

# THE STATE OF PRESENCE

A smart guide to help you  
finding opportunities in chaos

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# INTRODUCTION

Without a doubt, 2020 was a challenging year.

Covid-19 brought to surface a significant amount of challenges for everyone. No one was spared, and even the most prepared were suddenly afraid of what was coming next.

The world was - and still is - in survival mode.

Suddenly, all the forthcoming trends are now happening at an incredible speed, almost like in pressure cooking. Instead of rushing into these changes, we decided to go the opposite way.

Everything is uncertain and, in times of uncertainty, we need to stay aware of the present. That is how we started The State of Presence Report.

This document consists of opinions, tips and “food for thought” on how to take advantage of the current situation to make a step forward and innovate.

It is an “easy to read” full of provocative insights that will make the readers think and support on implementing the needed change.

Most of all, it is an optimistic look with deep analyses and colourful graphics on the pandemic situation and the importance of being focused on the present in order to overcome the future.

Enjoy the reading!

## THE STARTING POINT

As social beings, we should also know the world we live in, and beyond that, the societies and cultures that humans have created. Understanding our surroundings is an exercise in awareness, making us conscious and empathetic, and that is the most useful thing we can do in times of crisis, like the one in which we are living.

That is how we started this report, aiming to better understand what is happening, in order to anticipate future behaviour. We quickly realized that foreseeing the future wasn't possible, because everything is changing so fast, with numbers increasing, industries changing, cultures adapting. Everything is uncertain and in times of uncertainty, stay aware of the present.

We have interviewed people from different disciplines, with innovative and entrepreneurial spirits, to better understand how they are dealing with the present, and learn how they are adapting to face the future. Its impact was so huge that we then decided to start a series of online meetings in order to empower the communities and now, as part of the Ambassadors of Change project, we aim to compile the learnings in a series of data and analytical information to empower the creative communities.

As human beings, which behaviours are we going to change, and which ones are we going to let go, as part of the old world?

During our research, we faced some optimistic interlocutors believing that this will soon be over and we will be back to normal. But what is normal? The world we used to live in, the habits we developed, all led us to this chaos.

Also, social distancing and lockdown have been making significant changes in our behaviour. There is no normal to go back to after the pandemic crisis is over.

This crisis exposed infinite layers of damage in our society: environmental, ethical, social, economical, and moral. Everything was broken, but we are having a glimpse of what we can do in order to repair it.

And what about this pandemic? The anthropologist and historian Lilia Schwarcz suggested, referring to Hobsbawn's theory, that the 20 century – the century of technology – has finally ended with COVID-19: We had tremendous technological development, but now the pandemic shows us these limits.

And what should we expect from the 21th century that is starting now, from this pandemic that is forever changing our perspectives and paradigms?

We are living in between eras, feeling homesick for the days that have passed and anxious about the uncertainty of what is coming ahead.

That's why we decided to better understand our surroundings (know thyself and beyond), interviewing a few experts in completely different areas, like art, biology, trend forecasting, innovation, education, entrepreneurship, and so on. Together, we are trying to figure out what is going to happen next in a world after COVID-19.

That's why we're calling it The State of Presence, because, as in meditation – the real must-have of this season – these times require absolute focus on the present to be fully aware.

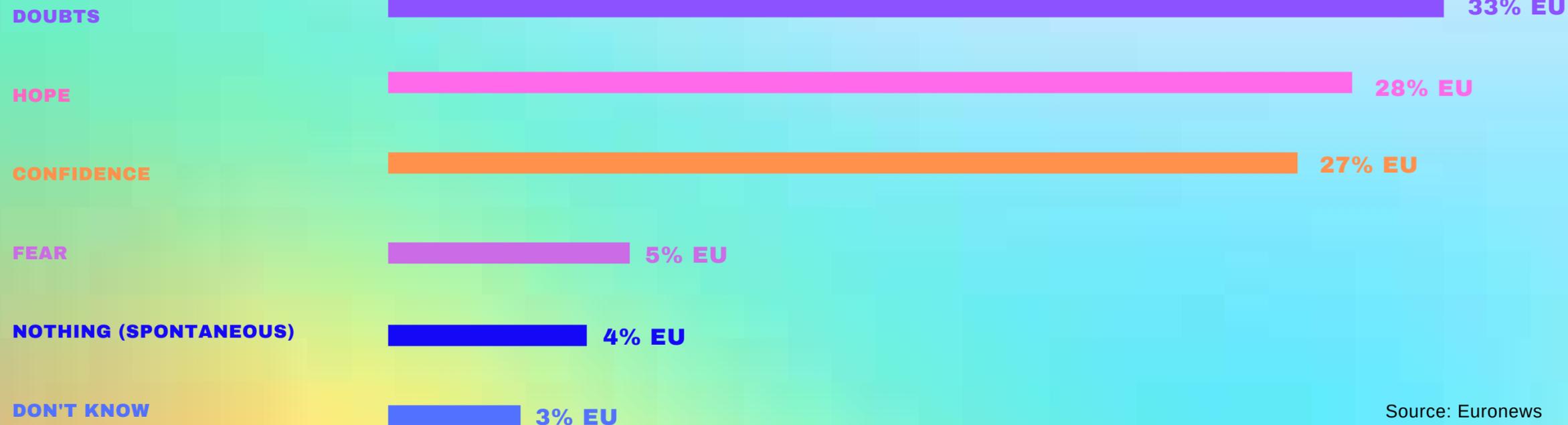
We should look at what we are living and feeling NOW, first as human beings, then as creators, makers, and consumers.

