biotech industry is hard at work developing drugs that can cure serious diseases such as Alzheimer's, remedies that are bound to lead to the first "lifestyle" forgetfulness drugs. [Cortex Pharmaceuticals](#) is testing CX516, a drug that can improve memory after just 12 weeks of taking one capsule each day (see Trend Opp). The memory protection market could be the biggest one yet. For the 16 million projected U.S. Alzheimer's sufferers, nearly 20% of adults 65+ in 2050, according to the [Rush Institute on Healthy Aging](#), development of a memory drug would be a memorable moment indeed. After all, who wouldn't want to stroll down memory lane faster?

*"When I drink, the next day  
I gotta do two things: try to  
locate my car and bring  
back the car I took."*

**Rodney Dangerfield, Comedian**

### Trend Opp

**About a dozen biotech firms are developing memory pills (partial list below), with most preparing to market drugs in the next five years. The thinking person's Viagra is no longer a fuzzy dream.**

Cortex Pharmaceuticals  
Irvine, CA  
Cortexpharm.com  
Memory Pharmaceutical  
Montvale, NJ  
Memorypharma.com  
David Pharmaceuticals  
Half Moon Bay, CA  
Davidpharma.com  
NeoTherapeutics  
Irvine, CA  
Neotherapeutics.com  
Helicon Therapeutics  
Farmingdale, NY  
Helicontherapeutics.com  
NeuroLogic  
Rockville, MD  
Neurologicinc.com

# Trendspotting

## Mobile Phones

More camera phones, 25 million, were sold in the first half of 2003 than digital cameras. Twenty years after its 1984 U.S. introduction, 154 million Americans use a mobile phone, fueling a \$94 billion industry, excluding hardware, that's growing at a 15% annual clip.



IMAGE COURTESY: SONY ERICSSON MOBILE COMMUNICATIONS A.B.

AT&T Wireless offers two Sony Ericsson T616 camera phones for \$100. Deals like this will fuel the spectacular growth of phone cams.

Worldwide, nearly 1.4 billion people use mobile phones, 260 million in China alone, the world's largest market (see China in Geotrends). The average U.S. user talks 442 minutes each month and subscribes to a 600-minute plan with an average monthly bill of \$53.

But today's mobile phone use goes beyond talking. Worldwide, 24 billion text messages (SMS) are sent monthly, according to the [GSM Association](#). "Texting," in U.K. vernacular, is so entrenched that certain behaviors are changing because of it (see Trend Watch). While texting has yet to take off in the U.S., more than 7.5 million text messages were sent during 2003's "American Idol" contest. U.S. mobile phone users send 1.2 billion text messages each month, according to [CITA](#), just 4% of the global total.

MMS, or multimedia messaging

service, the technology behind camera phones, may change that. [NTT DoCoMo](#)'s iMode service, which offers functionality similar to MMS, has gained 44 million users since its 1999 introduction in Japan. In Europe, [Vodafone](#) reports 1.8 million people now use its MMS-based Vodafone Live! as of June 2003.

The evolution from phone to fashion item has reinvigorated global handset sales, which are expected to top 500 million in 2004, up 8% over the 450 million shipped in 2003.

More than 80 million camera phones are used worldwide as of 2003. The surge in camera phones has ushered in new social challenges. U.S. health clubs [Sports Club/LA](#) and [24-Hour Fitness](#) have banned their use at facilities, fearing nude photography (see Voyeurism in Metatrends). In Japan, camera phones are used to surreptitiously photograph book pages, a practice called "digital shoplifting."

But retaining U.S. customers could turn out to be 2004's biggest challenge. In November 2003, it became possible for U.S. mobile phone users to keep their phone numbers when switching services. That will unleash a slugfest in 2004 among U.S. carriers, who already spend \$4 billion each year to recruit customers. Most vulnerable: [Cingular](#) and [Sprint](#), services near the bottom of customer satisfaction surveys.

### Mobile Phones at a Glance

Industry revenues	\$1.37T
<b>USERS</b>	
Total global users	1.4B
User forecast (2007)	2.0B
<b>TECHNOLOGY</b>	
Total analog users	34M
GSM countries	187
Total GSM users	880M
Total CDMA users	164M
Total TDMA users	120M
Total 3G users	130M
<b>REGIONAL</b>	
Total European users	325M
Total African users	35M
Total U.S. mobile users	154M
<b>SMS</b>	
SMS sent worldwide (4Q02)	95B
SMS sent (2002)	366B

SOURCE: OCT. 2003 TRENDSCAPE

### Trend Watch

Showing just how much the mobile phone has impacted life, a British 13-year-old submitted an essay written in SMS that baffled her teacher. [The Daily Telegraph](#) reported her essay read: "My smmr hols wr CWOT. B4, we used 2go2 NY 2C my bro, his GF & thr 3 : kids F2F. ILNY, it's a gr8 plc." Translation: "My summer holidays were a complete waste of time. Before, we used to go to New York to see my brother, his girlfriend and their three screaming kids face-to-face. I love New York. It's a great place." [Judith Gillespie of the Scottish Parent Teacher Council](#), told the newspaper a decline in grammar and written English was partly linked to the text messaging craze.

### Top Handset Makers Worldwide

RANK	VENDOR	Q2 2003 SHARE
1.	Nokia	34.6%
2.	Motorola	13.4
3.	Samsung	10.1
4.	Siemens	6.8
5.	Sony Ericsson	5.7
	Other	29.4

SOURCE: JUL. 2003 IDC

# Trendspotting

## MP3

In 1948, CBS Records introduced the long-playing record, considered a major music milestone. More than 50 years later, the music industry has shed this antiquated container, making LPs collectors' items (see Retro in Metatrends).

The 12-inch LP leapfrogged 10-inch 78 rpm records with capabilities such as stereo, but it required artists to supply 10 songs instead of the usual two. The CD, introduced in 1983, upped that ante with a 74-minute recording time.

The appearance of the MP3 compression standard in 1997 further changed the equation (see Time Compression in Metatrends). Instead of forcing consumers to buy a 12-song album to hear one or two tunes of interest, MP3s enabled consumers to download only songs they liked.

The \$31 billion global music business never recovered. By 1999, Netizens were downloading some 90 million MP3s monthly, according to the [International Federation of Phonographic Industries](#). [Napster](#), which debuted in August 1999, gained 10 million users in nine months, a feat that took [AOL](#) six years to achieve.

Music sales began declining in 2001, when unit sales dropped 2.3%, according to the [Recording Industry Association of America](#). By 2002, worldwide CD sales had fallen 9% compared with 2000, the industry's best year.

[Linkin Park's](#) "Hybrid Theory" was 2001's top-selling U.S. album, with 4.8 million copies sold. But it was the first national best-seller since 1966 that sold fewer than 5 million copies.

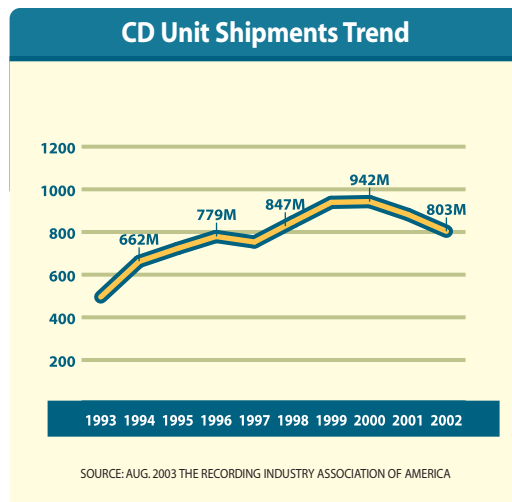
Boomers influenced the decline. After spending billions in the 80s and early 90s converting record collections to CD (see chart), their tastes are no longer accommodated by mainstream music.

In October 2003, the [Billboard](#) Hot 100 chart's top

10 singles consisted for the first time entirely of black performers, fueled by the popularity of urban youth hip-hop. Not a great sign for Boomers' future music needs.

File-sharing is largely a Generation Y affair; about 52% of those ages 12 to 17 have downloaded music, compared with 12% of those ages 35 to 54, according to [Ipsos-Reid](#). In fact, file-sharing is such a part of the Gen-Y lifestyle that 78% of teenagers aged 13 to 18 think sharing music between computers should be legal, according to an October 2003 [Harris Interactive](#) survey.

The music industry has responded, somewhat. In August, [Universal Music Group](#) announced it would cut CD prices by as much as 30%. Meanwhile, [Apple's](#) iTunes Music Store (see E-commerce in E-trends) sold more than 14 million songs in its first six months online. As society continues its unstoppable move toward everything digital, the music industry will have to march to a different tune.



### The Best-Selling U.S. Albums of All Time

RANK	ARTIST: TITLE
1.	Eagles: Their Greatest Hits
2.	Michael Jackson: Thriller
3.	Pink Floyd: The Wall
4.	Led Zeppelin: Untitled (IV)
5.	Billy Joel: Greatest Hits Volume I & II
6.	AC/DC: Back in Black
7.	Shania Twain: Come on Over
8.	The Beatles: The Beatles (White Album)
9.	Fleetwood Mac: Rumours
10.	Whitney Houston & Various Artists: The Bodyguard

SOURCE: APR. 2003 RIAA/BILLBOARD

Apple's iPod (\$400) is widely considered the best-designed MP3 player available today.





# Trendspotting

## New Gaydar

In September 2002, Daniel Gross and Steven Goldstein's ceremony made the pages of *The New York Times*' Sunday Weddings/Celebrations section. The announcement was the first gay nuptial ever published by the newspaper.

The *Times*' announcement was prescient of a larger cultural phenomenon — advertisers, marketers and publishers are finally recognizing that gay audiences are an important, largely untapped demographic. The purchasing power of the 12 to 15 million U.S. gays and lesbians exceeds \$485 billion annually, third among minority groups, after African Americans (\$688 billion) and Hispanics (\$653 billion), according to [Witeck-Combs Communications](#).

Call it the "new gaydar," as marketers increasingly mine this multibillion-dollar market, now nearing mainstream status.

The growing trend is clearly evidenced by the recent surge of gay-centric television shows. Following the success of [NBC's](#) "Will & Grace," [Bravo](#) debuted "Queer Eye for the Straight Guy" and "Boy Meets Boy."

Billed as America's first gay dating show, "Boy Meets Boy" asked viewers to test their gaydar by determining which of the show's predominately gay suitors were straight. "Queer Eye" became a breakout hit with its cast of gay fashion, food, decor and culture mavens who, armed with foie gras, [Design Within Reach](#) furniture and

hair gel, remake disheveled, straight men with explicit product placements (see Trend Watch).

Gay consumers are among the earliest technology adopters. According to a July 2003 [Forrester Research](#) report, gay men and lesbians use the Internet and technology devices at higher rates than heterosexuals. They also tend to be well-educated and affluent, and spend more on travel and entertainment.



IMAGE COURTESY: ORBITZ LLC

Travel site Orbitz chose TV advertising to reach gay travelers with this ad that tactfully, yet playfully, communicated its desired objectives.

Gay marketing campaigns are a cheap, efficient way to reach the mainstream market. Dubbed "the Will & Grace spillover effect," gay consumers can help launch a product by promoting it to their educated, urban friends.

Advertisers and marketers are homing in on this overlooked, yet highly influential demographic. In fall 2002, [EarthLink](#) distributed 250,000 CDs in five gay and lesbian magazines. In May 2003, [Avis](#) introduced its first ad campaign aimed at the gay market, allocating 5% of its budget to advertising and sponsorships. [Ford](#) is marketing its Jaguars to gay buyers. The company estimates the homosexual market at more than 14 million consumers. Travel site [Orbitz](#) launched its first-ever gay TV commercial in June 2003.

Advertisers who once shunned gay publications now recognize the gay press' power. Between 1997 and 2001, total ad dollars in gay publications doubled, from \$100 million to \$208 million, according to the [2002 Gay Press Report](#).

Once considered taboo, the gay market is well on its way to becoming mainstream material.

### Trend Watch

**Sporting red nail polish, soccer star David Beckham epitomizes the "metrosexual" — a term used to identify urban, well-educated men who are secure enough in their heterosexuality to embrace their feminine side. Living in or around big cities, they're knowledgeable about clothes, enjoy shopping and are comfortable around people of differing sexual orientations. According to a recent survey, 49% of U.S. men, ages 21 to 48, say there's nothing wrong with men getting manicures or facials. Marketers are zeroing in with deodorant body sprays, moisturizers and hair gel.**

# Trendspotting

## Notebook Transition

Notebooks make up only about 25% of the 148 million computers and servers that will be sold in 2003, but in May, for the first time, consumers spent more money on notebooks than desktops, signaling the beginning of the end of the desktop era.

According to [NPD Techworld](#), notebooks accounted for 54% of the nearly \$500 million in U.S. computer retail sales in May 2003. By contrast, these devices made up just a quarter of sales in January 2000.

Notebooks have traditionally been much more expensive than desktops. The average notebook sells for \$1,294 compared with \$757 for the average desktop, but the popularity of “desktop replacements” shows consumers want both power and mobility (see Computers in Cool Hunt).

Desktop replacements — notebooks that weigh anywhere from 7 to 10 pounds — are the fastest-moving notebook category right now. Because these bulky machines use power-hungry chips originally designed for desktops, they cost less than notebooks with mobile processors. NPD Techworld reports that [Intel](#) Pentium 4 processors, designed for desktop PCs, are now the top-selling notebook chips.

Although desktop shipments will grow 5% in 2003, shipments of portable computers are forecast to jump 13%, according to market research firm [International Data Corp.](#)

Clearly, Intel’s \$300 million dollar ad campaign for Centrino, a notebook chipset featuring integrated **Wi-Fi**, is garnering the desired results. Notebooks also bring in more revenue than desktops, a fact not lost on PC manufacturers, who’ve been pushing mobile offerings while leaving the desktops to discounters.

Signs of the notebook’s ascendance are all over the computer landscape. Notebook-only manufacturer [Toshiba](#) joined the list of top five worldwide vendors for the first time in first-quarter 2003. At [Apple](#), 46% of the 771,000 Macs shipped during second-quarter 2003 were notebooks. Apple’s sales were fueled by the introduction of the 17-inch PowerBook, a notebook so large it fits no available computer bags.

The popularity of Wi-Fi, which has made the promise of pervasive computing a reality, is propelling the mobility move (see Wi-Fi in E-trends). While desktops will always have a place in large-display settings, such as 3-D visualization and engineering, if history is any guide, notebooks will eventually trounce those behemoths.

