2023 Design Trend Report

FUTURE VIEW

Conscious Calibration

PUNCHCUT

Conscious Calibration

An evolving level of consciousness between humans and machines is driving the need for digital experiences that are more **intelligent, immersive, systemic,** and **social**.

Sparked by pivotal changes in humanity, technology, and culture, this decade marks the Conscious Era of digital transformation. An era that requires the mindful discipline of Conscious Experience Design to deliver more intelligent, immersive, systemic, and social products. These qualities guide conscious product innovation, and they set the framework for our view of the future in 2023 and beyond.

From Hype to Reality

Last year, exuberance drove a hype cycle that touted new technology often at the expense of confirming its alignment with genuine human needs. But today's climate is adding a dose of reality.

Over the past year, accelerated technological progress and elevated consumer demand delivered record results for businesses and consumers alike. We witnessed a watershed moment of abundance and growth driven by rapid digital innovation. But as with any acceleration event, we're now seeing a natural stage of calibration that's reshaping innovation.

A new lens on innovation reveals the need for more practical, useful, and empathetic product design. Product teams are reframing products from **aspirational ideals** to **meaningful realities**. Successful products will be borne out of true human insight and real value for people.

As we start 2023, it's critical that companies **consciously calibrate** strategies in the face of shifting headwinds.

Similar to how an aircraft accelerates after take off and then calibrates its systems to reach an optimal cruising altitude and speed for a more sustainable long-term trajectory, the business innovation continuum requires calibration for long-term performance.

Realignment of innovation strategies to navigate more realistic market conditions will prioritize value that's in tune with user needs and mindsets, and fit naturally into users' lives. This pragmatic lens focuses innovation on shorter-term realities rather than lofty aspirations that are further out.

The four conscious design themes for 2023

Social Essentialism

Social wellbeing will focus on essential activities that are most sustainable over toxic consumption patterns.

Intelligent Cooperation

Intelligent, AI-driven products will facilitate cooperative relationships with users rather than operating autonomously.

Immersive Connection

Immersive design will enable more natural human-to-machine connections rather than completely virtualized ones.

Systemic Trust

Systemic products will be designed to engender trust through community empowerment over trustless technology solutions.

Design for Essentialism

Social wellbeing will focus on essential activities that are most sustainable over toxic consumption patterns.

First Things First

After years of maximalist consumption behaviors, consumers are thoughtfully reevaluating priorities, resources, money, and effort to prioritize products and experiences that provide essential value. Consumers are narrowing spending and interest as a result.

The end of the pandemic in many parts of the world has coincided with an increase of economic, geopolitical, and environmental challenges. The result can be measured in scarcity, more expensive essential goods, and increased human migration. For consumers who have been lucky enough to avoid calamity, there is an increased focus on essentials—and an awareness of the fragility of security.

Consumers are prioritizing physical and mental wellbeing. A growing desire for green tech and inclusive solutions indicates that this renewed consciousness is influencing purchasing priorities. At the same time, it's evident that people are willing to cautiously invest in experiences that align with their current values and mindset. As consumer preferences move from maximalism to essentialism, successful companies will calibrate their product strategies to align more closely with their users' priorities.

Essential

People are reexamining daily activities and making changes to build meaning and avoid toxicity across work and life. A 2022 Harvard Business Review article stated that "The Great Resignation" of 2021-22 was actually a "Great Exploration" as many Americans were able to decouple work from geography and were inspired to focus on attaining the most essential, sustainable, and meaningful experiences in their lives.

While in 2023 there is an increase of workers returning to the office, many workers are still spending a portion of each week working remotely, and work location flexibility is becoming the norm. Workers are using this flexibility to support their priorities of increased work-life balance, family connection, and an investment in experiences missed during the pandemic. These attitudes are driving several consumer behaviors: an increased reliance on distributed services that empower work from anywhere; shifting use patterns of transportation; and consumers' willingness to spend on once-in-a-lifetime experiences despite the high costs of many essentials.

"**Essentialism is a systematic discipline for discerning what is absolutely essential, then eliminating everything that is not, so we can make the highest possible contribution towards the things that really matter.**"

— Greg McKeowen, Essentialism

Ethical

Conscious consumerism is driving more ethical purchases and business decisions that ensure products have a positive impact on humanity and the world. Companies that prioritize environmental and societal issues tend to win customers and improve performance. Research shows that 43% of global consumers want to buy more from organizations that benefit society, even if their products or services cost more. And, 64% are prepared to behave differently if it benefits society.