## THE STATE OF OPTIMISM

The feeling of confidence and optimism in Europe has recently been constantly riding a roller coaster, full of ups and downs. In the year 2019, the European Union aroused positive feelings in more than half of Europeans around 28%-27% of respondents at the time said they had hope and confidence in the European Union.

However, and without much surprise, the global pandemic has completely changed the scenario. A report, resulting from a survey by the European Council for External Relations (ECFR), found that confidence in the EU dropped during the covid-19 pandemic and that in countries such as France (62%), Germany (55%), Italy (57%), Spain (52%) and Austria (51%) argue that the European project is “failing”.

Recent studies also show that, in half of the Member States surveyed, the majority of citizens said they had little confidence in the EU or that their confidence had deteriorated following the events of last year. That said, the state of optimism is uncertain just like all the times we are currently experiencing. The path to a more stable, optimistic, and hopeful future lies in global vaccinations, new financial measures, and the most important, but perhaps most overlooked, social support and community management.



Source: Euronews

## QUICK TIPS & KEY LEARNINGS

In our research, we recognized some currently used words that could be a sort of trend, if you like, in terms of innovation post-COVID. Keep these in mind:

**Collaboration, Education, Empathy, Ethics, Flexibility, & Resilience.**

Through all the interviews, articles, history, theories and empirical examples, we've seen that:

- 1) Be suspicious about anyone who is offering you quick solutions for the crisis; what we're going through is unprecedented for most of the living generations.
- 2) Different industries can perform better when they share knowledge, when they collaborate with each other.
- 3) Being flexible means being lean and quick in responding to demands, as much as we can pivot, during a crisis.
- 4) Being an educator and being open to education are on the greater path to innovation.
- 5) Looking at your customers and clients with empathy, as if you are opening your house to them, is the key to having them come back.
- 6) The same goes for your employees- be ethical and fully sustainable. Looking after our community allows us to grow and to develop in a sustainable mode.
- 7) And be prepared. Resilience is preparation. Be aware of what is happening and what could happen. It is not by chance, a lucky strike, or even a tragedy. As innovators, we should be able to foresee and adapt to what's coming and be open minded, even though we may be completely in love with the old techniques and ancient traditions.
- 8) The future doesn't rely only on what wasn't invented yet. Most of the innovative solutions are based on old things and practices. We should listen to the past as a way to foresee the future.
- 9) Pay attention to the cycles. Pay attention to old behaviours.
- 10) And talk to people. The people on the streets are the ones who have the answers to our questions.

## ARTICLE

# Overcoming the unexpected: reflecting on the innovation ecosystem

We are used to hearing that crises are the perfect opportunity to develop new and innovative ideas as well as build companies. If you look at the most successful tech startups in Portugal (like Talkdesk, Veniam, SWORD Health, Feedzai or Unbabel) and abroad (like Airbnb, Stripe, WhatsApp, Instagram or Slack), most of them were built following the 2008 economic crisis.

And now, roughly 12 years later, we see ourselves again in unfamiliar territory, dealing with a health, humanitarian and economic crisis, and the dimensions and long-term impacts are still quite unclear. What we do know is that the Portuguese Startup Ecosystem of 2020 is very different from the one of 2008. Back then, even the words “entrepreneur” and “entrepreneurship” were unknown to most people. We barely had startups, let alone success cases. We didn't have experience, community, access to capital or accelerators, and incubators were still a recent phenomenon in our country.

In 2020, we are much better prepared to deal with the challenges we are facing. It's clear that not all companies will survive, and the support packages by the government and the EU will not be enough. But I'm also confident that we will see the rise of more ambitious initiatives, more innovative business models and better entrepreneurs, investors and operators.

I deeply believe in Peter Thiel's idea of “definite optimism” - that we can lay out a vision for a better future and plan how to achieve it. Even though we live in a VUCA (volatile, uncertain, complex, and ambiguous) world, the process to reach success is very much unchanged. We need a vision, the skills (a team), the incentives, the resources, and an action plan. Our startups are already a source of innovation and competitiveness in addition to bolstering economic growth and employment. Portugal's future competitiveness depends on the success of these companies, not only for their direct impact but also for the innovation they can bring to our national economic fabric.

Let's use these times of crisis to, as a community, rally behind a big and audacious vision of where we want to see our startup ecosystem in ten years. What brought us here probably won't be enough to take us there. With that said, if we know anything about Portugal, it's that we are great at finding creative and unexpected solutions for tough problems.