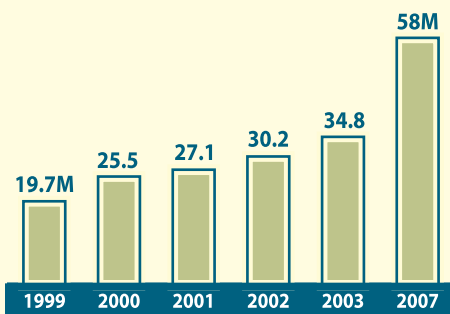
Just compare today’s SLR cameras with the view cameras of yesterday (see Digicams in Cool Hunt), or witness how pocket calculators completely replaced desktop adding machines of the 70s.

While a significant portion of the 1 billion computers [Gartner](#) predicts will be sold in the next six years will be desktops, in the long run, place your bets on notebooks because the death rattle of desktop computing is growing louder and louder.

### Trend Watch

**PC makers typically use “speed bumps” to generate sales. But in the past few years, it’s clear users have seen little need to refresh their PCs. Reason: software innovation has met a premature ending (see Technology in Metatrends).**

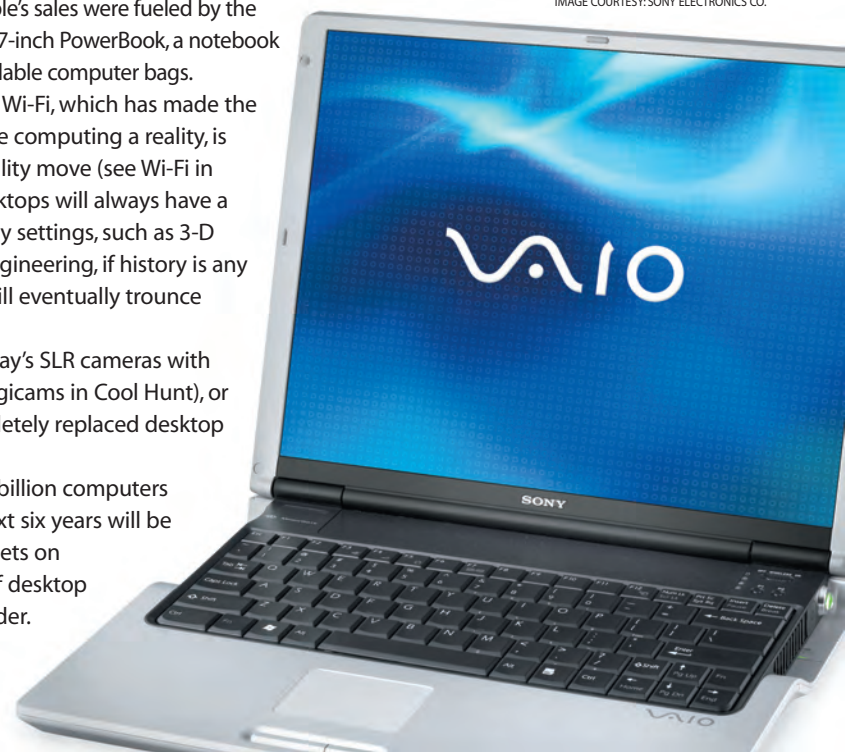
### Worldwide Mobile Computer Shipments Forecast



SOURCE: JUL. 2003 GARTNER DATAQUEST

Centrino notebooks, like this new [Sony Z1 VAIO](#), are setting new standards for battery performance, a hot button with users.

IMAGE COURTESY: SONY ELECTRONICS CO.



# Trendspotting

## Organic Food

The [FDA](#) estimates \$20 billion worth of organic food will be sold in 2005. That's up from more than \$9 billion in 2002, and just \$1 billion in 1990, spectacular growth for a food category recently ridiculed by a majority of the hungry masses.

Although organic food accounts for less than 2% of total U.S. food sales, the category is growing at an annual rate of 20% a year, compared with conventional food's growth rate of about 2.5%. In 2002, the [U.S. Department of Agriculture](#) specified that a product labeled as "100% organic" must be at least 95% free of pesticides, hormones, irradiation and bioengineering.

Already bolstered by the belief that organic food is healthier and contains fewer chemicals, the industry's profile was further boosted by this new government mandate.

Another phenomenon driving the craze: upscale natural-food chains such as [Whole Foods](#) and [Wild Oats](#) that carry wide selections of organic produce, meat and prepared foods.

While these chains compete with small natural-food stores, independents now number about 8,200 in the U.S., a figure that has increased 25% since 1998, according to [Nutrition Business Journal](#).

Organic food typically costs 30% to 50% more than conventional food, largely due to higher production costs. Premiums for organic broccoli average more than \$13 for a 14-count bunch, or 130% of the price of conventional broccoli. Fresh produce represents about 40% of organic food sales.

Organic milk and beef sales also show robust sales, with organic beef's popularity fueled by fears of Mad Cow disease. After years of diminishing demand, overall U.S. beef sales are rising (see Food in Marketrends). In response to recent tainted-meat scandals, some consumers are buying beef irradiated with electrons or gamma rays to kill harmful bacteria like salmonella and E. coli. But since the effects of irradiation are unknown, some are turning to organic meat, which cannot be treated in any way.

Organic foods benefit from another growth category: genetically engineered (GE) foods, like "super salmon," which are genetically modified to grow much faster than normal. Since GE foods have unpredictable environmental and health consequences, the only way consumers can be safe is to buy certified organics.

Because GE crops promise bigger profits through bigger yields and lower pesticide costs, 145 million acres worldwide were devoted to raising them in 2002. Still, polls show that consumers oppose GE foods.

In a recent survey, just 8% of U.K. respondents said they felt comfortable eating this type of food, while 54% said the U.K. should never permit the planting of genetically engineered crops.

### Trend Watch

Organic food sales are buoyed by the growing ranks of vegetarians. The [American Dietetic Association](#) estimates that 3% of Americans follow a vegetarian diet. In Canada, 4% are vegetarians, according to the [Dietitians of Canada](#). In the U.K., 5%, or 3 million Britons, are vegetarians, according to [Gallup](#).



IMAGE COURTESY: NEWSWEEK

Media fuel the organic fire, boosting consumer interest and helping category sales expand 20% annually.



# Trendspotting

## Overweight

More than two-thirds of American adults are overweight, and nearly one in three is obese. Obesity — defined as at least 20% above ideal weight based on height — has reached epidemic proportions globally.

According to the [World Health Organization](#), more than 1 billion adults are overweight worldwide, at least 300 million of whom are obese. Part of the blame rests with our daily caloric intake, which, according to [The New York Times](#), has risen by more than 10% since 1977.

About 5.3 million French people are obese, according to a [Sofres](#) poll. And if the number of obese children keeps growing, 20% of France's population will be obese in 2020, in line with U.S. forecasts. In Ireland, the rate of obesity has risen by 3% to 13% between 1998 and 2003.

The cost of obesity to U.S. businesses, in healthcare, sick leave, and life and disability insurance, is estimated at \$12.7 billion, says the [American Journal of Health Promotion](#). Businesses are offering workers weight-loss programs to reduce costs of obesity-related problems, such as heart disease, diabetes, stroke and lost productivity.

Portion size, price, advertising and inflated menu choices influence consumption too. Since [McDonald's](#) introduced its Big Mac in 1968, fast-food chains have slowly super-sized their meals. Even cars come with bigger cup holders for over-size drinks.

Suburban sprawl also contributes to obesity. Residents there are likely to weigh more and have higher blood pressure than people living in cities, according to the [U.S. Centers for Disease Control and Prevention](#). The average resident of the most sprawling county, Geauga County, Ohio, weighs 6.3 pounds more than the average person from New York, the least expansive county.

Childhood obesity is also rising at alarming rates. According to the CDC, 8 million children and teenagers in the U.S. are overweight or obese, a number that's doubled since the 70s.

Child advocates and other organizations want food companies to discontinue junk-food ads targeted at children. They also seek an end to celebrity food plugs and the selling of unhealthy food and drinks in schools.

Consumers have filed at least four obesity lawsuits since 2001. Caesar Barber, a 5-foot-10, 270-pound New Yorker, filed a class action suit against [Burger King](#), [KFC](#), McDonald's and [Wendy's](#) for failing to warn him of the health risks from eating fast food. A judge dismissed the McDonald's suit.

Concerned about lawsuits, American food companies are marketing more nutritious foods (see Fast Casual in Trendspotting). [Kraft Foods](#) plans to reduce portion size, fat and calories of many of its products. McDonald's is testing a Happy Meal that offers fresh fruit instead of fries. And [Frito-Lay](#) will eliminate trans fats from its snack foods.

Clothing and furniture designers, however, are increasingly catering to bigger people. Plus-size travelers can vacation at the [Freedom Paradise](#) in Mexico, a hotel that bills itself as the world's first "size friendly" resort, with 37-inch doorways, 47-inch entryways and seats in the showers.



Full-page magazine ads for the Atkins diet promote the variety of foods the regimen allows.

IMAGE COURTESY: ATKINS NUTRITIONALS, INC.

### Trend Watch

The weight-loss market is booming on the Web. Makers of the weight-loss drug [Xenical](#) offer an online calculator to determine body mass index. Dieters can find 24-hour support on sites like [WeightWatchers.com](#), [eDiets.com](#) and [iVillage.com](#). As consumers get bigger, so will marketers' efforts increase to reach them.

# Trendspotting

## Porno Chic

Crotch-grabbing in a music video? Extremely young, half-naked male models? Catfights? That's so last year. Today, marketers are using imaginative art direction and sheer pornographic exuberance to brand with shock value.

Since consumers will be inundated with more than 3,000 ad messages daily by 2005, it's not surprising that marketers are going for the jugular. In a world where multiple impressions can blur rapidly into sameness, standing out has become the name of game (see Marketing in Marketrends). If there's one statement guaranteed to raise hackles, yet often quoted, it's "sex sells." And no country has pushed the limits further in this respect than France, where the ad technique even has its own moniker: porno chic.

While explicit sexual imagery in advertising is decried in many countries, particularly among certain groups in the U.S., the French have no such qualms. That the French would pioneer this type of marketing communication should come as no surprise in a country where 71% of the population thought the presence of Mitterand's wife and his mistress at his funeral did not damage the image of women in French society, according to [Ifope-L'Express-Europe](#). After all, when we let people do as they choose, we use a French term, *laissez faire*.

In June 2003, [Patrick Cox](#) created a furor with a campaign showing two men in a suggestive pose near a woman. This version tempers that imagery, somewhat.



IMAGE COURTESY: PATRICK COX



IMAGE COURTESY: SISLEY

Franco-Italian fashion house [Sisley](#) features nude models in its advertising, par for the course for European marketers.

But even the French have their limits. After [La City](#) launched a billboard campaign in 2001 showing a woman wearing only underpants juxtaposed with a sheep, a government poll found that 70% of the population was "more shocked than ever" by the latest barrage of sexual advertising.

Yet, as Metatrends Generation X-tasy and Voyeurgasm suggest, the long-term trend favors a more casual society where just about anything goes. Today, the envelope of decency is largely pushed by small advertisers.

In early 2003, [Pony](#) launched a campaign featuring porn actress Jenna Jameson, who was profiled by [Entertainment Weekly](#) in its Oct. 24, 2003, "Power Issue" as a "Woman on Top." Then there

was [Candie's](#) campaign featuring [MTV](#) VJ Jenny McCarthy sitting on a toilet. In the U.K., an uproar followed a Patrick Cox ad, which showed two men posed in an "act of buggery," as [The Guardian](#) put it.

In the U.S., beer makers continue their tradition of Swedish-bikini-team-style advertising, with [Miller's](#) "Catfight" being perhaps the most-talked-about TV ad of the early part of 2003.

As the Chinese like to say, a picture is worth a thousand words. We'll let the pictures do the talking.



IMAGE COURTESY: LA FURA'S XXX

London played host to [La Fura's XXX](#), which put highly graphic sexual images on stage and screen.

# Trendspotting

## Small Business

Small businesses fuel the U.S. economy. With more than 76 million small businesses around the globe today, according to [Dun & Bradstreet](#), they're becoming the engine for the global economy as well.

In the nine recessions since 1948, entrepreneurs powered the recovery. That did not happen this time around.

At the end of the previous U.S. recession, in February 1991, self-employment stood at 7.6%. But during the recession that began in March 2001, the share of self-employed workers had fallen to a record low of 6.2% by February 2002, according to the [U.S. Labor Department](#).

The all-time high was 12.7% in 1949. One explanation is that old bugaboo of credit-card debt. A 1998 [Arthur Andersen/National Small Business United](#) survey found that 47% of small-business owners used credit cards to finance their businesses, almost double the percentage of two years earlier. But with credit-card debt now at a record \$1.5 trillion, according to the [Federal Reserve](#), entrepreneurs' luck may no longer be in the cards.

The absence of small-business activity has clearly weighed the recovery down. Add a misguided focus on "enterprise solutions" by the venture capital community and it's apparent that small business needs to run hard to regain its former luster.

And those 76 million commercially based enterprises with fewer than 1,000 employees are ready to spend. Small businesses worldwide

will spend 7% more in 2003 on information technology than in 2002. By contrast, large enterprises are expected to spend 4% more on IT and telecom in 2003, following a spending decline the year before.

[IBM](#), [Microsoft](#), [SAP](#) and [Cisco](#) finally are betting on small business to counter flagging sales among large enterprises. In October 2003, Microsoft released two editions of Windows Small Business Server 2003, a low-cost entry-level version of its enterprise server software.

Others, such as [Yahoo!](#), have set up special small-business divisions.

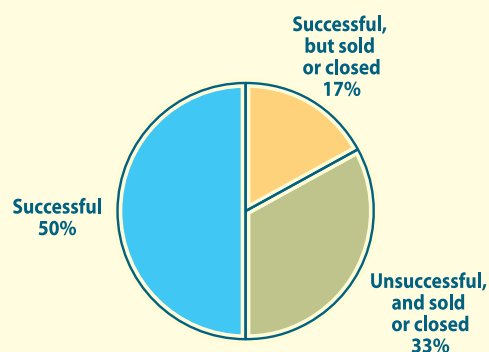
In the U.S., 23 million small businesses employ 51% of all private sector employees, says a [House of Representatives Committee on Small Business](#). The self-employed and home-based labor force accounts for 10% of the U.S. economy.

But the best news for executives is that small businesses do not fail as frequently or as quickly as once thought. Despite a widely held belief that 90% of startups fail in year one, a study by the [U.S. Small Business Administration](#) found just the opposite: 67% of new ventures were successful after four years (see chart at left). The survey of 12,185 companies showed that 17% of closings were

wrongly classified as failures, because owners deemed them successful but closed them after retiring or selling their businesses.