Sustainability goals are more prevalent as climate change and pandemic-induced shortages have made people more cognizant of their consumption and their desire for preservation. Research shows that 50% of Gen Z buyers have cut down how much they buy and 45% refrained from purchasing select brands and products based on the company's perceived "good citizen" and environmental values. Successful brands and products will make sustainability a key dimension of product marketing and distribution.

Empowering

Consumers are evaluating how their purchases can empower both their lives and their communities. In Europe and North America there is an increased awareness of energy scarcity as war and climate change destabilize existing energy infrastructures. Increases in crime and desperation have made communities eager for new, interconnected solutions. In this environment, products that improve both personal and community resilience will have an edge.

The economic climate and consumer sentiment demand that designers and product strategists focus innovation on products and capabilities that align with individual and community well-being and give users more flexibility, control, and confidence. Successful, empowering products are able to provide a pathway to more valuable innovation as conditions change. For example, electric vehicles are valuable for reducing emissions, but also able to serve as a backup source of power in cases of blackouts. Electronics with off-peak charging features acknowledge the need to customize charging to reduce stress on the grid and on customers' budgets. And, the Ring smart doorbell has expanded its use to the Neighbors App which can share data with the neighborhood and provides value beyond the individual user.
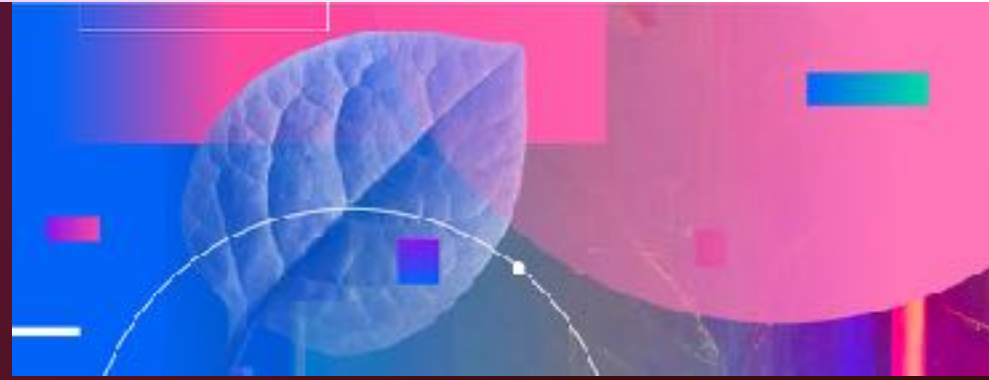
How to Prepare

1 Ensure that your product aligns with customers' essential priorities by measuring innovation against users' needs of health, safety, connection, and global awareness.

2 Build flexibility and user control into experiences and products to deliver the highest level of value. Consider shifting digital experiences to provide the most essential use cases based on device.

3 Consider whether your products can serve both the individual customer and their community. Support consumers in their connection to their communities.