Inês Santos Silva  
Managing Partner Aliados Consulting  
Co-founder Portuguese Women in Tech

# ART, TECHNOLOGY AND SOCIETY

## Interviewing Gerfried Stocker Artistic Director of Ars Electronica

Once upon a time, in a magical land where the most beautiful river runs, there was a small community of innovators and visionaries. They were passionate about the future, arts, music, and much more. One day, the small community decided to tell the world about their inventions and projects, and this day became known as the opening day of the Ars Electronica Festival.

This is not a modern fairy tale, but the story of a forward-thinker who found his place within this amazing community. Our main character has grown up in this magical land and became a master of innovation, combining his intense creativity with his technical skills. Meet Gerfried Stocker, Artistic Director of Ars Electronica in Linz, Austria.

Gerfried has been the artistic and managing director of Ars Electronica since 1995. He is a communication technology engineer, and holds an honorary doctorate from Aalto University, Finland. But don't be misled by the techy background; he is an artist, a musician and media artist who developed the groundbreaking exhibition strategies of the Ars Electronica Center with only a small team of collaborators. Gerfried was also responsible for the setup and establishment of Ars Electronica's own R & D facility, the Ars Electronica Futurelab, and has overseen the development of the program for international Ars Electronica exhibitions since 2004.

But after 40 years of festivals, everything has changed in 2020. Due to the COVID-19 situation, they weren't able to gather the most innovative minds in the world to see their exhibitions, be present for the most fruitful discussions, and live the experiences at Linz's centre. How can we reproduce things such as Ars Electronica in these days of social distancing? The answer lies in their history: the community.

**ThePowerHouse: The exhibitions sector is struggling worldwide this year, due to the COVID-19 crisis. Most of the events were cancelled, but you managed to keep the Ars Electronica on, and, after 40 years of success, were able to reinvent the festival with the Kepler's Gardens. How was the process of reinventing such an established event?**

Gerfried Stocker: The idea with the Kepler gardens actually has a long and winding history by now. It started in a time when we didn't expect that something like corona could happen here. The place where we were holding our festival would no longer be available, and we had to look for a new location anyway. Also, the festival was requiring more space. There was this major explosion of attention towards the digital revolution and digitalization; it was no longer only this rather small group of people who were interested in digital art or media art, but suddenly it became a big thing for the broad audiences.

at last year's festival, we ended up having more than 100,000 visits, 540 different projects, and more than 1,500 contributing artists and lecturers. We needed to find a new place for such a large festival. We found a great opportunity and a great partner in the local university of Linz, the Johannes Kepler University. They have a huge campus, a wonderful area that is just perfect for us, and this is the story behind Kepler's Garden.

So here we were, planning a festival bigger than ever before, with this new partner, and COVID-19 happened. Suddenly, we had to start from scratch again. Not only once, but several times. And it's still ongoing. The problem is this uncertainty; we don't know what the situation will be in a few weeks.

Also, it would be a great opportunity to use this new life in the digital world, to be able to reach out to all those people who are usually coming to Linz to attend Ars Electronica and can't this year. To reach out to this community, we definitely needed to go online.

At the same time, it became clear to us that the way we are now seeing festivals or conferences, it's not enough. This idea of just remaining in the era of broadcasting, and doing our festivals online, has two big flaws. One is conceptual: the internet is not a broadcasting medium. The internet is a social space, and it allows us to explore it as a social space. Second, it's naive to believe that just because we are Ars Electronica, people will consume our content. There is more than enough great content out there.

Still, I would encourage everybody to bring good content to the internet. The more cultural and artistic content we have on the internet, the better. We wanted to find a way where we were not dissolving into the network with our program. From the very beginning, we were concerned with how a festival could emerge from the community.

It also became very clear that it was an opportunity to have a real use case for how we had been thinking about the internet and social spaces, to show that this is not only something that we are thinking and talking about. For us, the internet is horizontal. It's about taking and giving, and not only giving and sending. Let's explore how this can feel, in a five day festival, and even in the whole preparation and development of a system.

The first thing we did was reach out to many of our partners. We immediately got a really overwhelming response. Everybody had the same problem. The most important thing for an art and science organization at this time is to remain connected. We are facing really harsh times when it comes to the economic aftermath of the coronavirus. By now, everybody understands that Covid will be with us for a long time; it's a challenge that we have to deal with. And challenges are something that we can do much better if we join forces, if we exchange, in particular, art and culture.

"Challenges are something that we can do much better if we join forces, if we exchange, in particular, art and culture."

**TPH: For the last 40 years, you have built a strong community not only in Europe, but across the world. Do you believe that it was this sense of community that helped you to overcome the specific challenges for this year, and all that could be about to come?**

GS: One of the reasons why Ars Electronica has a very strong network and community is because, very early, we have started to see our festival not only as our stage, but understand it is a service as a platform. And a big challenge is how can you extend the benefits of the service. As we move from the real into the digital world, many things are changing, but certain parameters don't. And the more competition there is, the more important the time that you choose to spend on one the services becomes.

On one side, there is the issue of quality content, but on the other side, there is also an issue of the quality of social exchange and communication. How can we develop the next level of networking, where we are not disappearing into the vast space of possibilities, but where we are emerging out of it?