Couple this finding with growing optimism — 44% of small-business owners surveyed by the [NFIB](#) in September 2003 expected the economy to strengthen in the next six months — and it's high time that small business is put on a pedestal, where it belongs.

### 67% of Startups Successful After Four Years of Operation



SOURCE: FEB. 2003 U.S. SMALL BUSINESS ADMINISTRATION

### Trend Watch

**Wi-Fi is becoming popular in small business.** The majority of business notebooks will be sold with integrated wireless in the next 12 to 18 months, according to [AMI](#). Although some businesses, especially in developing countries, see wireless LANs as inexpensive alternatives to the wired kind, most are adopting Wi-Fi to enhance the functionality of regular office networks. AMI believes the number of wireless LANs in small and medium-sized businesses will grow by 71% in 2003, whereas overall spending will grow about 50%.

### Small Businesses in the U.S. with Fewer than 500 Employees

Total number of small businesses	22.9 million
Percentage of all employers	99.7%
Percentage of U.S. private payroll	44.5%
Create net new jobs annually	75%
Percentage of Gross Domestic Product	50%

SOURCE: OCT. 2003 U.S. SMALL BUSINESS ADMINISTRATION



# Trendspotting

## Videogaming

Movie studios aren't the only entertainment companies who've figured out that sex and violence sell. Video-game sales hit a record \$10.3 billion in 2002, up about 10% from \$9.4 billion in 2001.

The NPD Group reports that one of the hottest video-game trends is the merger of video games and Hollywood-style entertainment, aka the movie tie-in. Of the nearly 1,000 video-game titles released in 2002, top 20 sellers included titles based on "Spider-Man" and "Lord of the Rings: The Two Towers."

And the trend continues. NPD reports that between January and August 2003, the top 10 titles sold included "Enter The Matrix," based on the popular film franchise. That prompted action star Vin Diesel to launch his own video-game company, [Tigon Games](#).

Meanwhile, No. 1 ranked [Electronic Arts](#), which controls a 19% share of the U.S. video-game publishing market, according to [Wedbush Morgan](#), began construction of a 250,000-square-foot design studio in L.A.

Another rapidly growing category is adult-themed video games. While the majority of games (63%) sold in 2002 were rated "E" for "Everyone," the No. 1 seller, "Grand Theft Auto: Vice City," is notable for its violence, explicit language and sexual content. That distinction helped make its creator, [Take-Two Interactive](#), the No. 2 U.S. publisher of video games, with an 8% market share based on



IMAGE COURTESY: PYRAMAT LLC.

Gaming is becoming a lifestyle. [Pyramat Interactive](#) (\$149) is a three-speaker system that lets gamers feel every crash and punch while lounging. Super Mario never played so good.

retail sales, according to [Wedbush Morgan](#).

In late 2002, [Acclaim](#)

[Entertainment](#) introduced "BMX XXX," a biking game that included live-action nudity involving prostitutes and strippers, a first for a major title (see Generation X-tasy in Metatrends).

In the U.S., 50% of all persons ages 6 and older say they play computer and video games, according to the [ESA](#). The average age of a game player is 29 years. At least 62% of video-game players are 18 or older and 61% are male.

In 2003, 41% of Americans said they plan to purchase at least one video or computer game, reports ESA.

Prompted by competitive pressures in the past year, video-game hardware makers cut prices — including No. 1 ranked [Sony](#), whose PlayStation 2 owned a 72% share of the U.S. market in 2002, and No. 2 ranked [Nintendo](#), whose GameCube had a 16% share, according to [Screen Digest](#).

Meanwhile, video-game publishers also saw prices drop, with more than 50% of video-game software now selling for less than \$40, according to NPD. Result: the video-game industry reported a 3% dollar sales decline in the first eight months of 2003, compared to the same period in 2002. But unit volume increased 8.4% during the same time period, the NPD Group said.

No matter how you slice the pie, videogaming is here to play.



IMAGE COURTESY: SONY ERICSSON MOBILE COMMUNICATIONS A.B.

Videogaming is moving to the new platforms, mobile phones, as this new [Sony Ericsson Z600](#) shows. The video-game attachment is optional.

### Trend Watch



IMAGE COURTESY: SONY COMPUTER ENTERTAINMENT INC.

Sony will introduce a handheld version of its popular game by 2005. PlayStation Portable will feature a wireless connection and an adapter that enables it to be used as a portable TV. In October 2003, Sony debuted a "hybrid" PlayStation, the PSX, which includes TV tuner, DVD, hard drive, Ethernet and USB ports, plus photo album and music player. A 160GB PSX will sell in Japan for \$720. The PSX includes a **Memory Stick** slot and plays both PlayStation and PlayStation 2 games.

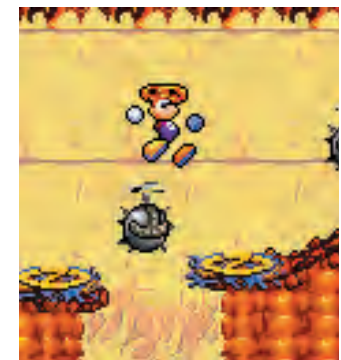


IMAGE COURTESY: VODAFONE

U. K. MMS service [Vodafone Live!](#) offers many mobile phone games, such as [Rayman 3](#), pictured here.

# Cool Hunt

## Audio

The popularity of DVDs virtually assures that multi-channel audio will triumph over two-channel stereo, which no longer has the buzz.

Need more telltale signs of stereo's decline? In 1995, *Stereophile* was a thriving magazine filled with advertising. Today it's a shadow of its former self. Meanwhile, the bible of audio gear, *Stereo Review*, has been renamed *Sound & Vision*.

The main audio event over the past few years has been the next CD advance: high-resolution audio. Here, too, multichannel is victorious. Super Audio CD (SACD), originally conceived as a two-channel-only format, now equals DVD-Audio, which featured multichannel reproduction from day one. The experts, mostly two-channel "golden ears," have all but called SACD the winner.

So, today's hottest audio components are the ones that enhance the home theater experience, like *Sony's* new STR-DA9000ES Elite Series receiver (\$4,500), which boasts a 7x200-watt digital amplifier and the industry's first DVI-input-switching capability.

The brand that consistently receives the highest praise is *Denon*,

whose newest universal player, the DVD-2900, plays DVD-Audio, SACD and DVDs (see DVD in Trendspotting).

Trendsetting entrepreneurs are

Judging by its size, you might call the Sony STR-DA9000ES the "King Kong" of AV receivers.



IMAGE COURTESY: SONY ELECTRONICS INC.

marketing their audio wares online, which lets them offer top-quality components without the steep prices typical of high-end audio. Popular online companies include *Rocket by ONIX* and *Xhifi*. ONIX fans are looking forward to the top-of-the-line Rocket Strata RSL One speakers (\$5,500).

The popularity of digital music has many audiophiles playing MP3s through stereos. The simplest solution is *Xitel's* HiFi-Link (\$50), which turns a computer into a home-entertainment component. But a new genre of audio gear now reaching stores lets users wirelessly stream music throughout the home via Wi-Fi. The *Philips* Streamium MC-i250 (\$400), billed as the world's first wireless broadband Internet audio system, is a combination radio/CD player plus Internet radio tuner.

Playing MP3s from your computer is easy with Xitel's HiFi-Link.



IMAGE COURTESY: XITEL PTY LTD.

*Yamaha's* MCX-1000 MusicCAST (\$2,500) consists of a server and client unit. Client satellites can be hung against a wall Bang & Olufsen-style or placed on a table. *MusicCAST* lets listeners choose from up to eight wireless streams, so someone in the living room can enjoy different music than, say, a listener in the bedroom.

IMAGE COURTESY: ROCKET BY ONIX



As the computer becomes central to home entertainment, manufacturers are adopting PC-like upgrade tactics. Some companies, like *Denon* and *Madrigal* (makers of *Proceed*), are already designing field-upgradeable receivers and audio processors.

In audio wars, the consumer always wins.

*Rocket's* Strata RSL One is the latest in a line of speakers that regularly receive rave reviews from Netizens.

IMAGE COURTESY: KONINKRIJKE PHILIPS ELECTRONICS N.V.



The world's first Wi-Fi home entertainment system from Philips (it shipped in September 2003) lets you to listen to Internet radio stations. Those WOXX woofers are not too shabby either (\$400).

### Trend Watch

Audio aficionados are bitterly divided over the right color. The old guard feels gear should be black because it's least obtrusive, a valid video gear issue. But the latest component designs show a decided silver bias. Silver is already the most popular car color, chosen by 23% of drivers. And the surging popularity of alloys, such as magnesium, titanium and aluminum, are guaranteed to result in far more silver and gray products.



# Cool Hunt

## Computers

Today's notebook buyers want built-in Wi-Fi (84%), less weight (79%) and better battery life (57%), allowing them Internet access anytime, anywhere. And with notebooks reaching the \$800 mark, there's never been a better time to buy one.

[Intel](#) addressed the top concerns of the mobile computing set in March 2003 with the introduction of its Centrino chipset. And Intel's Pentium M chip, with or without the Centrino Wi-Fi capabilities, means notebooks now last much longer on batteries. One, the [IBM](#) ThinkPad T4, claims an astounding 9.5 hours, using an extra bay battery. Though on the drab side, the well-reviewed, 4.5-pound ThinkPad sports a quality keyboard, a 1.6GHz Pentium M and a 40GB hard drive for \$1,940.

The more stylish 4.7-pound magnesium-alloy [Sony](#) VAIO PCG-Z1VA (\$2,300) is equipped with a 1.6GHz Pentium M and a 60GB hard drive.

For ultra-light, there's Sony's 3.1-pound, \$2,200 VAIO TR2A with a 1GHz Pentium M, seven-hour battery life, a built-in CD-RW/DVD drive, a 40GB hard drive and a 10.6-inch widescreen display with 1,280 x 768 resolution. The only downside is an integrated low-resolution digital camera that critics call cumbersome.

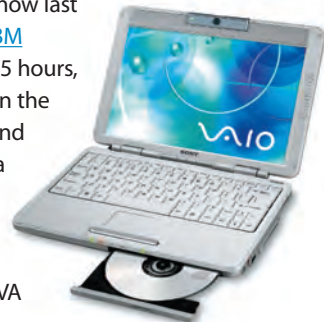


IMAGE COURTESY: SONY ELECTRONICS INC.  
Sony's new VAIO TR2A packs Wi-Fi in a diminutive 3.1-lb. magnesium case.



IMAGE COURTESY: HUSH TECHNOLOGIES LTD.

For those who want a little more power, a good in-between is the \$2,200, 4.4-pound [Gateway](#) 200XL with a 1.6GHz Pentium M, a DVD/CD burner and a 60GB hard drive.

Meanwhile, [Apple](#) introduced three new G4 models, in September 2003. Offering either a 12-, 15- or a 17-inch display plus a sexy aluminum-alloy design, each comes with a DVD burner and optional 54-Mbps AirPort Extreme Wi-Fi. Its sleekness and widescreen make the 15-inch PowerBook (\$2,600) a favorite. It weighs 5.6 pounds with a 1.25GHz PowerPC G4 chip and an 80GB hard drive. Both the 15- and 17-inch models have keyboards that light up, a feature other manufacturers are bound to offer soon.

But it's still the 12.1-inch Apple iBook G4 (\$1,100), called "Icebook" among aficionados, which offers the best coolness-to-dollar ratio. At 4.9 pounds, it features a 800-MHz PowerPC G4 chip, a 40GB drive, a CD-R/DVD drive, a FireWire port and an ATI Mobility Radeon 9200 graphics accelerator, and is AirPort Extreme-ready.

Apple has also unveiled the "world's fastest personal computer," the Power Mac G5 with the industry's first 64-bit processor. While graphic designers can certainly harvest all that power on their desktops, most users are surfing the Internet with a notebook at Starbucks.

The only reason to buy a desktop computer these days is to power a home theater (see Home Theater in Cool Hunt). Requirements: No fans and a super-silent DVD drive. The U.K.-built [Hush](#) Mini-ITX fits the bill nicely.

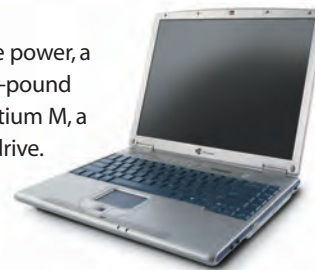


IMAGE COURTESY: GATEWAY INC.  
Gateway's 200XL is a metal 4.4-lb. notebook that offers XGA resolution.



IMAGE COURTESY: APPLE COMPUTER INC.  
Apple's latest 15-inch PowerBook has a slick aluminum case and 54Mbps AirPort Extreme built-in.

### Trend Watch



Apple started the widescreen craze with its 15-inch PowerBook back in 2001. Now [Dell](#), [eMachines](#), [Toshiba](#), [HP](#) and Best Buy subsidiary [vpr Matrix](#) have jumped onboard. Eventually, all notebooks will be widescreen because the 16:10 aspect ratio, compared with the 4:3 ratio for most TVs and monitors, is better suited for watching DVDs. HP's Compaq Presario X1000 has the most buzz, judging from its dedicated online forum, [X1000 Forums](#). A base model is equal to the \$1,200 eMachines M5310, but HP sells a \$1,800 version with a WSXGA monitor, which lets you see more. Now if only we had an IBM ThinkPad or Sony VAIO widescreen...



# Cool Hunt

## Digicams

In 2000, a three-megapixel [Nikon Coolpix 880](#) cost \$800. Today, the latest iteration of that Nikon digital camera, or digicam, now called the Coolpix 3100, sells for less than half that amount: \$350.

That \$800 now buys a five-megapixel digicam, with a 4x to 8x optical zoom (ignore “digital zooming,” it’s an inferior method of extending lens range) and a flip-out-and-twist LCD screen.

The digicam that consistently receives highest marks among aficionados is [Canon’s](#) four-megapixel PowerShot G3, which sells for \$525 and features a cool, retro magnesium-alloy design on the front with the year’s trendiest color: silver.

For dyed-in-the-wool Nikon fans, there’s either the five-megapixel Nikon Coolpix 5700 (\$1,000) or the Nikon Coolpix 5400 (\$800).

While conventional camera manufacturers enjoy the upper “statusphere” among prosumers, [Sony](#) has muscled its way to the top by leveraging its consumer electronics heritage. Its highly regarded five-megapixel CyberShot DSCF717 (\$750) features a magnesium-alloy body and 5x [Carl Zeiss](#) zoom lens.

The company’s newest digicam is the five-megapixel Sony DSC-V1 (\$685), which is clearly designed to compete with Canon’s popular PowerShot G3.



