



2010 The Year Of Lo-Co (Local Cocooning)

December 2009

Remember at the end of "The Wizard of Oz" when Judy Garland says "There's no place like home?"

Well in 2010 we'll all be Wizard of Oz-ing, as a world turned upside down drives us inward. Which is why, we predict the year of living local. Rejecting a war in Afghanistan we don't understand, and welfare for Wall Street we can't accept, we'll be living like our 19th and early 20th-century forebears: Focusing on our neighborhoods and communities, supporting those who support us. We're tightening up, pulling in, reducing our radius.

Local Cocooning is an outgrowth of the dominant Trend of Icon Toppling. Despite signs of economic recovery, unprecedented unemployment and the continuing prosperity of our biggest financial institutions in the face of such suffering drive high levels of consumer skepticism.

We've been surveying American life during these grim times with our "Culture of the Recession" survey. Across three Waves an unchanging 6-in-10 express fundamental distrust of major corporations.

This combination of a threatening world and a frown on all things "big" will propel demand for local goods and services. It's an implicit "anti-big" statement, and a desire to connect on a deeper level. It's a search for those Cultural touchstones we can trust.

The final Trend lynchpin is the role of Anchoring and Clanning, powerful forces that are combining to make 2010 a year of Local Cocooning.



What's Next? Lo-Co Forecast for '10

- p 2** Farmer's Markets Move Beyond Farmers; A New Economic Morality
- p 3** Thousands of Local Obamas
- p 4** The Era of Locotainment
- p 5** Teach Me In; Community Colleges Grow Up
- p 6** The Stimulus Hits Home; We're Hood Huddling
- p 7** Grass-Roots Finance; The New Banktoptia



FAITH POPCORN'S
BRAIN RESERVE
 212 > T 772 7778 F 772 7787
 1 DAG HANNAWSKILD PLAZA
 885 SECOND AVENUE 16TH FL
 NEW YORK NY 10017
 FUTURE@FAITHPOPCORN.COM

Faith Popcorn's TrendBank:

Cocooning: The need to find a safe space to protect oneself from the harsh, unpredictable realities of the outside world
Icon Toppling: A socioquake transforming mainstream America and the world, as the pillars of society are questioned and rejected
Anchoring: A reaching back to our roots, taking what was secure from the past in order to be ready for the future
Clanning: Belonging to a group that represents common feelings, causes or ideals; validating one's own belief system)
S.O.S.: (Save our Society) the Country rediscovers a social conscience of ethics, passion and compassion



Farmer's Markets Move Beyond Farmers; A New Economic Morality

What We're Seeing:

Americans are paying real attention to where their food comes from.

Even mass-market supermarkets are highlighting fruits and vegetables that come from local farms. Community Supported Agriculture – CSA – is booming. Consumers buy a farm “share” and get regular deliveries of fruits and vegetables. Already, thousands of farms are participating.

And of course, there's Michelle Obama's White House garden, and a new farmer's market nearby. The crop of new farmer's markets is exploding, with over 5,000 operations nationwide, compared to 1,755 when the USDA started counting in 1994.

Even your own backyard fruit tree can be shared with the community. Sites like neighborhoodfruit.com, fallenfruit.com and veggietrader.com – complete with a Facebook app – enable produce exchange among neighbors.

“The New Local Hero: The Local Farmer” – forget the mayor, the football coach, the pediatrician. We'll be celebrating our local farmers, and demonstrating that through Community Supported Agriculture.



What's Next:

Un-merchandising is the new merchandising. Giant chains like Walmart and Kroger will make their produce departments feel like the authentic, unrehearsed vibe of the open-air Farmer's Market.

Will they succeed? Only if it's genuine – for example, with photographs and websites and the growing history of the farmers who contribute. It will take more than a chalkboard and a bushel basket of corn to pass the local sniff test.

The Fresh Market, with 92 stores in 18 states is trying valiantly to create a “hybrid” – concentrating exclusively on perishables (meat, fish, produce, dairy and bakery). But, they lack local legitimacy, which is what it will take in the year of LO-CO.

As part of this Trend we predict the rise of the Lococonsumer. The “locovore” movement – eating locally produced food – will extend beyond food to an intense effort by consumers to buy neighborhood and community sourced products and services of all kinds.

Thousands of Local Obamas

What We're Seeing:

Power is rapidly sliding downhill from Washington.