This is one of my main frustrations with social media. There are a lot of great things, despite the problem that it's owned by a few digital landlords. But when we leave this aside for a moment, it's a wonderful thing because it is a social space.

What we learned in other ways is to make a difference between quantity and quality. This is where art and culture comes into place. Who else should be able to explore these differences, to come up with ideas and prototypes? To show how to use digital technologies, how to design them to really create services, that social interaction that is not about quantity, but about quality?

**TPH: For recreating this social space online, aren't we just trying to reproduce the "real world" into the digital instead of creating a new one, enjoying the unlimited opportunities of digital?**

GS

Yes, but that's the only way it works. Look at all the history; when every new media was developed, it imitated the media before. Radio and television, the internet itself. I think it's a natural thing for us, as explorers; we need to go from what we understand to explore the new.

The second point is that it makes a lot of sense to look at how we are doing things in physical space and see how we can find equivalencies, not necessarily in imitating the procedures, but in maintaining the values, the qualities, the desires, and the needs. What we can't avoid is that we are physical, that we need physical space around us, and that we need physical contact. The good thing is that we are seeing that this is a very big part of what it means to be human. And now from this point on, we will try to translate it, not just transfer it, but translate it in the digital realm. It's just a small step, but it's a good way to start.

**TPH: Talking about innovation, and specifically about how to overcome the limits of innovation, what do you believe is happening in the world now and in the Ars Electronica community that we can recognize as truly innovative?**

GS

I'm skeptical about this idea of brilliant minds who have a vision for the future, and know how to save the planet. I believe this is a human quality and it is what makes us thrive. This is not a quality of single humans, but the quality of humanity collectively and communities. And I think this is what we have been trying with Ars Electronica from the very beginning.

40 years ago, they already named it as a festival for Art, Technology and Society. It is really a remarkable thing that has been fueling our visions and the way we work since then, thinking about the benefits for society of using art and technology, and in particular the collaboration of art and technology as a means to create benefits for society. It's about the energy that can be unleashed when you bring these people together. But what you need to do is to find a way to communicate it to society, to take people on board to go with you together on this journey.

Ars Electronica started as a festival with exhibitions and a symposium. It was a small group of people discussing subjects in which they had expertise. But at the same time, they created a big public outdoor event, which they called "Klangwolke" (Cloud of Sound), to which they invited the local orchestra to perform a polka by a local composer. They broadcast the music, not only on the radio, but on big loudspeaker systems in several places all over the city. In sync with the music project, contemporary artists were invited to visualise the song through laser lights and fireworks, and they turned the music into some electronic noise.

This was already great enough! But then the Ars Electronica founders had this wonderful idea: in 1979 they involved Austrian radio and television as collaborators. They created a campaign, telling all the people in the region to tune into a certain radio station on an exact day and time, put their radios in their windows and turn up the volume! Thousands of people actually did this. With no social media back then, they created a new idea about how media could become social, a way to engage.

I always come back to this very original idea, because this is a never ending story, the way that technology is progressing, the way that application of technologies are becoming part of everyday life because of their commercial application. This is creating a new battleground for this very important question: how can we utilise the energy that comes out of art and creative sectors? How can we utilise it, and not only make wonderful art projects, but what possible contribution can it make to deal with these challenges in our society? And I think this is the future vision we are seeing right now. It is something that has to be continuously explored and developed to keep pace with the developments out there.

From what we've learned from Gerfried Stocker, the future will be bright and united. Keep our eyes on our society, be aware of our surroundings, and enjoy art and technology, in order to remember our human condition and feel related to it.

Gerfried, thank you for the inspiration and the hard work you did at Ars Electronica. Innovative communities like yours are vital to the world. Whether it is physically, digitally, or in a modern fairy tale, your work will inspire young creative technologists and futurists.

# THE SOCIETY RESET BUTTON IS: PHILOSOPHICAL

## Interviewing Geraldine Wharry - Futurist, Speaker, Educator and Designer

Trend forecasting is the art and science of predicting the future of something. Some people believe that with the devastating effects of the pandemic trend forecasting is disappearing and losing its impact on the analysis and study of the future. However, we think differently. We believe that, like many other professions, trend forecasting has only become a more difficult and demanding profession due to the complexity of today's world.

That is why we tried to understand the future of retail in the eyes of a brilliant and inspiring trend forecaster, Geraldine Wharry.

Geraldine Wharry is a Futurist, Public Speaker, Educator and Designer with 20 years of experience working across the Fashion Industry. As one of the few experts with career expertise as a macro trend forecaster and a fashion design director, her work has been implemented by global leaders and has influenced agencies and brands in areas as diverse as Fashion, Sport, PR, Tech, Beauty, Retail, Innovation and Youth Culture in the USA, Europe and Asia.

Passionate about knowledge and from a family of educators, artists and scientists, Geraldine also lectures on the methodologies of future forecasting and future scenarios at universities such as the Royal College of Fashion, the London College of Fashion and launched her own online courses in 2019. She has also dedicated herself to mentoring and climate change activism.

Fasten your seat belts because Geraldine will take us on an exciting journey into the future!