Gateway’s five-megapixel DC-T50 sets a new standard at \$400 and was praised by Walter Mossberg.

IMAGE COURTESY: GATEWAY INC.

For those who prefer more compact gear, the Canon PowerShot S400, a four-megapixel digicam, clad in Cerabrite — a super hard metal and ceramic material — sells for \$425.

Another way-cool category: extremely thin, pocket-size digicams, including the four-megapixel [Casio](#) Exilim EX-Z4U (\$400) and [Minolta](#) DiMage G400.

The Casio features a magnesium-alloy body, while the Minolta comes in aluminum with a stainless steel front panel. Both models are just 0.9 inches thick (23mm), making it easy

to slide them in a pocket. While the G400 does *not* offer a marine camera case option like its DiMage Xt predecessor, a growing trend, it does handle both **SD** and **Memory Stick** memory cards.

Sony’s new DSC-U60 (\$250), on the other hand, is said to be waterproof down to 1.5 meters, the equivalent of about 5 feet.

The company is also pushing the envelope with its spy camera-size Qualia O16 — an ultra-compact two-megapixel digicam, which stores images on a Memory Stick and has a 0.55" LCD monitor.

The Qualia measures a teensy 2.7"W x 0.9"H x 0.7"D (69 x 24 x 17mm), but has a price that’s far from weensy: 380,000 Yen (\$3,200).

To manage the digital pix these cameras produce, Macintosh users have one of the best photo software solutions around, [Apple’s](#) iPhoto, with [Adobe’s](#) Photoshop Album for PC a close runner-up. Another buzzed-about program on the PC side is [Digital Domain’s](#) Qimage (\$40).

Will the wonders of technology ever cease to amaze?



IMAGE COURTESY: CANON USA

**Tiny:** The Canon S400 (\$425) features four megapixels in an eight-ounce body (230g), but its Cerabrite cover reportedly scratches easily.



IMAGE COURTESY: CASIO INC.

**Tinier:** Super-slim Casio Exilim EX-Z4U (\$400) is a four-megapixel digicam that syncs via USB cradle, measures only 3.4"W x 2.2"H x 0.9"D (87 x 67 x 23mm) and weighs a scant 4.6 oz. (130g).



IMAGE COURTESY: SONY ELECTRONICS INC.

**Tiniest:** Sony’s O16 digicam is part of a new ultra-high-end line called Qualia.

## Fashion

In fashion, retro trolls the decades for classics that worked. Resale shops and vintage clothing purveyors proliferate, selling classic [Chanel](#) suits for a fraction of the original cost.

Expensive couture of yesteryear has shown up on red-carpet stars like Renée Zellweger — chrome yellow [Jean Desses](#) — or Julia Roberts — black-and-white [Valentino](#) couture. Fashion designers scour the past 50 years before moving their designs completely into the new century. Designers like [Carolina Herrera](#) and Valentino and shoe mavens [Manolo Blahnik](#) and [Jimmy Choo](#) (see Shoes in Cool Hunt) mine the 50s vaults of [Christian Dior's](#) post-war New Look for wasp-waisted dresses with full skirts, stiletto pumps and refined, ladylike clothes.

For spring 2004, [Prada](#), on the other hand, tripped back to camp with rolled-leg shorts and frumpy, belted dresses. The 60s repopularized denim, making it a modern wardrobe cliché (see Casual in Metatrends) and also produced the micro-mini, which makes an appearance every five years, this time with printed tights.

The rich hippie style of the early 70s, with its designer fringes, returns, strutting its stuff for [Dolce & Gabbana](#) or in such popular catalogs as [Boston Proper](#). Also rejuvenated from the 70s are riotous prints and streetwise Day-

Another super-trendy item: fashion and accessories made from duct tape, like this bag from [Ducti](#).



Model Carmen Kass in a hip cocktail dress from Zac Posen's Spring 2004 collection.

Glo bright colors — a [Pucci](#)- and [Lilly Pulitzer](#)-style paint box of turquoise, hot pink, lavender, electric green and orange, paraded by [Ralph Lauren](#), [Zac Posen](#) and [Marc Jacobs](#).

After Jennifer Lopez exposed her frontal assets in a few green [Versace](#) hankies, women with pinup bodies and double-sided tape took it as permission to wear less and display more. Couture's voyeuristic bent is about nudity — Versace's spring 2004 "angel" dresses are confections of see-through net; Francisco Costa of [Calvin Klein](#) created monkish cuts in unlined, transparent fabrics. Skirts are slit up to the crotch and décolletage down to the navel.

But fashion is also about opulence and extravagance — satins, metallics, ruching, leather, suede, color, ruffles and volume that scream, "Look at me!" The avatars are Tom Ford for [Gucci](#) and [Yves St. Laurent](#); [Proenza Schouler](#), [Dolce & Gabbana](#) and Versace's rock chick chic; [Anna Sui](#); [Betsey Johnson](#); and [Behnaz Sarafpour](#).

But, casual is also in and it's really about comfort. It's schlep-around clothes for every occasion. Hip-hop culture has co-opted and mainstreamed the warm-up suit, while [Christy Turlington](#) popularized yoga culture with her [Nuala](#) line.

Hard on her heels comes the latest California trendoid line, the pricey soccer mom uniform, [Juicy Couture](#), terry cloth stretchy pants, warm-ups, zip-front dresses, short-shorts and tees. The surf nation with its baggies and Hawaiian prints has been adapted into women's wear by Anna Sui. Designer jeans in stretch fabrics, decorated with studs, rhinestones, leather and flocking, skim the pubic bone and are worn with midriff-baring crop- or bra-tops or white singlets, also known as "wife-beater" tank tops.

Ah, déjà vu all over again.



The young and the restless turn to streetwear fashions like [Cybelle](#) or hot newcomer [Rock & Republic](#). This category includes a host of companies that cater to the urban, skate and surf set, including [Quiksilver](#) and [Rip Curl](#).





# Cool Hunt

## Home Theater

The world is going flat, at least in terms of home theater systems. Topping consumers' wish lists are plasma display panels, or PDPs, as they're called by the in-the-know crowd.

IMAGE COURTESY: FUJITSU GENERAL AMERICA



The Fujitsu P50XHA (\$10,000) is a highly praised 50-inch plasma display.

In the 50-inch size, the universally acknowledged champ is the [Fujitsu P50XHA10](#) (\$10,000), a dazzling display that borders on the surreal. But it's [Panasonic](#) that offers the best bang-for-the-plasma-buck. Its PDPs feature the industry's best black levels, an important criterion for those dark, scary movies. The Panasonic TH-42PWD6UY, a 42-inch commercial EDTV model, is available for as little as \$2,900 online. The equivalent TH-42PA20U/P consumer model includes speakers plus a trendy silver finish and sells for about \$3,000 online. The HDTV-compatible TH-42PX20U/P (\$4,500) adds a PC/SD card slot to show off digicam shots.

One trendy place to hang a plasma is above the fireplace. While that may not be optimum eye-level height, it certainly adds a big-picture dimension to anyone's decor. To complete the "world is flat" statement, consumers can complement their plasma with flat speakers from [Artcoustic](#) (DF65-50 shown; about \$3,800 a pair), which Naked Chef Jamie Oliver chose for his hot, new London restaurant, [Fifteen](#).

IMAGE COURTESY: ARTCOUSTIC



IMAGE COURTESY: SAMSUNG ELECTRONICS CO.



While not as compact as plasmas, rear-projection TVs, like this Samsung HLM617W (\$4,000) offer bigger displays.

Another excellent choice: DLP-based rear projection TVs (RPTVs). [Samsung](#) offers the HLM617W (\$4,000), a 61-inch model. Samsung also offers the HD931 (\$250-\$300), a DVD player featuring

the sought-after DVI digital connector.

The [Sony Qualia-004](#) projector (\$25,000) is the industry's first 1080p home theater front projector. It delivers natural, vivid tones and smooth, filmlike picture quality, which has been previously unavailable in fixed-pixel display devices. It's also the first product introduced in the U.S. as part of Sony's Qualia concept recently announced in Japan.

To round out an HDTV home theater system, consumers need an

IMAGE COURTESY: SONY ELECTRONICS INC.



Sony's new SAT-HD300 (\$700) set-top box receives satellite and OTA HDTV.

HDTV in Trendspotting). For [DirecTV](#)-compatible systems, there's the new Sony SAT-HD300 (\$700) or [Toshiba](#) DST3100 (\$550).

Next, of course, is a top-notch movie to show off all that gear. [Sony Pictures'](#) Superbit DVD series, in particular "The Fifth Element" and "The Patriot," often are used for this noble purpose. Then sit back and prepare to be blown away.

Artcoustic's flat-panel speakers match plasmas beautifully.



Samsung's HD931 (\$300) is one of the first DVD players with a DVI port.

IMAGE COURTESY: SAMSUNG ELECTRONICS CO.

### Trend Watch

There are two state-of-the-art ways to record TV programs. DVD burners, like the popular [Panasonic DMR-E100HS](#) (\$800-\$900), which features a 120GB drive, can handle standard-definition TV (SDTV). For HDTV, the [Zenith HDR230](#) (\$800-\$900), a combination 80GB PVR and ATSC tuner, lets you record your favorite "CSI" episode the way it was supposed to be seen: in full HDTV glory. The unit's hard disk has enough capacity to store eight hours of HDTV programming. And, it does have that DVI port.

If you want the ultimate in projection experience, try Sony's new Qualia-004 projector (\$25,000), which delivers the highest HDTV resolution: 1080p.

IMAGE COURTESY: SONY ELECTRONICS INC.





## Nightlife

Ultrahip. Ultrafashionable. Ultracool. Welcome to ultralounge, where club meets lounge with cutting-edge architecture and state-of-the-art cinematic projection systems.

Imagine an atmospheric escape with mood-enhancing aesthetics, beauty and, of course, style. Design driven, the idea behind ultralounge is to create something more personal, more contemporary, more cosmopolitan and definitely cooler than your typical club.

Take the South Beach section of Miami Beach, where hot spot [B.E.D.](#) flaunts a sensual, sexy and an oh-so-erotic bedroom ambiance that was once the epitome of decadence. Not so now thanks to newly redesigned [Mynt](#), an ultralounge that pushes the envelope of excess with a 40-foot-wide light box and a unique 50-smell aromatherapy system, a plus for those who don't like smoke. If you make it past the doorman, you'll encounter a mint-green and egg-white room. Next is

**Ultralounge is the new word. In South Beach the ultralounge of choice is Mynt.**

the Grand Lounge, marked by a walkway nestled between an encirclement of plush couches and the bar where models and movie stars fuel themselves with high-energy drinks or high-end cocktails (see South Beach in Geotrends).

Downstairs is the "Ultralounge," decorated with hanging mirrors and marble floors, where South Beach's finest glitterati grind to the latest hip-hop and R&B.

Hot on the heels of the next big thing is Las Vegas, which boasts three style-savvy ultralounges: Curve at the [Aladdin Hotel and Casino](#), Risqué at [Las Vegas Paris Hotel and Casino](#) and Tabu at [The MGM Grand](#) (see Las Vegas in Geotrends).

New York offers [Posh](#) (see New York in Geotrends), while Los Angeles recently opened the aptly named [Ultra Lounge](#), decorated as a swank 60s bachelor pad. With 6,500 square feet of space, Ultra Lounge is a fully equipped live entertainment and event facility. San Francisco's see-and-be-seen ultralounge is [Fluid](#).

The word from the U.K. is that large-scale clubs are staging a comeback. Recent arrivals include [Ascension](#) in Manchester, [Canvas](#) in London and [The Syndicate Superclub](#) in Lancashire. [Gatecrasher](#) has spent \$3 million to revamp its flagship Republic venue in Sheffield, which now plays a variety of music.

In London, [Ministry of Sound](#) has become the U.K.'s first club to feature a 5.1-channel sound system. The newly refurbished club features the Green Room — a glass box that floats in midair for those who simply have to be seen.

Upscale and exclusive, these clubs feature a sleek, spacious interior and computer-created vision, as well as custom-designed furnishings that give them an otherworldly air. In an era where design is of extreme importance and form prevails function it's only natural that revelers are looking to unwind from the everyday grind in an atmosphere of decadence.

A visit to London's [Sketch](#) is not complete without a trip to the ladies' restroom, with or without female escort.

IMAGE COURTESY: SKETCH

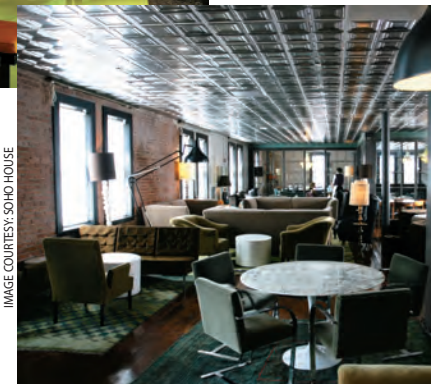


San Francisco's cool cats hang out in the [Bambuddha Lounge](#), which deftly mixes Balinese, Filipino and Thai influences.

IMAGE COURTESY: BAMBUDDHA LOUNGE



IMAGE COURTESY: SOHO HOUSE



New York's [Soho House](#) offers a blend of uppity British gentlemen's club, like this Drawing Room, with a dash of ultrahot fashion model.



IMAGE COURTESY: MYNT

# Cool Hunt

## PDA's

In the late 90s, [IBM](#) began a program known as "pervasive computing." IBM's concept was people could remain connected and have information at their fingertips, wherever they were.

The addition of [Bluetooth](#) and [Wi-Fi](#) technology to personal digital assistants (PDAs) has brought that vision within the reach of everyone. Add in the marriage of the PDA and mobile phone and there's no reason to be unconnected, unless by choice (see Complexity Nervosa in Metatrends).

Bluetooth replaces cables, which allows PDAs to be connected to Bluetooth-enabled mobile phones, printers or computers without the hassle of a physical wire. Wi-Fi lets users connect to the

Internet. In addition, the latest PDA's feature more memory, better screens, fancier cases and better software.

Hitting the market in its sweet spot with innovative design, versatility and wireless are the [Palm](#) Tungsten T3 (\$400) and the [Sony](#) CLIE UX50 (\$700). Both run Palm OS 5.0 and feature

Sony put the PDA world on its side with a Mini-me-sized laptop PDA, the UX50. It's a guaranteed conversation starter.



IMAGE COURTESY: SONY ELECTRONICS INC.



IMAGE COURTESY: FOSSIL INC.