Design for Cooperation

AI-driven products will facilitate cooperative relationships with users rather than operating autonomously.
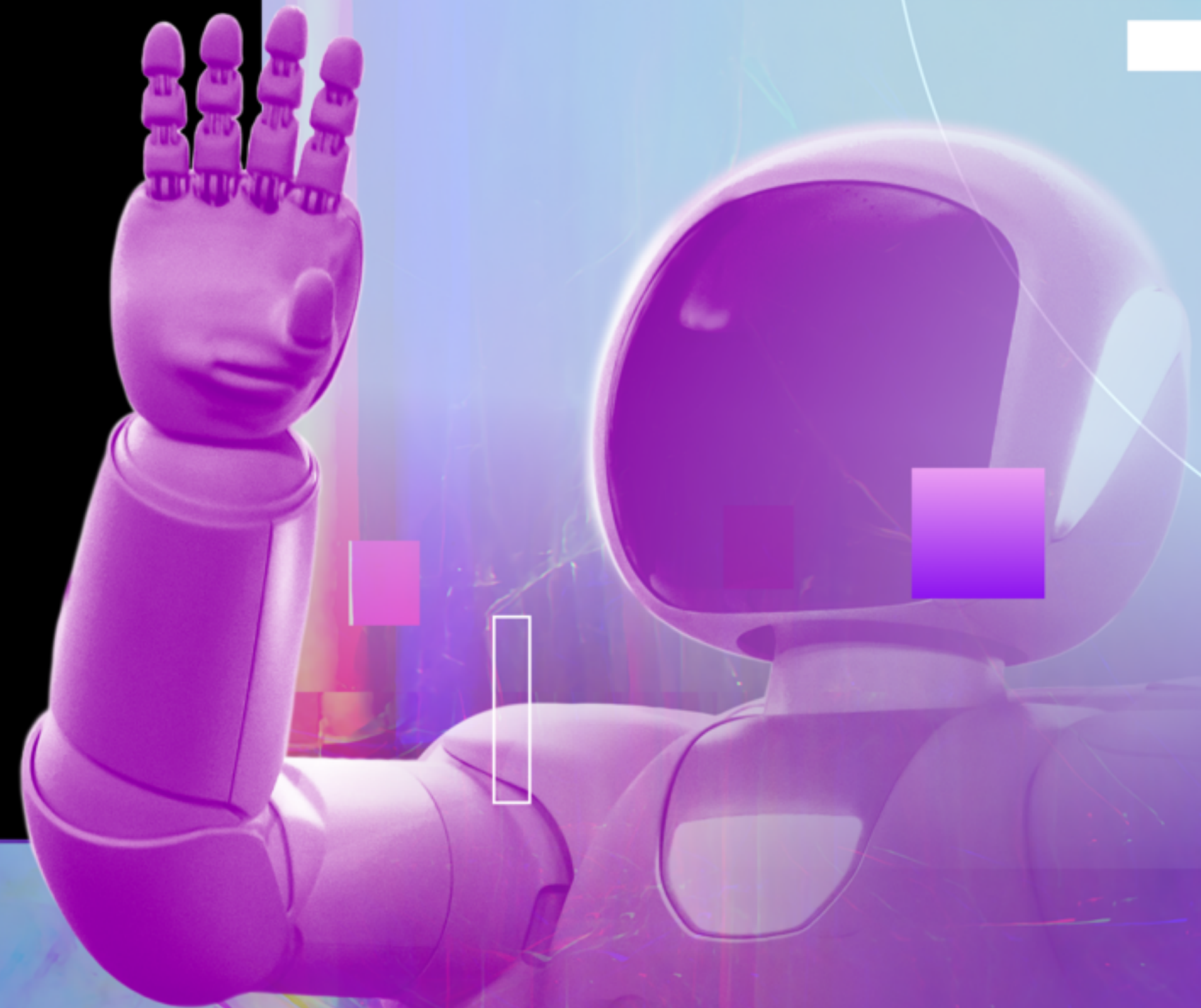
The Dream Team

AI is the defining "conscious" technology of the decade—growing more aware and smarter every day. But science fiction has led our imaginations to think of artificial intelligence as "oracle-like"—an intelligence that can function autonomously. In reality, AI will be most impactful and adopted as 'cooperative intelligence'—used to augment human capabilities.

In 2023, we see the focus of AI shifting from a fully autonomous force to a powerful technology that facilitates cooperation between intelligent services and people. New, more valuable digital partnerships will emerge.

Calibrating AI to engender trust, relatability, and emotional connections with people can protect human autonomy and enable users to collaborate with intelligent systems as "digital partners." New technology, including neural networks within generative AI, is inspiring an array of new cooperative AI skills—from artistic creation to code automation. It's also sparking fundamental questions about the role of agency, creativity, and authenticity. It is important for product developers and businesses to leverage AI-enabled technologies in ways that engage human cooperation and not simply replace it. Only then will intelligent products offer valuable assistance and true digital partnerships that simplify people's lives

"I believe that anything that is manufactured, moves, or needs maintenance will be done with high levels of automation in the future. The way this will be done successfully is through a tight pairing of human and robot capabilities."

— Roboticist Daniel Theobald, Vecna Robotics Autonomous Mobile Robot (AMR)

Assistive

Autonomous vehicles will be a reality in the distant future, but the difficulty of, and investment required, to replicate human intuition and sensitivity is highlighted by the fact that of the roughly 40 companies developing autonomous vehicles, most are shifting focus to assisted driving features in the near term while keeping their eye on the promise of truly autonomous vehicles in the future.