### TPH\_ What will the consumer of the future look like?

Geraldine: I think the emerging next consumer will be defined by some of the big changes that are happening in our society, which has to do with the economy and a sense of safety, as well as the main focus on climate change. In recent times, we are dealing with this black swan called the pandemic, which has caused massive changes in society, but also in how we consume and buy.

What the mainstream doesn't know or have a good understanding of is what climate change means in the long term, including food shortages and many other aspects that are predicted to change by many scientists and experts in the next 10 years. So I think the future consumer is increasingly acutely aware of that. I also believe that the consumer of the future will look at brands as active platforms to talk about topics such as mental, emotional and physical health.

In a very general view, the consumer of the future will be totally about what we are now. It will be a consumer who has overcome a global crisis and is willing to break the rules. In fact, younger generations will assume that they do not necessarily need to have a college degree to make things happen and create business. They will not adopt a traditional life path because instability was part of their growth.

So, I think that in the coming years, we will see disruptive innovations due to tech, ethical and economic innovations that will make consumers more likely to take risks and even question their role as humans and as a society. With digitally native generations with state-of-the-art technologies, the future consumer will have a completely different relationship with machines, and the integration of technology in daily life will become a key notion.

In fact, brands often have a very important part in this change. It's fair to say that a product can change the world. Some examples are iPhones or trains because these inventions have the ability to simply change the world. I believe that the next invention is really just around the corner.

However, for me personally, as a futurist, one thing that I think that the pandemic has really highlighted is that there's only so much we can innovate because there are limits to innovation. So, in my opinion, the next biggest innovation will be cultural and philosophical.

And we humans and consumers urgently need this innovation and this upgrade. We haven't had an overhaul of our beliefs and our social contracts in a long time. Actually, if you think that in the US, women are not even properly represented in the Constitution even today, in 2021, we're still really far for those big changes to happen. So we can celebrate technological innovations, but the main change of the future will be philosophical and human. It will be time to rewrite the new human society playbook of how we support, serve and treat one another.

Humanity is the main revolution. Technology only grows with us.

### **TPH\_What trends will walk on the avenue of the future?**

Geraldine: First of all, the utility and meaning of art is completely changing. There is no going back. In 2021, art is moving away from that superstar and sometimes egocentric designer and moving towards a place of understanding how to serve humanity.

Many consumers in recent times have migrated to online retail which means that physical stores had to look for a purpose and why to continue to exist. Therefore, I believe that a store to continue on the adventure of the future should be a place of pleasure and discovery. A place of education and emancipation of culture. Sustainable fashion designer Mara Hoffman once said something that I will never forget and that I think is perfectly suited: "We're due for a consciousness upgrade". And I believe that this upgrade will happen on all fronts, especially in the future of retail.

In addition to a retail focused on entertainment and sharing knowledge and values, another major trend that will follow us for many years is co-creation. So being willing to put aside some of the exclusivity that a brand owns, by perhaps sharing the creative process, content and some products with the end user represents enormous potential for this new era. For me, the future of retail will also need to be very much linked in with this type of wellness and intimate experience and maybe more local as well. Maybe there's an opportunity to take from that playbook and just bring it back to a very human level.

The next trend I believe has immense potential is renting. There's plenty to explore in the sharing economy and an alignment with slower consumption. I also see that some big players in the luxury market are investing in blockchain and NFTs and there is an incredible opportunity to tell a whole story around the ownership of that garment, of that piece, and it creates a type of microcosm and community around it. And of course, to finish, it's going to be really interesting to see what happens with gamification and retail entering what people are calling the metaverse, in other words, this collective virtual space.

**TPH\_From a trend forecast, what advice would you give to brands for the future?**

Geraldine: I would say to the brands that there is a lot of sameness. The time has come to think outside the box and implement really disruptive and different things. Of course it is important to look at the competition and what others do, however, at the same time, brands have to beat the sound of their own drum and stop following what everyone else is doing or what the numbers are dictating.

In fact, it is a bit disappointing to see brands completely lost, because it often been luxury brand creative directors that dictated trends and at this moment, I don't see brands truly setting the trends.

So my advice is just to use your vision, mission, values and purpose, because in the marathon of the future the final prize is not money or profit, but who will serve humanity and creative expression better. To do that, it's necessary to press the reset button and get ready for this new and exciting reality where the future is philosophical, human and cultural.

# HOW THE ART SYSTEM IS REINVENTING ITSELF

## Interviewing Mário Silva from Lehman + Silva

Before we see an art piece, we have to acknowledge the space itself where it is placed, as it directly affects our perception and sense of art as spectators. This is a concept from the classic 1976 essay by art critic and artist Brian O'Doherty, "Inside the White Cube." He proposes the theory of the "white cube," the ideal gallery, isolating the art work to create a sacred environment to contemplate the art from the Twentieth Century.

The covid-19 situation squeezed a behaviour change of decades into months, leading many different areas to sudden changes. Artists, mostly amateurs, ran to create digital content to overcome this crisis and keep reaching the target audience. But in the end, we were overwhelmed with Instagram artsy posts and live performances. Is that how we are perceiving art?