Paging Dick Tracy! Come in Dick Tracy! Fossil hid a Palm PDA in a watch (\$300). The stylus fits inside the band.

wireless connectivity (Bluetooth for the T3; Bluetooth and Wi-Fi for the CLIE).

Both units score in the glitz category, with high-quality color screens, sleek cases and cool buttons. The CLIE's magnesium clamshell case hides a real keyboard (tiny, but functional) and a screen that flips and rotates (necessary for the built-in camera's viewfinder function). It has an MP3 player for downtime and a voice recorder for business memos, and it uses Sony's [Memory Stick](#) expansion slot.

The Palm T3 is shaped more traditionally. Though its screen doesn't pivot like the CLIE's, its display rotates to provide a landscape view. The T3's case also extends to expose the Graffiti handwriting area. It has a built-in voice recorder as well as an MP3 and movie player, though it lacks the CLIE's camera functionality. But the T3 is \$300 less expensive.

Meanwhile, with the Treo 600, [Handspring](#) has expanded on the Treo, the first successful mobile phone/PDA combination, adding a brighter screen, memory, better battery life, built-in digicam and MP3 player. It also eliminates the first Treo's annoying flip cover. The only downside: the Treo 600 still requires nimble fingers to dial the phone, something that's certainly not recommended for those who like to call while driving.

While we're far along toward IBM's vision of pervasive computing, uttering the words "Beam me up" into our PDAs, à la Star Trek's famous "Communicator," is still within the realm of science fiction.



IMAGE COURTESY: PALM INC.

Palm's Tungsten T3 features high style and a compact design that telescopes to reveal more screen area.

### Top Five PDA Makers in 2003

MANUFACTURER	MARKET SHARE
Palm	36.0%
HP	15.3%
Sony	11.0%
Dell	5.3%
Research in Motion	5.3%

SOURCE: OCT. 2003 TRENDSCAPE

Handspring may well have the first PDA/phone combination that actually works.



IMAGE COURTESY: HANDSPRING



# Cool Hunt

## Phones

Mobile phones are no longer communication devices. They're fashion statements. Just as people change their wardrobe each year, they'll be changing their phones. And with built-in cameras, games and more, they'll be doing a lot more than making calls.

In October 2003 [Sony Ericsson](#) released its latest and greatest, the Z600, which technology trade publication [Australian IT](#) called the finest-looking screen and camera combination it has seen in a mobile phone.

The Z600 has all the requisites of a state-of-the-art phone: a DJ package for creating four-track sounds suitable for custom ringtones or tunes (see *Electronica* in *Trendspotting*) and wireless **Bluetooth** connectivity to headsets and computers.

[Sony](#) also offers a gamepad option (see *Videogaming* in *Trendspotting*) that might be a better approach than awkward phone/game implementations like [Nokia's](#) N-Gage. The Z600 has a number of built-in games, including [Electronic Arts'](#) V-Rally 2, plus it has 1.5 MB of user memory for data, applications and photos.

But Sony heeds the fashion call with removable covers that come in trendy designs like stripes and a quasi-paisley.

For subscribers to [NTT DoCoMo's](#) iMode service, there's the Sony Ericsson 505i, which features a trendsetting 1.3-megapixel digicam.

The Nokia 5100 is a "sports phone," which means it has a rugged rubberized exterior that protects against splashes, dust and bumps and provides a firmer grip.



IMAGE COURTESY: NOKIA



IMAGE COURTESY: MOTOROLA INC.

The [Motorola](#) V810, available in 2004, features a 260,000-color screen, 40 polyphonic ringtones and the now mandatory picture caller ID.

And if that's not enough, Sony has also introduced the ultimate mobile phone accessory, a **Bluetooth**-controllable mini race car. The Sony Ericsson CAR-100 is a small race car with two gears that can be controlled from a Sony mobile phone keypad or joystick.

Proving South Korea can play with the big boys, [LG Electronics](#) scored a coup when [Time](#) magazine chose its new VX6000 as "Gadget of the Week" in July 2003. The VX6000 lets users photograph themselves with a built-in mirror — perfect for those impromptu clubbing shots.

While phone-toting image seekers cannot send photos directly to people outside of their own carrier, images can be sent as attachments to anyone with an e-mail address. Photos can also be assigned to caller ID, so the user sees a face instead of a number when someone calls.

The successor to [Vodafone Live's](#) popular GX10, the [Sharp](#) GX20 has the usual ringtone composer but, unlike most camera phones, also has a built-in flash for indoor photos and can double as a video camera.

The GX20 has games, too, such as PacMan and the Tiger Woods PGA Tour, as well as a calendar, calculator, alarm clock and currency converter. And like most new clamshells, the GX20 has two displays: the outer is used to display caller ID, time and alarms when the cover is closed.

How fashionable is that?



IMAGE COURTESY: VODAFONE GROUP

The latest version of [Vodafone Live's](#) highly rated [Sharp](#) camera phone, the GX20, has a flash built-in.



Phones have gone fashion forward. Here's Sony's interpretation of fall fashion colors.



As if having a cool phone was not enough, Sony Ericsson upped the ante by introducing a very cool car controlled via Bluetooth.

IMAGES COURTESY: SONY ERICSSON MOBILE COMMUNICATIONS A.B.



# Cool Hunt

## Shoes

“You can take my [Fendi](#) baguette, you can take my ring and my watch, but don’t take my Manolo Blahniks,” Carrie Bradshaw told a mugger in one “[Sex and the City](#)” episode.

Rarely has a shoe designer evoked as much emotion in women as [Manolo Blahnik](#), a fashionista darling since the 70s. Although prices rise upward of \$400 a pair, [Neiman Marcus](#) alone sells about 30,000 pairs yearly. [Jimmy Choo](#) and [Christian Louboutin](#), while perhaps not having achieved Blahnik’s cult status, offer shoes featuring the best, most expensive materials and usually the highest heels.

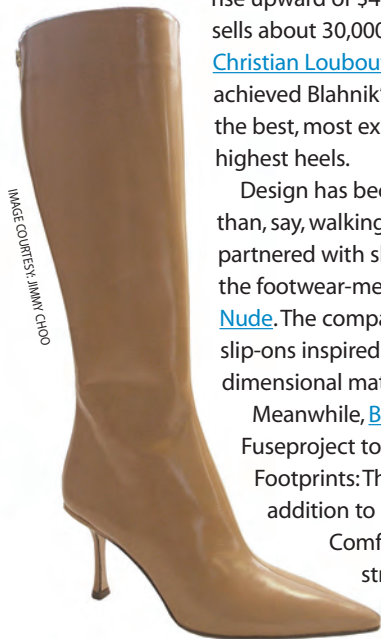


IMAGE COURTESY: JIMMY CHOO

Design has become so much more important than, say, walking, that architect Rem Koolhaas has partnered with shoemaker Galahad Clark to start the footwear-meets-architecture company [United Nude](#). The company got a patent for its wooden slip-ons inspired by the Möbius strip, a three-dimensional mathematical form.

Meanwhile, [Birkenstock](#) retained Yves Béhar of Fuseproject to create a new line, Birkenstock Footprints: The Architect Collection. That’s in addition to supermodel Heidi Klum.

Comfortable shoes are certainly going strong as shown by the new

[Jimmy Choo’s Garden Boots](#) (\$850) are a fashionista essential.



IMAGE COURTESY: HARRY’S SHOES

A select few actors wore [Harry’s Shoes](#) to 2002 Academy Awards to help spread the buzz about this new London brand.

category called “sport style” by [Adidas](#) and “sport/lifestyle” by [Puma](#). Collaborating with [Shanghai Tang](#), Puma launched the \$200 Shudoh Tang shoe in September 2003.

More promotion than product — only 888 pairs will be available — the shoe

was created to celebrate the Women’s World Cup.

Nevertheless, it shows Puma’s willingness to follow in Adidas’ footsteps. Judging from U.S. sales, Puma is hot.

Its footwear division

grew 38% in the second quarter of 2003, and overall sales jumped 41% in the U.S. in the first half of 2003. In contrast, [Nike’s](#) U.S. sales were down 2% in the summer of 2003, although growth in Europe and Asia helped the company top \$3 billion for the same quarter, its best ever. Nike’s acquisition of [Converse](#) for \$305 million in July signals its interest in the retro sneaker trend.

The retro trend is feeding the craze for sneaker “collecting.” The [Sneaker Pimps](#) exhibition came to the U.S. from Australia in summer 2003 as part of the [Sprite](#) Liquid Mix skateboarding and music festival

(see Electronica in Trendspotting). On display were 400 pairs of rare, limited editions, including some customized by graffiti and street artists.



IMAGE COURTESY: CLAE FOOTWEAR



IMAGE COURTESY: PUMA AG

The Shudoh Tang is a limited edition “sport/lifestyle” shoe developed by Puma and Chinese haute couture brand Shanghai Tang.

[Clae Footwear](#) wants to reinvent casual shoes by combining the best in comfort and technology.

# Cool Hunt

## TV

Trendsetters have a predicament. They have to watch TV to find out what's cool, but there are always lingering doubts that there's something better to do, like surf the Net.

In 2002, the choice was easier. [HBO's](#) "Sex and the City" and "The Sopranos" ruled the airwaves. In fact, the September 2002 season premiere of the "The Sopranos" drew 13.4 million viewers, a high for any cable TV series.

Unfortunately, choices are less clear-cut today. HDTV owners look for programs broadcast in high definition. And no network does a better job than [CBS](#) with its superior 1080i picture and cool program choices. "CSI" continues to wow audiences with a great cast, especially Marg Helgenberger, and twisted plots.

Two spin-offs, "CSI: Miami" and "Navy NCIS," are less successful, but have their fans. Maybe it's the original "CSI's" HDTV picture quality, which is tops. Other likable hi-def shows include [ABC's](#) "Alias" and [NBC's](#) "The Tonight Show with Jay Leno."

There's no question, though, that [Bravo's](#) "Queer Eye for the Straight Guy" has this season's biggest buzz (see The New Gaydar in Trendspotting). Another reality show with a twist is the [BBC's](#) "What Not to Wear," starring the ineffable duo of Trinny Woodall and Susannah Constantine woman-handling fashion victims.

"The Tonight Show with Jay Leno" is the only talkshow broadcast in HDTV. Here Leno is interviewing Pamela Anderson.

IMAGE COURTESY: NBC



IMAGE COURTESY: FOX



Edgy cartoon "Family Guy" has great appeal among the Gen-Y set.

With un-British-like candor, these wardrobe witches criticize their subjects' closets, then take them on a £2000 (\$3,000) shopping spree.

More cerebral shows can be seen on the

[Cartoon Network's](#) "Adult Swim," which features twisted, quirky, spill-your-drink-funny animations. Here late-night viewers can catch episodes of "Family Guy," which Gen-Y'ers consider one of the funniest shows on TV, particularly the Griffins' drinking dog.

If you read Velcro Valley (in Geotrends), you know surfing is hot. TV watchers can catch [Fox's](#) "The O.C." and then check out the Web

site, which features a cool "Newport Beach Fashion Report." [MTV](#) has "Surf Girls," which showcases "fourteen babes with boards" who trek across the globe searching for the perfect wave. No wonder they call it the boob tube!

IMAGE COURTESY: CBS



CBS's "CSI: Crime Scene Investigation" was good enough for two new spin-offs.

### Trend Watch

Each week, some 14 million people watch cadavers being dissected on "CSI." One episode even featured a stiff who had to be sawed open to get at mission-critical innards. Meanwhile, ABC reality show "Extreme Makeover," which follows the plight of plain Janes being transformed into princesses, showed some harrowing surgical procedures. Add the live insect-eating episodes of "Survivor," with close-ups of bursting worms and one can only surmise that society is becoming less squeamish.

IMAGE COURTESY: FOX



In "24," Kiefer Sutherland stars as a counterintelligence agent in a series that covers one particular day over a series of episodes (time compression!).

# Resources

## AARP

601 E St. NW  
Washington, DC 20049  
(800) 424-3410  
www.aarp.org

## Adventis

10 St. James Ave.  
17th Floor  
Boston, MA 02116  
(617) 421-9990  
www.adventis.com

## American Demographics

P.O. Box 2042  
Marion, OH 43306  
(800) 529-7502  
www.americandemographics.com

## American Dietetic Association Foundation

120 S. Riverside Plaza  
Ste. 2000  
Chicago, IL 60606  
(800) 877-1600  
www.webdietitians.org

## American Express Home Improvement

(212) 481-7000  
<http://newsroom.mbooth.com/amex/HI-Index/HomelImprovement2003.html>

## American Society of Aesthetic Plastic Surgery

2054 University Ave.  
Berkeley, CA 94704  
(510) 841-9200  
www.surgery.org

## AMR Research

2 Oliver St.  
5th Floor  
Boston, MA 02109  
(617) 542-6600  
www.amrresearch.com

## Arthur Andersen

33 W. Monroe St.  
Chicago, IL 60603  
(312) 580-0033  
www.arthurandersen.com

## Bank of Korea

110 3-Ka Namdaemun-Ro Chung-Ku  
Seoul 100-794, Korea  
82-2-759-4114  
www.bok.or.kr

## Sanford C. Bernstein & Co. LLC

555 California St.  
San Francisco, CA 94104  
(415) 217-8000  
www.bernstein.com

## BIGresearch

100 Old Wilson Bridge  
Ste. 205  
Worthington, OH 43085  
(614) 846-0146  
www.bigresearch.com

## Airstream International CCD



IMAGE COURTESY: AIRSTREAM INC.

Aging Boomers are sparking RV sales. To corner the affluent hip, [Airstream](#) hired San Francisco designer Christopher Deam to, in his words, help “redesign a design icon.” The 22-foot Airstream International CD (\$40,000) has all the accoutrements necessary to make your next [Burning Man](#) outing a highly enjoyable one.

## Boston Consulting Group

Exchange Place  
31st Floor  
Boston, MA 02109  
(617) 973-1200  
www.bcg.com

## Brand Keys

95 W. 29th St.  
5th Floor  
New York, NY 10001  
(212) 532-6028  
www.brandkeys.com



## Brookings Institution

1775 Massachusetts Ave. NW  
Washington, DC 20036  
(202) 797-6000  
www.brook.edu

## BusinessWeek

1221 Ave. of the Americas  
43rd Floor  
New York, NY 10020  
(212) 512-2511

## Centers for Disease Control and Prevention

1600 Clifton Rd.  
Atlanta, GA 30333  
(800) 311-3435  
www.cdc.gov

## Challenger, Gray & Christmas

150 S. Wacker Dr.  
27th Floor  
Chicago, IL 60606  
(312) 332-5790  
www.challengergray.com

## Chicago Tribune

435 N. Michigan Ave.  
Chicago, IL 60611  
(312) 222-9100  
www.chicagotribune.com

## Aprilia Mojito 50 Custom

IMAGE COURTESY: APRILIA USA, INC.