We've seen it from medical marijuana, to "fat taxes", texting and driving, to smoking – it's the localities that have been driving a broad range of behavior modification efforts, as well as real government "activism". A telling example: Connecticut State Attorney General Richard Blumenthal took the lead in bringing down Smart Choices, a big food initiative for "good for you" food labeling. It caught the ire of nutritionists and food activists, but it was Blumenthal's announcement of an investigation that crashed it.



What's Next:

All politics is local once again – but with a twist.

And the twist is that the Internet and social media turn everyone into an activist. So the old divide of "Red vs. Blue" states will fade away as we start to look at "Red vs. Blue" cities, neighborhoods, even blocks.

It's why Corzine (even with three visits to New Jersey by President Obama) got dumped and Bloomberg won; the former was the steward of the nation's highest tax base; the latter was perceived as a superb manager of a city that had been called ungovernable, and won as a Republican in a wildly Democratic city. Local conditions change the political reality. What's in it for me trumps party labels.

It will be a real bottom-up vs. top-down revolution. It will have shades of Reagan's big push behind state's rights vs. a powerful central government. We're seeing it already with the health care plan giving individual states the choice to pull out of the government option. We expect the GOP to use it as the strategy to ride back into power – a clear alternative to the Big Spend Democrats.



FAITH POPCORN'S
 BRAIN RESERVE
 242 > T 772 7778 F 772 7787
 1 DAG HAMMARSKJÖLD PLAZA
 885 SECOND AVENUE 16TH FL
 NEW YORK NY 10017
 FUTURE@FAITHPOPCORN.COM

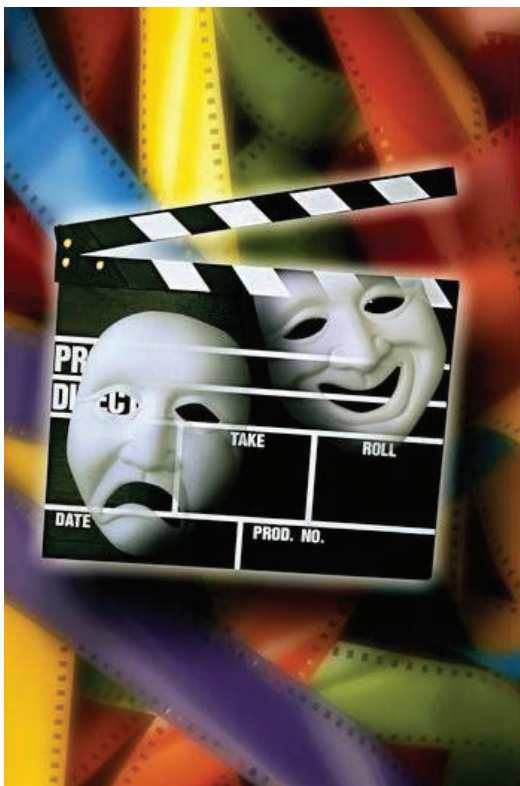
The Era of Locotainment

What We're Seeing:

Another example of American Icon Toppling? Look at baseball. In the era of steroid abuse, multi-million dollar player contracts, and expensive seats that only wealthy corporations can afford, we are embracing the charm and intimacy of the Minor Leagues.

While the Majors saw their sales decline 6.6%, more than 43M fans attended Minor League baseball games in 2009, an all time record for the 6th year in a row.

We see the Major League/Minor League situation as a proxy for what's happening in the world of branding. Big, fat, rich brands that take their customers for granted are in trouble.



What's Next:

Baseball is the tip of a local entertainment iceberg. The elements that propel the Minor Leagues are lessons for other genres, be they music, art, theatre and the like – more approachable venues, more sensible pricing, and a far deeper emotional engagement with “homies”.

For example, the Disney approach of putting multiple versions of the same show on the road will be adopted by the major Broadway producers who will recognize the huge local markets that await them.