A few people in the world are dedicated to rethinking this new system of art, and we had the privilege to discuss this topic with one of these innovators. Meet Mário Ferreira da Silva, director at Lehmann + Silva Contemporary Art Gallery, proudly placed in the Bonfim neighborhood in Porto, Portugal.

### Mixing Experiences

What does it take to run an art gallery? For Mario, it took a management background (MBA), two degrees (BA Honors/ MA) in fine arts, some experience in finance and investment banking, an entrepreneurial venture during a crisis, and even an internship at Tate Gallery in St Ives.

It wasn't a linear journey, not in the business side nor the arts, which made him feel like an outsider in both fields. But also, this fluid path is exactly what makes him an art entrepreneur.

Mário came from a business-oriented family, so the MBA was a smart and natural choice. But, art had called to him since his childhood. When he finished his BA Honors in fine arts at Chester College of the University of Liverpool, he moved back to Portugal. To balance this vocational clash, he founded a design company, foreseeing the amount of potential for creative and intelligent communications design solutions in Portugal. There was space to grow, clients were coming, and then, a worldwide crisis devastated the country in 2010.

Economic crises come and go in countries like Portugal, and with that, the people have learned a useful, yet difficult skill: resilience. It's a deep aspect of Portuguese culture, which most likely originated in the 15th century, during the age of exploration. At the time, the men were overseas trying to find new ways of sustaining. The women stayed on land, resisting and building the character of the nation.

Crises are not new for Portuguese people, but from generation to generation, they have faced them differently. For Mario, in his young age, his first crisis was a sign to stop, evaluate, and calmly plan his next move. He closed the design company and started a new degree in Porto, a master in fine arts, taking advantage of the opportunity to enter into and understand the art market in Portugal. During this time, he got to know artists, gallery owners, collectors, and so on. He worked as a consultant and also represented technical sectors from art, like stationery and fine art companies in the country.

His postgraduate experiences also included an investment bank and a friend's art gallery. Then he pitched his own gallery to investor and collector Frederick Lehmann. Thus was born Lehmann + Silva.

"We don't want to be a big art gallery, we want a good art gallery."

Resilience also means being prepared.

The Lehmann + Silva contemporary art gallery was founded in 2017 with a selection of Portuguese and international artists. Like in every other business venture, and aware of the art market peculiarities, Mário knew that the gallery could take a few years to become profitable, and he was prepared to resist. With a lean structure, not cheap but agile, he maintains the gallery with a smart and more flexible approach. Being lean allows any business to easily adapt or act in difficult situations, and this is one of the ingredients of Portuguese resilience.

Mário and Frederick have an internal motto: "We don't want to be a big art gallery, we want a good art gallery." And this is how they are building Lehmann + Silva, day by day, and keeping safe during the current crisis. In Mário's perspective, medium-sized galleries are going to suffer the most, having a larger structure, but without the financial security of the big players.

In the Portuguese art market, Mário is counting on the resilience learned during his first crisis in 2010. But now, for his gallery, there is little space for reflection, and the time has come to act and adapt, based on previous preparation.

The digital white cube

Since the art gallery's grand opening, Mário and his team have been prepared for a crisis. Of course, they weren't ready for a global pandemic. They were minimally prepared for another round of the cyclic economic crisis in Portugal. How will this be overcome? Through the targeting of foreign markets.

But how can an art gallery based in Bonfim, Porto reach foreign markets? They can't do so in the usual ways, like going to art fairs, etc. Due to COVID-19, all the fairs have been cancelled. So how exactly are they doing it?

**The answer is the same as many other industries and markets: digitalization.**

Since the very beginning, the gallery has been investing in digital, and they learned how to be prepared from other businesses. For Mario, it was only a matter of time until the art market turned to digital. And using his previous experience from other sectors, he was ready to act.

They first started with a website. It is simple but efficient and offers fanzines, t-shirts, and small and easily shipped art pieces. It even has a private area for the gallery collection, which potential customers and collectors have exclusive access to. They then launched an app with the same features and is simple enough to be used on every mobile device around the world. What started as a tool used as a dynamic catalogue during fairs ended being an invaluable asset for the gallery during the crisis.

There are still very few art galleries in the digital sphere. Lehmann + Silva gallery is a pioneer, not only in Portugal, but in Europe. In the USA, the market is more mature and demonstrates good results, which can show us that here in Europe, it can grow exponentially and, sped up by the crisis, be a solid alternative.

He explains that the art market is still very resistant to the online concept, and is very much based on fairs and physical shopping. For the primary market, which means buying directly from the gallery, the art market is still taking their first steps into digital. But now, there is not much time to wait and see if there is space for it.

As Mario said, "Perfectionism makes us slow. We must act with agility." It is a lesson from his former business experiences, and very conscious of the current situation, which can be, somehow, ironic for the arts. When we think about the art world, we think about masterpieces and perfection. In aesthetics it is important. On the business side, we must run faster in order to make a profit. It is a fine line, keeping a smooth balance between these two worlds, and Mário walks it safely.

Facing the future

For Mario, there is no formula for being innovative. It's about testing. It's about getting an idea, implementing, analyzing, revising and repeating it. This is how the social-media gallery strategy came up.