In 2023 companies will prioritize delivering valuable assisted driving features to help drivers avoid accidents and provide comfort and safety. For example, Ford Motor company's Active Drive Assist uses advanced computing of driver-facing camera data and radar sensing technology to enable real-time hands-free driving on certain sections of divided highways called Hands-Free Zones that make up over 100,000 miles of roads in the U.S. And, innovation isn't limited to automakers. Apple CarPlay and Google Android Auto are continuing to enhance features that allow drivers to operate their phones through voice or one-touch so drivers can stay focused on the road.

Android Auto is now in 150 million cars, with another 100 million expected to adopt the wireless version. Apple CarPlay comes standard in 80% of cars sold globally. In the U.S., 23% of buyers say it is a "must have".

"Getting to 90 percent is fairly easy. Getting to 95 percent starts to get interesting. And, then you still need to go way beyond that. Nine point nine nine nine nine... Adding each nine is ten times harder. When you're at 95 percent, you've just scratched the surface."

— Alexandre Haag, Audi Chief Technology Officer

Affective

Affective computing is the promise of creating effortless, integrated, and automatic ways of communicating emotions. Advancements in natural language processing are enhancing AI experiences to connect with people more naturally. Sentiment analysis technologies interprets emotions and seeks more sensitive ways to relate with people.

Increasingly realistic conversational AI experiences are engaging customers with natural language and accurate emotional sensitivities. Other uses are surfacing as well. AI can augment awareness systems and connectedness devices, reducing loneliness and improving health and well-being. The degree of empathy and positive emotional responses will need to be balanced, so they don't feel forced and unauthentic. Developers should also carefully and appropriately curate training data in order to prevent the assimilation of negative traits and tendencies such as racism and misogyny into sentiment analysis and content synthesis technologies. For example, Microsoft's experimental Twitter bot, Tay, served as a cautionary tale when it was released to the public on Twitter in 2016. It was taken down within 24 hours because it started to learn and regurgitate hateful, toxic content nearly immediately after launch.

Adaptive

Generative AI and neural networks that create art, prose, and code are proliferating and raising questions of authenticity and agency. From stories, movies, paintings, images, video, and commercials, generative AI is helping people create. Data about human interactions with art are at the heart of training AI to generate artifacts that work. Yet, artistic inspiration, creation and consumption are truly human endeavors. As generative AI blurs the line between human and tech-driven creation, new relationships between artists and the tools they use to push boundaries will lead to new possibilities.

Generative AI tools like ChatGPT, Midjourney, RunwayML, etc. are producing outputs advanced enough to start to significantly impact the creative process and how it is perceived. The tools' ability to produce thousands of options and iterations in unprecedented time will allow them to serve as a transformative catalyst to the exploratory stages of the creative process. However, these tools inherit a large number of creative and societal biases from their training data, and are often prone to 'hallucinations'—coming up with plausible-seeming but incorrect or nonsensical solutions. Taking on new roles as conductors as they adapt to capitalize on the strength of Humans + AI, human co-creators will play a critical role in establishing meaningful and responsible use cases for generative AI.

"Without sufficient guardrails, models like DALL·E 2 could be used to generate a wide range of deceptive and otherwise harmful content, and could affect how people perceive the authenticity of content more generally."

— OpenAI, creator of DALL-E 2

How to Prepare

1 Research consumer and employee expectations and experiences in cooperating with AI-enabled products, both explicit and implicit.

2 Map cooperative AI workflows to assess where human empowerment and machine automation deliver the most value.

3 Determine the persona and style of your intelligent systems with use of AI personas.

Design for Connection

Immersive design will enable more meaningful human-to-machine connections rather than completely virtualized ones.

Back to Reality

The prevailing vision of the Metaverse has been driven more by tech hype than by true consumer sentiment. The fantasy of a completely digital, customizable alternative world gained traction during the first months of the pandemic. But as people return to activities in the physical world, a more realistic view of immersive experiences is taking hold.

Interest in the Metaverse is driven by a mass desire to connect, participate in groups, and escape the day-to-day. In 2023, we expect immersive experiences to be calibrated to meet people where they are, in reality, today. Products that naturally enrich connections across spaces, senses, and communities will be the ones that gain traction.