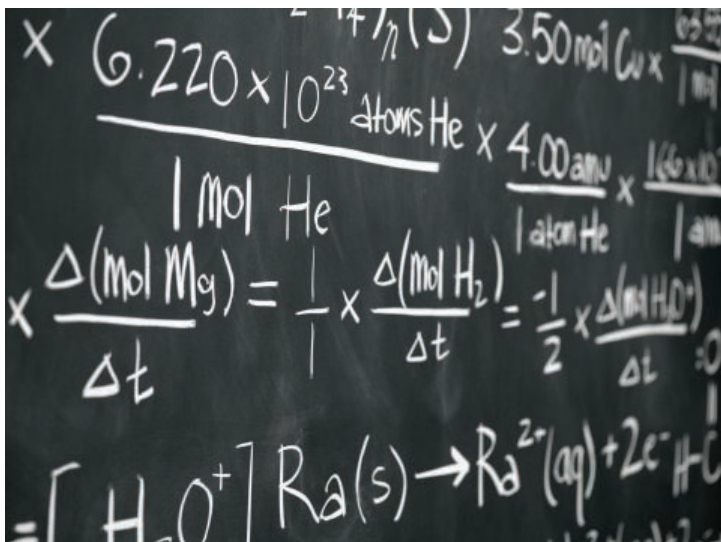
Teach Me In; Community Colleges Grow Up

What We're Seeing:

The stepchild has become Cinderella. Long-derogated community colleges are being seen as the future – along with online education.

Students just can't afford the luxury of expensive, traditional four-year colleges. Community college enrollment has been increasing at a 10% year rate since 2000. Total attendance is now 3.4M students, accounting for 12% of the young adult population. By contrast, four-year college enrollment is flat.

President Obama clearly sees the benefit of the community college system. He's allocated \$12B of federal money specifically to improve the system.



What's Next:

Look for the community college system to find even closer connections to what they know best – the community. They'll be tuning their training to those career opportunities that are coming out of their own home base and will develop "expertise" on that basis. By extension, it will mean that students do less outward migration post-graduate, as they discover "the grass is NOT always greener..." The Recovery will be Localized.

The Stimulus Hits Home; We're Hood Huddling

What We're Seeing:

The American Recovery and Reinvestment Act of 2009, a.k.a. the national stimulus package, is unleashed to create millions of jobs – with a vast emphasis on locality vs. corporate focus. The two most important focuses of the effort: Education (what's more local than schools?) and infrastructure (roads and bridges are built by localities, for localities).



What's Next:

We predict small and medium-sized local economies will show tangible results in the form of job creation and economic growth, as an outgrowth of stimulus benefits before larger urban areas.

This in turn will lead to:

Return Mobility or Hood Huddling: More and more people will move back to the cities, towns and neighborhoods they grew up in as they seek to recover roots in a time of stress and uncertainty.

The boom in community colleges will see the creation of new "college towns" around these institutions. It includes not just restaurants and stores, but also incubation hubs for the entrepreneurial start-ups inspired by the local curricula.



Grass-Roots Finance; The New Banktopia

What We're Seeing:

Community bank failures surpassed the 100 mark by the end of October, with an additional 400 labeled "troubled" by the FDIC. President Obama, having created a stop-gap for the major institutions, now has a plan for small business reinvestment, with community banks as the primary conduit.



What's Next:

We expect to see a new generation of bank start-ups that will capitalize on the pent-up hostility that consumers harbor for the sins and excesses of the recent past.

An example is the Westchester Bank in New York, a recent start-up designed to serve small and medium-sized businesses, and consumers, with a more intimate and meaningful relationship. As they put it "Our President's office is in the lobby of the Bank, not in a penthouse suite."



Last, our “real world” existence, and our “virtual life” are also powerful reflections of Lo-Co.

After all, what are our tweets, our blogs, our posts, our clubs, memberships, even our searches, if not the desire to find others with common interests, tastes, values, wants and needs. From foursquare.com, which taps its members for their inside view of localities, to local editions of the Huffington Post and ESPN, to upcoming local editions of the WSJ, national media are in a rush to localize.

At the same time, Big Brands will be forced to weave themselves into local culture if they want to prosper. They'll need to ask:

- + What kind of community citizen are we?
- + What kind of neighbor is our manufacturing facility?
- + What local ingredients do we employ (even in a global formulation)?
- + What elements of our Brand identity suggest affinity to locale?
- + Do we make the places where we trade better places?



FAITH POPCORN'S
BRAIN RESERVE
212 > T 772 7778 F 772 7787
1 DAG HAMMARSKJOLD PLAZA
885 SECOND AVENUE 16TH FL
NEW YORK NY 10017
FUTURE@FAITHPOPCORN.COM



...end