During the lockdown phase, the team continued to work in their homes, developing new business contacts remotely. One of their ideas was to open new markets through Instagram, Facebook, Google and it worked. Today, online sales are a good and steady portion of the whole organisation, representing more than 50% of Lehmann + Silva sales.

As opposed to the white cube theory of the last century, today we must rethink how we interact with art. How do we appreciate it, consume and buy it? The lockdown showed us that this relationship doesn't need to be restricted to the white walls of the gallery.

For Mário, we are still going to see the impact of the lockdown in people's relation to art, how we visit museums, and how we consume contemporary art. There are some behaviors that could stay the same, such as virtual tours and buying through social media. But there is a long way to go until the art market can be compared with some more digitized industries. The shift is inevitable.

Again, to be ahead in his current industry, Mário is already thinking about the next step: data science. Knowing what the user wants is the key for future endeavours, and digital data can provide some precise hints. The app and the website can generate precious information about consumer behaviour related to art, to better understand what they are looking for and how to better respond to this demand.

Mário Silva could tell us that there is nothing new with doing that, that other markets already have had this strategy in operation for years. On our side, we can say that innovation rests exactly on this sweet spot, where we are smart enough to see what is working for other industries, and wisely apply it to our practices based on previous lessons learned.

In the arts we still have an inspiring layer on top, that is making everything business, in a beautiful and enduring way, that has the potential to make some eyes shine for generations. Thank you, Mário, for enabling us to be inspired by your gallery art and business, overlapping learnings just like you did.

# **HOW GEN-Z IS SHAPING THE FUTURE CONSUMPTION ?**

## **Interviewing Jake Bjorseth - CEO and founder of Trndsttrs**

In addition to the future of retail, Gen Z consumers are already changing the creative sector in many different ways. From issues such as sustainability, purpose, impact on the planet and ethical concerns, the younger generation is changing the industry.

This fearless and digitally native generation is rewriting and challenging the traditional rules of Art.

We all know that things will change for this modern and disruptive generation, however, what we still need to know is how the future of retail will change and what are the main trends that brands must follow to stay in the game.

To answer this topic, we spoke with Jake Bjorseth, a brilliant mind that at the age of 22 gives voice to this new and exciting generation that promises to shake up the creative market. Jake Bjorseth is the CEO and founder of Trndsttrs, a North American marketing and advertising agency specializing in Gen Z.

To understand these exciting consumers, the agency's team are social media marketing gurus, content creators, social influencers, and trendsetters.

Be prepared because we are going to enter a fascinating and challenging Gen Z world.

### **TPH\_What is the future of retail in the eyes of a Gen Z consumer?**

Jake: Talking about the future of retail is an interesting topic, especially after 2020 when the online world has been accelerating. Even after the huge breaks and obstacles of the world pandemic, I believe that the world will return to "normal," and retail will make a bounce back. However, this return must and will be in line with both Gen Z's and Millennial's vision for the future.

The funny thing is that, in my personal opinion, I do not see a true future where retail as we know it continues to exist. It will take the longest to affect the creative space because you are able to drive greater profit margin and the consumer base is more likely to be influenced by a physical world for more conservative and older consumers. But for younger demographics such as Gen Z and Millennials, the way they are going to buy art products is going to be the same way they buy all of their products, that is 100% digitally enabled and purchased.

That is the crucial point that many brands have not yet opened their eyes to. With digital innovations such as augmented and virtual reality gaining more and more power over purchase formats and becoming more and more democratized, it will completely rock retail as we know it.

However, I believe that even with all the acceleration and digital modernization occurring, there is still a place for retail in this world, but the purpose and function have to change to do things that cannot be replicated in the digital world. Once VR and AR are the norm, your ability to try on anything you want in a digital landscape will be possible. So why would I go to a store to try something on? At that point, retail will need to pivot and need to have some greater appeal that simply cannot take place in the digital landscape.

That is really the bleak future of retail as we know it. So, it will have to evolve to become more about entertainment rather than function. Right now, it is more a sense of function due to the possibility of physically touching, experiencing, and feeling. But in the future, those are things that you're not going to need retail because that's going to happen in your own world.

Of course, some people will not agree and will present the same argument saying, "There is no way that people are going to buy expensive products online," with the excuse that we need a person for that. Well, what do we see happening now? In just three simple clicks, I can buy a Tesla through my computer and without having to deal with some sleazy car salesperson, and that is a \$50,000 - \$60,000 car. So, those who say it is not possible are not seeing it clearly.

So retail will need to become something different, and that something different is entertainment. With a focus on a completely different retail just for the purpose of doing what is not possible to do online, I see a lot of potential for collaborations as well as completely creative and crazy strategies within a retail landscape.

Therefore, the future of retailing in the eyes of a Gen Z consumer will be completely different from today. Perhaps in the store of the future, it will be collaborative and a store or building will have 20 different brands with live music, real-time interactions, and designers working on the next projects, and we can finally see them first hand. I think that is real entertainment, but if there is no entertainment, there is no reason for retail to exist.