Like motorcycles, scooter sales are booming, having reached 69,000 in 2002. Jerry Seinfeld, Matthew Broderick and Sarah Jessica Parker all drive **Vespas**, but true trendsetters will want to try out the retro-looking **Aprilia Mojito 50 Custom (\$2,200)**, which also hails from Italy. The Mojito comes in either black or baby blue.

## CITA

University of Toronto  
60 St. George St.  
Toronto, ON M5S 3H8, Canada  
(416) 978-6879  
www.cita.utoronto.ca

## Claritas

5375 Mira Sorrento Place  
Ste. 400  
San Diego, CA 92121  
(800) 866-6520  
www.claritas.com

## ComScore

11465 Sunset Hills Rd.  
Ste. 200  
Reston, VA 20190  
(703) 438-2000  
www.comscore.com

## Consumer Electronics Association

2500 Wilson Blvd.  
Arlington, VA 22201  
(703) 907-7600  
www.ce.org

## Cruise Line International Association

80 Broad St.  
Ste. 1800  
New York, NY 10004  
(212) 921-0066  
www.cruising.org

## CSIL Milano

15 Corso Monforte  
20122 Milano, Italy  
39 02 796630  
www.csilmilano.com

## Datamonitor

245 Fifth Ave.  
4th Floor  
New York, NY 10016  
(212) 686-7400  
www.datamonitor.com

## DDB Needham

437 Madison Ave.  
New York, NY 10022  
(212) 415-2000  
www.ddb.com

# Resources

## **Aaron Diamond AIDS Research Center**

455 First Ave.  
New York, NY 10016  
(212) 448-5000  
www.adarc.org

## **Dietitians of Canada**

480 University Ave.  
Ste. 604  
Toronto, ON M5G1V2, Canada  
(416) 596-0857  
www.dietitians.ca

## **Digital Entertainment Group**

8730 Sunset Blvd.  
5th Floor  
Los Angeles, CA 90069  
(310) 967-2940  
www.dvdinformation.com

## **DisplaySearch**

1301 S. Capital of Texas Hwy.  
Ste. B125  
Austin, TX 78746  
(512) 459-3126  
www.displaysearch.com

## **Douglas Elliman**

575 Madison Ave.  
New York, NY 10022  
(800) 355-4626  
www.elliman.com

## **Dun & Bradstreet**

103 JFK Pkwy.  
Short Hills, NJ 07078  
(800) 234-3867  
www.dnb.com

## **Ecological Society of America**

1707 H St. NW  
Ste. 400  
Washington, DC 20006  
(202) 833-8773  
www.esa.org

## **Federal Communications Commission**

445 12th Street SW  
Washington, DC 20554  
(888) 225-5322  
www.fcc.gov

## **Food Marketing Institute**

655 15th St. NW  
Washington, DC 20005  
(202) 452-8444  
www.fmi.org

## **Forrester Research**

400 Technology Square  
Cambridge, MA 02139  
(617) 613-6000  
www.forrester.com

## **Fraunhofer-Gesellschaft**

Hansastraße 27C  
80686 München  
49 (0)89 12 05 0  
www.fraunhofer.de

## **The Gallup Organization**

901 F St. NW  
Washington, DC 20004  
(202) 715-3030  
www.gallup.com

## **Gartner Research**

56 Top Gallant Rd.  
Stamford, CT 06904  
(203) 964-0096  
www4.gartner.com

## **Global Insight**

1000 Winter St.  
Waltham, MA 02451  
(781) 487-2100  
www.globalinsight.com

## **Electroclash**



IMAGE COURTESY: W.I.T./CONRAD VENTUR

A discernible 2003 trend was electroclash, a music genre that borrows heavily from 80s' hits and overlays them with synthesizers, bass lines and simple beats. The two best-known proponents of the genre are [Fischerspooner](#) and [W.I.T.](#), which is shorthand for [Whatever It Takes](#) (pictured).

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www.guardian.co.uk

## **Harris Interactive**

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www.harrisinteractive.com

## **Harvard University**

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Cambridge, MA 02138  
(617) 495-1000  
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## **Health Research Educational Trust**

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Princeton, NJ 08543  
(609) 275-4000  
www.njha.com/hret

## **Healthcare Informatics**

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P.O. Box 182604  
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(877) 833-5524  
www.healthcare-informatics.com

## **ICSC Research**

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41st Floor  
New York, NY 10020  
(646) 728-3800  
www.icsc.org

## **IMS Health**

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Plymouth Meeting, PA 19462  
(800) 523-5388  
www.ims-global.com

## **InfoHub Inc.**

38764 Buckboard Common  
Fremont, CA 94536  
www.infohub.com

## **Informa Media Group**

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37-41 Mortimer St.  
London W1T 3JH, UK  
44 (0)20 7553 1000  
www.informamedia.com

## **InfoTrends Research**

600 Cordwainer Dr.  
Norwell, MA 02061  
(781) 792-0101  
www.infotrends-rgi.com

## **InStat/MDR**

6909 E. Greenway Pkwy.  
Ste. 250  
Scottsdale, AZ 85254  
(408) 483-4440  
www.instat.com

## **Intel Corp.**

2200 Mission College Blvd.  
Santa Clara, CA 95052  
(408) 765-8080  
www.intel.com

## **International Air Transport Association**

703 Waterford Way  
Ste. 600  
Miami, FL 33126  
(305) 264-7772  
www.iata.org

### **HP Scanjet 4670**



IMAGE COURTESY: HEWLETT-PACKARD CO.

**Most tech gear tends to look good only in a dark closet. But stellar design is entering the picture more frequently now. The new HP Scanjet 4670 (\$200) features a see-through window, made of scratch-resistant polycarbonate that lets you see what you're scanning.**



# Resources

## Indian Style



“Bend it Like Beckham” vaulted Parminder Nagra to stardom. Nicole Kidman wore Indian-inspired earrings to the [Golden Globe Awards](#). Then came Panjabi MC’s “Beware of the Boys,” which layered “Mundian To Bach Ke” behind

hip-hop star Jay-Z’s voice. Indian food is next. It has the potential to be the next decade’s party food, because it nicely leverages two trends: spicy food and vegetarian cuisine. It will soon be swank to have an *aloo gobi* appetizer chased by a cosmo.

### International Data Corp. (IDC)

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(508) 872-8200  
www.idc.com

### International Federation of the Phonographic Industries

54 Regent St.  
London W1B 5RE, UK  
44 (0)20 7878 7900  
www.ifpi.org

### International Monetary Fund

700 19th St. NW  
Washington, DC 20431  
(202) 623-7000  
www.imf.org

### International SPA Association

2365 Harrodsburg Road  
Ste. A325  
Lexington, KY 40504  
(888) 651-4772  
www.experienceispa.com

### International Standards Organization

545 Washington Blvd.  
Jersey City, NJ 07310  
(201) 469-2000  
www.iso.cn

### I/PRO

625 Market St.  
Ste. 700  
San Francisco, CA 94105  
(415) 512-7470  
www.ipro.com

### Ipsos-Reid

1700 Broadway  
15th Floor  
New York, NY 10019  
(212) 265-3200  
www.ipsos-insight.com

### Jupitermedia

23 Old Kings Hwy. S.  
Darien, CT 06820  
(203) 662-2800  
www.jup.com

### Kaiser Family Foundation

2400 Sand Hill Rd.  
Menlo Park, CA 94025  
(650) 854-9400  
www.kff.org

### The Korea Times

www.hankooki.com

### The Market Segment Group

201 Alhambra Circle  
Ste. 804  
Coral Gables, FL 33134  
(305) 669-3900  
www.marketsegment.com

### Marketdata Enterprises

2807 W. Busch Blvd.  
Ste. 110  
Tampa, FL 33618  
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www.mkt-data-ent.com

### Mortgage Bankers Association of America

1919 Pennsylvania Ave. NW  
Washington, DC 20006  
(202) 557-2700  
www.mbaa.org

### National Association of Homebuilders

1201 15th St. NW  
Washington, DC 20005  
(800) 368-5242  
www.nahb.org

## National Center for Health Statistics

3311 Toledo Rd.  
Hyattsville, MD 20782  
(301) 458-4636  
www.cdc.gov/nchs

## National Council of La Raza

1111 19th St. NW  
Ste. 1000  
Washington, DC 20036  
(202) 785-1670  
www.nclr.org

## National Institutes of Health

9000 Rockville Pike  
Bethesda, MD 20892  
(301) 496-4000  
www.nih.gov

## National Small Business Association

1156 15th St. NW  
Ste. 1100  
Washington, DC 20005  
(800) 345-6728  
www.nsba.biz

## New York State Office of the State Comptroller

295 Main St.  
Room 1050  
Buffalo, NY 14203  
(716) 847-3647  
www.osc.state.ny.us

## The New York Times Co.

229 W 43rd St.  
New York, NY 10036  
(212) 556-1234  
www.nytimes.com

## Nielsen EDI

6255 Sunset Blvd.  
20th Floor  
Hollywood, CA 90028  
(323) 860-4600  
www.entdata.com

## Nielsen//NetRatings

890 Hillview Ct.  
Suite 300  
Milpitas, CA 95035  
(408) 941-2900  
www.netratings.com

## Nielsen SoundScan

(914) 684-5575  
www.soundscan.com

## NPD Research

900 West Shore Rd.  
Port Washington, NY 11050  
(516) 625-0700  
www.npd.com

## NPDFashionworld

(516) 625-0700  
www.npdfashionworld.com

## Mideast Cool



IMAGE COURTESY: JUMEIRAH INTERNATIONAL

The Emirate of Dubai is a tiny place, stretching just 45 miles (72km) along the western shore of the Persian Gulf. But it has Texas-size ambitions. It's working on the world's tallest building and fashioning two islands from reef sand that will result

in a palm-tree-shaped island called "The Palm." For now, you can marvel at this hive of activity from the luxury of the [Burj Al Arab](#) hotel, where each room comes with a butler.

## NPDFoodworld

(847) 692-6700  
www.npdfoodworld.com

## NPDTechworld

(516) 625-0700  
www.npdtechworld.com

## Nutrition Business Journal

New Hope Natural Media  
1401 Pearl St.  
Boulder, CO 80302  
(303) 939-8440  
www.newhope.com

# Resources

## Radio-Controlled Cars



IMAGE COURTESY: RADIOSHACK CORP.

**RadioShack's** radio-controlled ZipZaps (\$20) were a big holiday 2002 hit. The trendsetting miniature cars were quickly followed by a host of remote-controlled toys, including helicopters and miniature boats. Even **Sony Ericsson** joined the fray with a **Bluetooth** car controllable by its mobile phones (see **Mobile Phones in Trendspotting**).

### Office of Federal Housing Enterprise Oversight

1700 G St. NW  
4th Floor  
Washington, DC 20552  
(202) 414-3800  
[www.ofheo.gov](http://www.ofheo.gov)

### Old Navy

200 Old Navy Ln.  
Grove City, OH 43123  
(800) 653-6289  
[www.oldnavy.com](http://www.oldnavy.com)

### Pew Charitable Trusts

2005 Market St.  
Ste. 1700  
Philadelphia, PA 19103  
(215) 575-9050  
[www.pewtrust.com](http://www.pewtrust.com)

### Pew Hispanic Center

USC Annenberg School for Communication  
1919 M St. NW  
Ste. 460  
Washington, DC 20036  
(202) 292-3300  
[www.pewhispanic.org](http://www.pewhispanic.org)

### Pew Internet and American Life Project

1100 Connecticut Ave. NW  
Ste. 710  
Washington, DC 20036  
(202) 296-0019  
[www.pewinternet.org](http://www.pewinternet.org)

### PhoCusWright Inc.

1 Rte. 37 E  
Ste. 200  
Sherman, CT 06784  
(860) 350-4084  
[www.phocuswright.com](http://www.phocuswright.com)

### Photo Marketing Association

3000 Picture Pl.  
Jackson, MI 49201  
(517) 788-8100  
[www.pmai.org](http://www.pmai.org)

### PricewaterhouseCoopers

1177 Ave. of the Americas  
New York, NY 10036  
(646) 471-4000  
[www.pwcglobal.com](http://www.pwcglobal.com)

### Promar International

Rookery Farm Ln.  
Tilstone Fearnall  
Tarpорley, Cheshire, CW6 9HY, UK  
44 (0)18 2973 1731  
[www.promar-international.com](http://www.promar-international.com)

### Public Agenda

6 E. 39 St.  
New York, NY 10016  
(212) 686-6610  
[www.publicagenda.org](http://www.publicagenda.org)

### Quintiles Transnational

409 Creekstone Dr.  
Ste. 200  
Durham, NC 27703  
[www.quintiles.com](http://www.quintiles.com)

### Radio Advertising Bureau

1320 Greenway Dr., #500  
Irving, TX 75038  
(800) 232-3131  
[www.rab.com](http://www.rab.com)

### Research and Markets

Guinness Centre  
Taylors Ln.  
Dublin 8, Ireland  
[www.researchandmarkets.com](http://www.researchandmarkets.com)



## Reuters Group plc

85 Fleet St.  
London EC4P 4AJ, UK  
44 (0)20 7250 1122  
www.reuters.com

## RIAA - Recording Industry Association of America

130 Connecticut Ave. NW  
Ste. 300  
Washington, DC 20036  
(203) 775-0101  
www.riaa.org

## RoperASW

75 9th Ave.  
New York, NY 10017  
(212) 240-5300  
www.roperasw.com

## Rowenta

Cogent Public Relations  
12 Tower Office Park  
Woburn, MA 01801  
(781) 937-3670  
www.rowentausa.com

## Scarborough Research

770 Broadway  
New York, NY 10003  
(646) 654-8400  
www.scarboroughresearch.com

## Uslu Airlines

IMAGE COURTESY: USLU AIRLINES



An airbrush make-up system reportedly helped George W. Bush look good enough to get elected. Imagine what it could for you. The Airflow System (Barney's; \$461) from Uslu Airlines emits a targeted mist that uses only 10% of the foundation traditionally applied

by a sponge or fingers. Expect more professional devices to filter through to consumers.