We believe the Metaverse represents the next stage of spatial computing, enabling technology to integrate into living spaces, not just screens. In this way, spatial technology is becoming more aware of dynamic environments and allowing more immersive interactions across physical and virtual realities. Near-term solutions will eliminate technology barriers and create customer experiences that are fluid, intuitive, and enriching. To take advantage of this, designers should calibrate multi-sensory interactions, spatial environments, and seamless ecosystems to create valuable immersive experiences that adapt to people and enable more natural interactions and connections.

Spatial

Spatial computing will deliver immersive experiences in the physical world via standard and augmented reality before mass adoption of virtualized Metaverses. This is due to the state of XR technology and consumer needs. While some analysts predict that 30% of all business will be ready to deliver some products in the Metaverse by 2026, the same report predicts that only 25% of consumers will spend one hour a day in the Metaverse.

The recent rise of immersive AR experiences across automotive, smart home, health, and enterprise technology is an example of businesses focusing on solutions that meet customers' nearer-term needs more effectively. The upcoming Apple mixed-reality headset demonstrates awareness that consumers want digital interactions that facilitate authentic connections and entertainment across spaces, senses, and communities.

Sensory

Immersive health is an example of leveraging immersive sensory modes to enhance patient experiences and reduce stress. For example, with the Philips Immersive MRI, patients personalize their experience by selecting a video theme. The video is projected onto the wall and viewed while inside the MRI machine via an easy-to-position mirror. Combined with sound, the experience becomes truly immersive.

Multi-sensory experiences will continue to weave rich narratives and storied experiences together for enriching entertainment, health, and work. We have seen this trend increase over the past year with immersive art exhibitions on Van Gogh and Picasso, as well as experiential events for pop culture media like Stranger Things and Bridgerton. The public's craving for immersion represents a broader shift toward multi-sensory experiences and spatial computing. Over-digitized and one-dimensional experiences will drive consumer defection. This will require all companies to explore how to deliver immersive experiences across the senses in both physical and digital worlds. We believe that basic experiences will be upgraded with digital enhancements before dreamscapes become the norm.

"Using Philips Immersive MRI technology, hospitals found the number of patients requiring sedation during radiology scans dropped by 80%. In addition, they reported that 85% of parents said their children were less anxious while at the radiology department."

— Philips press release, 2021

Seamless

Immersive automotive experiences like voice and gesture control, haptic feedback, heads-up display, and assisted lane and collision control connect digital and physical spaces in more seamless, multimodal ways. These experiences improve safety and comfort. As these digital/physical capabilities evolve, the vehicle is becoming a "mini metaverse" of interaction and connectivity for today's reality.

By 2028, in-car voice control will be embedded in nearly 90% of new vehicles sold globally. And, cockpit haptics technology is enabling tactile feedback in various areas of the car, improving safety through driver assistance and warning. Haptic feedback can decrease eyes-off-the-road time by 19% compared to visual warning systems alone. Haptics combined with innovations like heads-up display improve it further, to 39%. Research on near-future realities like gesture recognition, the use of sensors to read and interpret hand movements as commands, is taking hold. The automotive gesture control market is growing at over 17% per year and is being adopted by major car makers. Soon it will lets users control infotainment, climate, and comfort settings without touching any buttons or screens.

How to Prepare

1 Focus on reducing friction in existing experiences as a first step to more seamless, immersive experiences that are valuable to users.

2 Avoid the hype and focus product strategies on alignment of immersive solutions that meet real human needs now, but that lead to greater innovation in the future.

3 Expand 3D spatial design capabilities and skills to prepare for more multidimensional experiences across digital and physical.

Design for Trust

Systemic products will be designed to engender trust through community empowerment over trustless technology solutions.

Big Brain Trust

Web3 and blockchain promise a shift in power to the larger human community over corporate entities and a redefinition of ownership of personal data. But, the promise needs to be better understood and trusted by the typical consumer in order to increase adoption and usage.

There is a rise in distrust exacerbated by high-profile failures in the Web3 industry. While the reality may lag, the bold and necessary promise of Web3 and Blockchain is ultimate trust delivered by a trustless system—assuming computers are fail-safe, accurate, and maintained by scrupulous people.

We believe that in these early stages of Web3 and Blockchain, trust will need to be earned by institutions and individuals through complete transparency. As these decentralized systems evolve, businesses will benefit from connected people and groups, not simply connected products. Calibration of products that embody security, ultimate transparency, and control by users will make more rapid adoption of Web3 and Blockchain possible.