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London NW1 OEB U. K.  
44 (0) 207 4242 820  
www.screendigest.com/

## M. Shanken Communications Inc.

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New York, NY 10016  
(212) 481-8610

## Smith Travel Research.

735 East Main St.  
Hendersonville, TN 37075  
www.str-online.com

## Standard & Poor's

A division of McGraw-Hill Companies  
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New York, NY 10020  
(212) 438-7280  
www2.standardandpoors.com

## Stanford University

Human Resources  
857 Serra St.  
Stanford, CA 94305  
www.stanford.edu

## Strategy Analytics

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Ste. 108  
Newton Centre, MA 02459  
(617) 614-0700  
www.strategyanalytics.com

## STS Research Group

14 Lakeside Office Park  
Wakefield, MA 01880  
(781) 245-6376  
www.stsresearchgroup.com

## Supermarket News

Fairchild Publications  
7 West 34th St.  
New York, NY 10003  
(212) 247-6622  
www.supermarketnews.com

# Resources

## Technomic International

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Evanston, IL 60201  
(847) 328-9036  
www.technomic.com

## Telephia Inc.

101 Green St.  
San Francisco, CA 94111  
(415) 395-0500  
www.telephia.com

## TNS Media Intelligence/CMR

685 3rd Ave.  
4th Floor  
New York, NY 10017  
www.tnsmi-cmr.com

## Travel Industry Association of America

1100 New York Ave. NW  
Ste. 450  
Washington, DC 20005  
(202) 408-8422  
www.tia.org

## United Nations

1 UN Plaza  
New York, NY 10017  
(212) 963-0077  
www.un.org

## University of California, Los Angeles

1147 Murphy Hall  
Box 951436  
Los Angeles, CA 90095  
(310) 825-3101  
www.ucla.com

## Universal McCann

622 Third Ave.  
New York, NY 10017  
(646) 865-5000  
www.universalmccann.com

## University of Illinois at Urbana-Champaign

1401 W. Green St.  
Urbana, IL 61801  
(217) 333-4666  
www.uiuc.edu

## University of Plymouth

Drake Circus  
Plymouth, PL4 8AA  
44 (0)1752 600 600  
www.plym.ac.uk/index.html

## USA Today

7950 Jones Branch Dr.  
McLean, VA 22108  
(703) 854-3400  
www.usatoday.com

## U.S. Bureau of Labor Statistics

Postal Square Building  
2 Massachusetts Ave. NE  
Washington, DC 20212  
www.bls.gov

## U.S. Census Bureau

4700 Silver Hill Rd.  
Washington, DC 20233  
www.census.gov

## U.S. Department of Agriculture

3101 Park Center Dr.  
Room 328  
Alexandria, VA 22302  
(703) 305-2244  
www.usda.gov

## U.S. Department of Commerce

1401 Constitution Ave. NW  
Washington, DC 20230  
www.doc.gov

### Vaja I-VOLUTION M3



IMAGE COURTESY: VAJA CASES

It's not often you run into Argentina-made gear. Buenos Aires-based [Vaja](#) manufactures a line of cool cases, including one for [Apple's iPod](#) (\$70) and the I-VOLUTION M3 (\$50) for the [Sony Ericsson T610/T616](#) series (pictured). Not only is the case *muy linda*, but it says "Buenos Aires" on the back. If you wear your phone on your belt, you'll be happy to know that Vaja uses the best clip made — the Ultraclip.

## U.S. Department of Health and Human Services

200 Independence Ave. SW  
Washington, DC 20201  
(877) 696-6775  
[www.hhs.gov](http://www.hhs.gov)

## U.S. Department of Justice

950 Pennsylvania Ave. NW  
Washington, DC 20530  
(202) 353-1555  
[www.usdoj.gov](http://www.usdoj.gov)

## U.S. Federal Reserve

20th St. and Constitution Ave., NW  
Washington, D.C. 20551  
[www.federalreserve.gov](http://www.federalreserve.gov)

## U. S. Food and Drug Administration

5600 Fishers Ln.  
Rockville MD 20857  
(888) 463-6332  
[www.fda.gov](http://www.fda.gov)

## U.S. House of Representatives Committee on Small Business

2361 Rayburn House Office Building  
Washington, DC 20515  
(202) 225-5821  
[www.house.gov/smbiz](http://www.house.gov/smbiz)

## U.S. Small Business Administration

Administrative Information Branch  
Washington, DC 20416  
[www.sba.gov](http://www.sba.gov)

## VentureOne

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4th Floor  
San Francisco, CA 94105  
(415) 357-2100  
[www.ventureone.com](http://www.ventureone.com)

## Verbatim Corp.

1200 West W.T. Harris Blvd.  
Charlotte, NC 28262  
(704) 547-6500  
[www.verbatim.com](http://www.verbatim.com)

## Veronis Suhler Stevenson

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New York, NY 10022  
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[www.veronissuhler.com](http://www.veronissuhler.com)

## Webmergers Inc.

183B Wiese St.  
San Francisco, CA 94103  
(415) 558-9720  
[www.webmergers.com](http://www.webmergers.com)

## Wedbush Morgan Securities

1000 Wilshire Blvd.  
Los Angeles, CA 90017  
(213) 688-8000  
[www.wedbush.com](http://www.wedbush.com)

## Witeck Combs Communications

2120 L St. NW  
Ste. 850  
Washington, DC 20037  
(202) 887-0500  
[www.witeckcombs.com](http://www.witeckcombs.com)

## Wordtracker

Mill Hill  
1st Floor – 10 The Broadway  
London NW7 3LL, UK  
44 (0)20 8959 1388  
[www.wordtracker.com](http://www.wordtracker.com)

## Xinhua News Agency

57 Xuanwumen Xidajie  
Beijing, China 1000803  
[www.xinhuanet.com/english/](http://www.xinhuanet.com/english/)

## Yoga Journal

2054 University Ave.  
Berkeley, CA 94704  
(510) 841-9200  
[www.yogajournal.com](http://www.yogajournal.com)

### Zojirushi Neuro Fuzzy Rice Cooker



New York restaurateur David Bouley is smitten with his rice cooker, specifically the 5.5 cups/1.0 liter [Zojirushi Neuro Fuzzy Rice Cooker NS-MYC10](#) (\$120 at Zabar's). If you think that's a mouthful, add some asparagus, chervil, tarragon, tomato water and coconut milk to your rice and use it as a bed for sautéed salmon or seabass. Guaranteed to make your neurons fuzzy.

IMAGE COURTESY: ZOJIRUSHI AMERICA CORP.



# Glossary

**1080i** — Short for 1920 x 1080, the most common pixel resolution for HDTV; the “i” means that the video is interlaced, which results in very smooth picture quality.

**3G** — Third generation; the most recent phase of wireless evolution that is designed to transfer both voice and high-speed multimedia data.

## A

**Alcopops** — The sweet, easy-to-drink, super-trendy malt beverages that have become incredibly popular in the last several years, especially with women; also called “malternatives.”

**Always-on** — A system that is online 24 hours a day with nothing to be turned on or dialed up in order to access the Internet; DSL and cable modems are two examples of always-on technologies. See also DSL.

**Athleisure** — Popularized by hip-hop labels such as Sean John, Rocawear and Baby Phat, athleisure describes clothes that are comfortable and fashionable, such as velour sweat suits and hooded sweatshirts.

**Analog** — A continuously varying signal used by phone lines or for measuring time. See also digital.

## B

**Bandwidth** — The amount of information that can be transferred over the Internet or a phone line. See also DSL.

**Beige box** — Slang for the typical full-sized desktop PC. See also SFF.

**Bling-bling** — Diamonds, big money, flash and cash; coined by New Orleans rap family Cash Money Millionaires in the late 90s. Ex: J.Lo. thinks she’s just Jenny from the Block? Not with all that bling-bling!

**Blog** — A contraction of “Web log”; a frequent, chronological publication of personal thoughts and Web links that are posted on the Internet. Blogging is the act of creating and maintaining a blog.

**B&M** — Bricks and mortar; a business that has its own facilities and exists in the real world, as opposed to a dotcom, which conducts its business only on the Internet.

**Boo** — Hip-hop speak for girlfriend or boyfriend.

**Boomeritis** — A term coined by the Academy of Orthopedic Surgeons to refer to sports injuries suffered by Baby Boomers.

**BRB** — Be right back; slang usually used on IM or in text messages. See also BRBGTP, LOL, OMG, ROTFL, WTF and YMMV.

**BRBGTP** — Be right back, got to go pee; IM slang for when you just can’t wait. See also BRB, LOL, OMG, ROTFL, WTF, and YMMV.

**Broadband** — A high-speed, high-capacity line that sends and receives information and can transmit audio and video data simultaneously. See also bandwidth and DSL.

**Bluetooth** — An international networking standard that allows wireless communication between Bluetooth-enabled devices, such as PDAs and cell phones.

## C

**CDMA** — Code Division Multiple Access; the rival to GSM service, CDMA is the most commonly used wireless technology in the U.S. See also GSM and TDMA.

**Codec** — Compressor/decompressor; a codec is a technology for compressing and decompressing data that can be applied in software, hardware or a combination of both; for example, in order to play an MP3, the player has to have a codec to basically “translate” the file’s code; popular codecs for computer video include MPEG, DivX and Cinepak.

**Crunk** — **1.** Exciting, fun; also used as crunkin'. Ex: Man, that Dr. Dre show was crunkin'! **2.** A form of hip-hop characterized by pounding beats and aggressive chants that originated in the Atlanta hip-hop scene.

**CTR** — Click-through rate; the response rate of an online advertisement, usually written as a percentage.

## D

**DBS** — Direct broadcast satellite; a one-way TV broadcast service from a satellite to an 18" dish antenna that uses a compressed digital signal to provide a service similar to cable TV.

**Deck** — **1.** Slang for a car stereo. **2.** A key word for most Hipsters, similar in meaning to the antiquated fresh; to be deck is to be up on the latest trends, cutting edge, and/or hip. See also fin and midtown. Ex: That retro Vespa is totally deck.

**Desktop replacement** — A laptop that trades a certain degree of a notebook's portability for power comparable to a desktop computer, used in place of a typical PC; unlike most laptops, it is upgradeable and does not run on batteries.

**Digerati** — Computer experts and people who make their living in the computer industry.

**Digicam** — Digital camera; a camera that records images in a computer-readable digital format rather than onto film.

**Digital** — Refers to things that can be counted; digital recording of information means representing the bits of data through ones and zeros; a term used when discussing computers because they can only deal with things they can count, such as numbers or pixels. See also analog.

**Digital spiral** — Coined by Intel to describe the regular intervals of advancement in computer power due to new hardware development, followed by new software technologies.

**Doo-rag** — A bandana or nylon cap made popular by African-American athletes, rappers and hip-hop artists that's designed to fit snugly over a person's doo.

**Dotbomb** — Any of the numerous dotcom companies and ventures that failed when the proverbial bubble burst in April of 2000.

**DSL** — Digital Subscriber Line; a technology that increases the bandwidth of a phone line to provide Internet access. See also always-on and bandwidth.

**DVD** — Digital Video Disc or Digital Versatile Disc; an optical disc with 25 times the storage capacity of a CD and can be used to store video, music or data files.

## E

**Ecstasy** — See MDMA.

**Emoticons** — Emotion icon; a series of punctuation characters to depict an emotion, which can be seen when you tilt your head to the left; the most famous emoticon is the smiley :-)

**E-wear** — Clothing designed to ease the use and storage of portable electronics, such as cell phones, MP3 players and Palm PDAs.

## F

**Fin** — The opposite of deck; something that is completely uncool. See also deck and midtown. Ex: The Backstreet Boys are so fin.

**Flagged** — Describes a person who is targeted by other chat-room users for eviction.

**Flava** — Hip-hop for style. Ex: My boo got the right kinda flava.

# Glossary

## G

**Gaydar** — The ability to tell if a person is gay or straight. Ex: Richard Simmons sends my gaydar off the charts!

**GB** — Gigabyte; used to measure RAM or disk capacity, 1GB = 1,024MB.

**GE** — Genetically engineered; a plant or animal that is genetically modified to be bigger, more productive, or, in the case of plants, resistant to pesticides.

**Geek speak** — **1.** The geek language used by videogamers that includes misspellings and slang. Ex: j00 ph34r mah l337 skeelz. Translation: You fear my elite skills. See also newbie **2.** The acronym-filled and often impenetrable technical jargon of computer geeks. Ex: The 2 GHz 246 Polywell system turns in 30 second Quicktime renders compared to Apple's 72. Translation: Who knows?????

**Genome** — All the genetic material in the chromosomes of an organism.

**Genome Project** — Research and technology development aimed at mapping and sequencing the genome of human beings and other organisms.

**GHB** — Gammahydroxybutyrate; also known as the date-rape drug because it is completely tasteless, colorless and odorless when mixed in a drink, and leaves a person unable to defend themselves with no memory of events the next day; also called "liquid ecstasy," "Grievous Bodily Harm" and "Georgia Homeboy."

**Glitterati** — The hippest, chicest and usually most beautiful people in the urban scene. Ex: I'd better wear my Manolos if I'm gonna hang with the glitterati tonight! See also ultralounge.

**Globesity** — Global obesity; coined by the World Health Organization to describe the international trend of expanding waistlines.

**Googling** — **1.** To search for information on the Web using Google's search engine. **2.** To search the Web for information about a new or potential boyfriend or girlfriend. Ex: I wasn't really into Joe so I googled myself a new date for Friday.

**Googlehole** — A specific keyword or phrase that can't be found searching on Google.

**Googable** — Information that is readily available on Google.

**Googleshooting** — The replacement of a word's old meaning with a new, often tech-related one.

**Google Dance** — The period each month when Google updates its entire index of Web sites.

**GSM** — Global System for Mobile Communications; the wireless standard used in most of Europe and Asia, and in the U.S. by AT&T Wireless, VoiceStream and Cingular. See also CDMA.

## H

**Handle** — A person's online identity; also known as an alias, login, user name or screen name. See also screen name.

**Handset** — A cell phone, usually only used when talking in terms of unit shipments.

**HDMI** — High-Definition Multimedia Interface; a digital gadget that acts as the connection between two hardware devices, such as a PVR and a digital TV, that streamlines the exchange of data. See also user interface.

**HDTV** — High-Definition Television; a TV or other video source that can produce images and sound digitally with higher resolution than standard TV and video, resulting in greater clarity and realism in picture and sound.

**Hella** — Very; a lot; popularized by Northern California's surf culture. Ex: Dude, those waves were hella awesome! See also mad.



**Hip-hop** — In terms of music, hip-hop is a blend of R&B and rap, but is also used to describe the urban culture that is rooted in the music.

**Hipster** — Someone with tastes, attitudes and opinions that are considered cool by those who are cool; Jack Black, Jake Gyllenhaal, Johnny Knoxville and Christina Ricci are all hipsters.