Communal

Consumers are embracing micro-communities on platforms like BeReal, VSCO, Discord, or Slack over large social media platforms as they seek more relevancy, authenticity, trusted community connections, and privacy. For example, Nextdoor, the popular platform that connects neighbors and facilitates discussion about local areas of interest, now has 33 million weekly active users across 280,000 neighborhoods.

While mega social platforms boast billions of active users, people recognize that these platforms are broadcast channels, designed for advertising rather than secure, trusted dialogue. People are increasingly aware that social media is easily manipulated, sometimes incorrect, and that users are subject to changing privacy policies. As a result, consumers are increasingly finding community and trusted connections in smaller, more intimate groups. For example, Audius aims to connect artists and fans assisted by decentralized technology. We think that product teams that convert users to collaborators by enabling connections between communities will build a base of more active, loyal customers.

Confident

The promise of Web3 has taken a hit as high-profile cases of fraud, crypto-crashes, and on-going volatility pervade the industry.
The promise of trustless systems is meaningless when the people that build and operate the systems lack checks and balances. Without confidence in the system, consumers, and businesses will continue to hold back from adopting Web3 technologies.

When power is given to the individual, so is the responsibility to manage new forms of vulnerabilities. Beyond communicating user value propositions, innovators are responsible for protecting users through risk education. Truly human-centric innovations are technology-agnostic and designers must more carefully evaluate technology to find those that best serve inspire confidence in users. In the finance realm, efforts like stablecoins hint at a necessary trend of tethering the novel back to the familiar. Brands are also actively lowering the barrier of entry into Web3 experiences by using familiar terminologies and payment methods. Starbucks Odyssey—the NFT-based loyalty program, eases complexity by not requiring a digital wallet or cryptocurrency to purchase NFTs.

"Retail investors, professional traders, institutional actors, regulators, and policy-makers will need to temper enthusiasm for the innovative potential of DeFi with a clear understanding of its challenges."

— Wharton Blockchain and Digital Asset Project with The World Economic Forum

Continuous

Web3 interoperability bridges services for more continuous experiences that empower users with flexibility and control. Tokenization is transforming ownership of data with more fluid and transparent systems.

Examples such as the IBM Blockchain Platform and Patientory's aggregation of user's medical record data in a personal wallet, are giving us a view into a world where creators and consumers can expect more modularity and less redundancy when entering new services.

New ecosystems are being built with efficiency in mind. For example, Metamask is a browser plug-in that allows users to log-in to virtually any decentralized application (dApp),

an application built on a decentralized network that combines a smart contract and a frontend user interface, with a single click. Instead of creating duplicate user profiles for each new dApp, users have all of their data stored on their wallet and simply connect it to the dApp.

We see that consumers are having more control with their own data in Web3. For example, Brave is an open-source web browser where user data is saved on a user's device and not sent to Brave's servers, ensuring that user data cannot be accessed by a third party. Users have the option to enable anonymously matched ads, which reward the user with a native cryptocurrency. Users have the ability to control ad frequency and the amount and type of data they share with advertisers.

How to Prepare

1 Create digital spaces to foster conversations between content/ product creators and fans.

2 Invest in organizational transparency by acknowledging risks involved in participating in new systems and experiences.

3 Balance equity and diversity across decentralized communal experiences with user councils and shared insights.

A More Conscious Future

This year **Conscious Calibration** is guiding innovation. Even though the winds may be shifting, digital transformation is continuing but will be informed by a more sustainable approach that delivers longer-term value. In this complex environment, successful innovation will meet increasingly nuanced user needs across digital and physical activities. To that end, designers must consciously calibrate innovation to align with users' expectations across the four dimensions of digital transformation—creating more **intelligent, immersive, systemic, and social** experiences.

To read or share the article: www.punchcut.com/perspectives/futureview-2023/

Let's Chat

Punchcut is a digital product design and innovation company that specializes in future experience transformation. We provide design acceleration services to spark future vision, power product design and fuel team growth for our partners.

For more about Conscious Experience Design and Innovation reach out to engage us for a custom workshop, training session, future vision project or product design service.

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SOCIAL ESSENTIALISM

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Empowering

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Seamless

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In-Car Speech Recognition: The Past, Present, and Future

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Personalized experiences

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Communal

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Audius

Continuous

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Web3 beyond the hype

DeFi Beyond the Hype

Composable

Web3 Interoperability: The Next Great Leap For Businesses

Brave

Patientory

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