**Hooptie** — Hip-hop speak for a run-down car; a jalopy.  
Ex: Man, I wouldn't be caught dead rollin' in that hooptie!

**Hot key** — The key or key combination that prompts a computer or device to start a specific task; many mobile phones now use hot key functions.

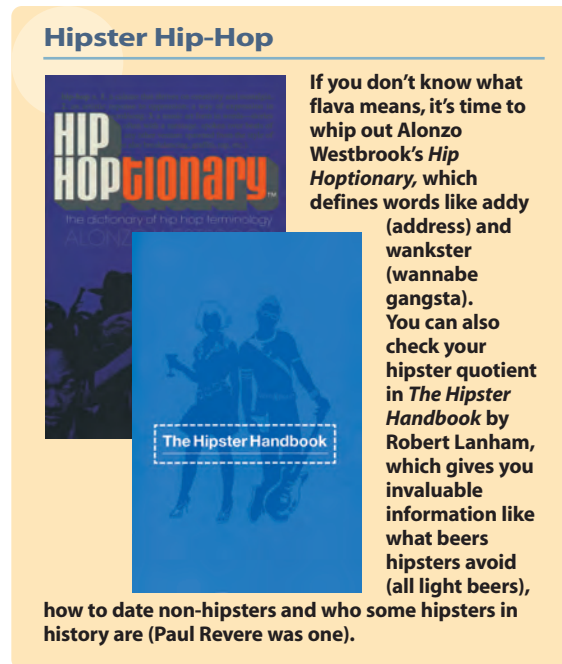
**Ice** — Hip-hop for diamonds; interchangeable with frost.  
Ex: P. Diddy's got more ice than the Titanic.

**IM** — Instant messenger or instant message; a way of communicating on the Internet that allows for almost instant transmission of messages to other users who are signed on to the same IM service. Even though there are many IM service providers, you can't talk with someone who uses a different IM service.

**Infomediary** — Information intermediary; an online middleman who brokers consumer data in exchange for retailer discounts.

**Internet storm** — Describes a sudden rush of visitors to a particular Web site due to overwhelming buzz; one example of an Internet storm was the overnight popularity of the Web site for the movie "The Blair Witch Project." See also sneezing.

**IP** — Internet Protocol; the standard that ensures coded data sent between networks is readable by both sides.



## K

**Killer app** — Killer application; an application that revolutionizes the way the technology can be used. One example is Napster.

## L

**Landline** — A traditional, fixed phone that plugs into a phone jack. See also mobile phone.

**LCD** — Liquid crystal display; one of two display types used in flat-screen gadgets which, unlike plasma displays, can be used in smaller screens, and are popular in cell phones, PDAs and watches as well as TVs. See also PDP.

**LOL** — Laughing out loud; the shorthand way of letting an IM buddy know your reaction. See also BRB, BRBGTP, OMG, ROTFL, WTF and YMMV.

## M

**Mad** — Extremely; very; a lot. Ex: Suzy's party last Friday was mad cool, yo! See also hella.

**Malternatives** — See alcopops.

**MDMA** — Methylendioxyamphetamine; the scientific name for the ecstasy, a hallucinogenic drug popular with ravers that lowers inhibitions and increases sensation; also called "vitamin-e," "e-bomb," "the love drug" and "e." Ex: I don't remember a thing from last night cause I was rollin' on e. See also rave.

# Glossary

**Memory Stick** — The flash memory storage device developed by Sony to store digital photos, files and data; a single stick can be used interchangeably in cameras, computers and MP3 players of the same brand.

**Metrosexual** — A straight urban male who is comfortable expressing his feminine side; coined in 1994 by writer Mark Simpson.

**Midtown** — Someone or something that is uncultured or unhip. Ex: My dad is too midtown to know who the White Stripes are. See also deck and fin.

**MMS** — Multimedia messaging service; a service similar to SMS that allows wireless users to send pictures, sound and video clips, as well as text, via a wireless handset. See also SMS.

**MP3** — MPEG Audio Layer 3; an audio compression technology that uses coding to compress CD-quality sound to about 10% of the size it would be on a CD; MP3 music files are played via software on the computer or a hardware player that plugs into the computer for transfer.

**MPEG** — Moving Picture Experts Group, pronounced "em-peg"; a committee that creates the standards for compressing audio and video; MPEG-1 is best for CD-ROM and is the basis for MP3. MPEG-2 is broadcast-quality video for applications like digital TV set-top boxes and DVD. MPEG-4 is a standard for low bandwidth multimedia on the Web.

**Multitasking** — Coined to describe a computer's ability to run more than one program at the same time, but often applied to people.

## N

**Newbie** — A person totally clueless when it comes to computers and technology or has never used either; often written as n00b or n00ber by veteran techies. Ex: Dude, my partner for Dungeons and Dragons last night was a total n00b. See also geek speak.

**Nodes** — In a communications system, nodes are network junctions or connection points.

**Notebook** — Another word for a laptop computer. See also desktop replacement.

## O

**OMG** — Oh my god; a popular IM exclamation. See also BRB, BRBGTGP, LOL, ROTFL, WTF and YMMV.

**OTA** — Over the air; data transmission over microwave channels, used in the world of wireless telecom.

## P

**PDA** — Personal digital assistant; a handheld computer that organizes information; some PDAs are Internet capable.

**PDP** — Plasma display panel; a large flat-screen display that uses plasma instead of liquid crystals to create the picture.

**Piece** — **1.** Hipster for cell phone. Ex: Gimme a ring on my piece after the Kerouac reading. **2.** Gangsta for gun. Ex: Check out the piece I got at the swap meet.

**Porno-chic** — The new trend of hyper-sexed ads that are big on skin and short on modesty.

### Partying with Pimp Juice



IMAGE COURTESY: FILLMORE ST. BREWERY

Nelly's June 2003 popular song "Pimp Juice" says that special juice is color blind... can be anything that attracts the opposite sex... women have it as well as men. Now, we really *all* can have Pimp Juice in the form of an energy drink Nelly introduced in November. It's 8.4 oz. of taurine, guarana and vitamins, including C, B6, B12, riboflavin and pantothenic acid. The bright green drink goes well with vodka and supposedly lets you party all night, just like a pimp.

**PVR** — Personal video recorder; also known as a “digital video recorder” (DVR) or “hard disk recorder,” a PVR is a machine that digitizes broadcast TV onto a hard disk and plays it back immediately, allowing the viewer to pause at any time and return later.

**PS2** — PlayStation 2; Sony’s flagship gaming machine.

## R

**Rave** — An underground party with techno music and a light show that’s usually geared toward people who enjoy taking drugs, especially ecstasy, and dancing all night; attendees are called ravers. See also MDMA.

**Realtime** — Any computer process that happens on the fly.

**Recommendation engines** — A search engine that makes suggestions based on a profile set by the user; popularized in online dating circles, they are used to make recommendations for everything from vacation packages to home loans.

**ROI** — Return on investment; in the computer world, the financial benefits from investing in development or revision of a system.

**ROTFL** — Rolling on the floor laughing; another ingenious abbreviation created by IM users to describe their actions. Ex: OMG! I’m ROTFL! See also BRB, BRBGTGP, LOL, OMG, YMMV and WTF.

## S

**Screen name** — The name used to identify a person online; also called an alias, handle, login or user name. See also handle.

**SD** — Secure digital; Flash memory card typically used in digital cameras to store images, but now also used in consumer electronics. See also Memory Stick.

**SFF** — Small form factor; computer roughly the size of a toaster that uses a compact, or ATX, motherboard and is considerably smaller than a typical desktop PC; SFF owners like to believe they think outside of the “beige box.”

**She-ee** — A female CEO or executive.

**Shelfware** — Neglected software or programs that go either unused once installed or never make it out of stores in the first place.

**Smart Phone** — A mobile phone with an integrated PDA.

**SMS** — Short message service; also called text messaging, a service offered by cell phone providers that lets users send short messages from their wireless phones. See also MMS.

**Sneezing** — To verbally tell somebody about a new and interesting Web site. Ex: All the hits I got on my Barry Manilow tribute site were from sneezing. See also Internet storm and viral marketing.

**Son** — From hip-hop slang, a term of endearment between two men who are not necessarily related; also bro. Ex: “What up, son?” “Just chillin’, bro.”

**Spam** — An unsolicited e-mail sent to a large number of people; spam is usually sent to promote a product or service. See also viral marketing.

**STB** — Set-top box; a cable TV box that sits on top of the TV set, made popular by new technologies such as digital cable.

**Streaming** — To watch or listen to live, on-demand video or audio on the Internet without downloading; two popular streaming software programs are QuickTime and RealPlayer.

**Street cred** — Street credibility; a person, product or brand that is accepted by the group it’s meant to represent; for example, Dr. Dre and FUBU have lots of street cred in the hip-hop industry, but Vanilla Ice doesn’t.



# Glossary

**Street wear** — A collective term for trendy, fashion-conscious merchandise that incorporates a fresh, often cutting-edge “Youth Quake” or “Urban Street” aesthetic.

## T

**TDMA** — Time Division Multiple Access; a way of dividing a single cell phone channel into three so more information can be simultaneously transferred. See also GSM and CDMA.

**Techno** — A type of dance music that evolved out of sound experiments in Germany in the early 1980s with Detroit innovators Kevin Saunderson, Juan Atkins and Derrick May; Paul Oakenfold and Moby are two examples of popular mainstream techno artists.

**Text Messaging** — See SMS.

**TiVo** — See PVR.

**Trolling** — An electronic-mail message, Usenet posting or other (electronic) communication that is intentionally incorrect, but not overtly controversial, or the act of sending such a message. Trolling aims to elicit an emotional reaction from those with a hair-trigger on the reply key. A really subtle troll makes some people lose their minds.

## U

**Ultralounge** — An ultra-cool, ultra-swanky, ultra-exclusive nightclub where all the glitterati hang that’s bigger, hotter and more glamorous than most clubs. See also glitterati.

**User interface** — A tool, product or method that allows a person to utilize another more complex product or system. See also HDMI.

**Usenet** — User network; a worldwide Internet bulletin board system maintained by volunteers, Usenet groups provide access to more than 14,000 newsgroups.

**UTF** — Unemployed trust-funder; a hipster with trust fund benefits, therefore unburdened by the distraction of a “straight” job. Ex: Julian Casablancas is such a lucky UTF.

## V

**Velcro Valley** — A nickname for Orange County, CA, that pays homage to the Velcro tabs on surfboard shorts.

**Viral marketing** — A marketing approach that spreads word about a Web site and has nothing to do with computer viruses; one example of viral marketing is Hotmail’s automatic ad placement at the end of all e-mails promoting its own free service; coined by the venture firm Draper Fisher Jurvetson. See also sneezing.

**Voyeurgasm** — A term describing the wildly popular trend of reality TV and the seemingly unending desire to “capture it all on tape.”

## W

**WAF** — Wife Acceptance Factor; a euphemism for when a woman approves her husband’s decisions, usually employed in the context of big purchases or home improvements. Ex: That 60-inch plasma TV is such a steal at only \$10,000. Now all I need is the WAF!

**Warchalk** — A hot new trend that started in London and involves marking sidewalks to alert Wi-Fi users where a wireless network can be accessed for free. See also Wi-Fi.

**Wi-Fi** — Wireless Fidelity or IEEE 802.11b; the high-speed wireless standard that uses local networks to provide Internet access. See also warchalking.

**WTF** — What the F\*\*\*? Self-explanatory. But only for the over-18 IMers, of course. See also BRB, BRBGTP, LOL, OMG, ROTFL and YMMV.

## Y

**YMMV** — Your mileage may vary; the universal IM disclaimer. See also BRB, BRBGTP, LOL, OMG, ROTFL and WTF.

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Trendscape Company Backgrounder. Michael Tchong Bio and Videos.

# Michael Tchong

Trend Analyst  
Trendscape

Throughout his career, Michael Tchong has always been at the forefront of the hottest trends. In 1983, Michael, then a successful advertising executive, joined Scholastic's startup *Family Computing*, the first home computing magazine.

In 1985, he saw the magic of desktop publishing at a small company on New York's Varick Street and joined the fledgling startup as vice president of marketing. Manhattan Graphics' ReadySetGo was the first shipping desktop-publishing program, a category that would ultimately revolutionize the advertising, printing and publishing industries.

Aware of the huge shift presented by the Macintosh and desktop publishing, Michael founded *MacWEEK* in 1987, which was acquired by Ziff-Davis in 1988. His vision of the Mac at the center of the graphic arts universe helped propel the popular weekly's annual revenues to \$18 million in 1991.

In 1992, he founded Atelier Systems, a \$1.2-million-venture-capital-funded software company focused on the nascent category of "personal communication" software.

*Michael has always been at the forefront of technology:  
Personal computing: 1978,  
home computers: 1982,  
desktop publishing: 1985,  
personal communication: 1992,  
the Internet: 1995.*

Realizing the potential of the Internet in 1994, Michael next founded Interstellar, a consulting and publishing company.

In San Francisco's "Multimedia Gulch," he created *CyberAtlas*, which would become a pre-eminent online market research site. After just four months online, I/PRO (Internet Profiles Corp.) acquired the site in May 1996. *CyberAtlas* was later sold to Mecklermedia, now Jupitermedia Corp.

In February 1997, Michael launched ICONOCAST — a weekly e-mail newsletter aimed at the emerging wave of Internet marketing. Its popularity moved Imagine Media, now part of The Future Network plc, to acquire the popular e-mail list in January 1998.

In January 2003, Michael launched *Trendsetters.com* — an e-mail newsletter that covers emerging trends and provides readers with an overview of what's cool in a section dubbed "Cool Hunt." His unique perspective has earned Michael

recognition as one of the forward thinkers of the Information Age. He has been quoted by or appeared on such leading media as "Access Hollywood," *Adweek*, Bloomberg TV, *BusinessWeek*, CNET, Fox News, PBS, *The New York Times*, *San Francisco Chronicle*, *San Jose Mercury News*, *Variety*, *USA Today*, *The Wall Street Journal* and *Wired*, and is a popular speaker.

Michael's career clearly shows his uncanny knack for being on the cusp of new waves.

## Web Attack!

ICONOCAST produced a hugely popular industry confab, called *Web Attack!*. Always the innovator, Michael was the first to add entertainment to industry conferences in a big way. The opening act of his 1999 *Web Attack!* "happening" featured noted basketball legend Dennis Rodman, who roared in on a Harley-Davidson motorcycle.

In June 2000, Michael and *Web Attack!* took New York by storm with a mini-Broadway musical, entitled "King.com." Star attractions included RuPaul and Cindy Margolis — the Internet's "most downloaded woman."



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