### **TPH\_What are the main trends that brands must adopt to succeed in the Gen Z playbook?**

Jake: In addition to all the various technological innovations, such as augmented reality, virtual reality, blockchain and NFTs, I believe that the biggest trends and what will shake up the creative industry will be virtual influencers and 3D modelling.

In fact, if we think of some of the biggest influencers right now in Eastern parts of the world, 100% of them are virtual influencers. We also see more and more on Instagram, TikTok and other virtual influencer platforms, who are gaining recognition on the stage of digital communication.

So I think the creative market should look at the ability to influence a virtual world and give personality to new characters who can effectively be the faces of the big brands that have been leading the market for years. The biggest problem with that promotion is that with virtual influencers, we can't just send them products for them to try on because they're not real. We need 3D imaging for that. So there is a huge opportunity for us to create 3d image modelling of a product and release that product digitally. We can then await sales of it to actually even begin production. This means new business models that are even more sustainable and profitable.

So with 3d image modeling and virtual influencers, I think luxury fashion brands should be investing right now in creating their own virtual influencers. It is a short-term big investment right now, but over the long haul, it gets rid of your entire need to pay for models, actors or influencers. So rather than playing Kim Kardashian to promote your product, brands can develop their own character who can wear it completely free of charge. That's the technology that is massively going to disrupt this industry.

The other thing that isn't being talked about right now, and that luxury fashion brands are totally missing the mark on, is the fact that the barriers to entry in all consumer markets are dissolving. We see this happening in the apparel industry where any young person right now can launch a apparel brand on Shopify, within an hour source product through wholesaling such as Alibaba or others and immediately have their own apparel brand.

What these luxury fashion brands need to realize is that the only thing that's stopping that market from getting into their space right now is the moat that they have around it, and to produce really high quality fashion products, you need a scale, and that's pretty drastic for making the margins work.

Now, with 3D image modeling and purchasing happening online, there's a realistic possibility that any young person can create a luxury fashion brand, and get pre-sales for it. Once that presale hits a certain number, then they can actually put in a note to drive inventory to it and finally start drop shipping the luxury fashion items.

What luxury fashion brands have to realize if they want to succeed is that the greatest competition over the next decade is not one luxury brand against another. It's not Louis Vuitton versus Gucci. What it is, is the 1000 young consumers and influencers who have more than 200,000 followers on Tik Tok who would never be on the radar and, who with the help of technology, launches their brand and little by little begins to prowl the minimum percentage that exists to steal in the luxury fashion market.

So the main trends and main teachings in Gen Z's consumer playbook will be more digital and disruptive approaches and looking outside the luxury market because real competition may be behind the curtain. Elements such as virtual influencers and 3D modeling may be the next big hits that are going to transform the luxury market in the next 10 years.

# **VIRTUAL IDENTITIES ARE THE NEW ALLIES OF FASHION**

## **Interviewing Cameron-James Wilson - Founder of The Diigitals**

There are already some virtual models and influencers who are taking the next step towards a more digital and innovative luxury. These new avatars who have blown up social media represent a new era and an exciting start for the luxury industry in the virtual space.

We had the pleasure of meeting the man behind the most beautiful virtual models we've ever seen! Let us proudly introduce Cameron-James Wilson, a British fashion photographer and visual artist with over a decade of experience in the industry. Now known as "The Man Behind The World's First Digital Supermodel", Cameron created Shudu, the first digital supermodel who is here to stay.

In 2017, in his mother's backyard, he founded the world's first all-digital model agency, The Diigitals, with a brilliant team and a portfolio of models literally from another world. Some of those names are Shudu, Dangy, Brenn, Koffi, Boyce and J-Yung 준영.

We believe that innovative ideas like these have huge potential to change the luxury industry one step at a time. And virtual models represent a huge and beautiful step.

**TPH: How are digital models going to change the luxury fashion industry?**

Cameron: There are many ways for digital models to change the industry, but the main reason is to make the luxury fashion industry more sustainable and conscious. If you think about it, all these amazing and wonderful photo shoots and physical fashion weeks are very damaging to the environment in terms of the amount of waste and levels of carbons that are produced.

Luxury fashion brands are flying thousands of models and teams from country to country across the world and produce all these samples that are simply thrown away because they are no longer useful. Therefore, we hope that digital models will help make this process more sustainable and secondly more accessible.

In fact, this represents a completely different world for luxury because the industry lives in the bubble of exclusivity and privacy, however, embracing this type of fashion weeks or digital shows and making them accessible to the all audience and not just a fraction of the world, promotes a very inclusive and community vibe.

These could be the most obvious reasons, but in my point of view, I believe that digital models are equally important to give a real face to luxury fashion brands. When we think of big brands like Gucci or Versace, we think of names of emblematic designers from the luxury fashion industry. However, these global geniuses and idols are not related to the final consumer. Therefore, luxury brands should invest in personalities more related to a public personality with an opinion that matters on various subjects in the world.

In fact, if we look closely at brands right now, they are interacting more than ever. If we look at ten, five or even three years ago, we did not see the amount of presence of brands on social media and the need to start the conversation. So, I think that if brands create their own virtual models that give a real face to the company, they could start to build authentic personalities and share very important and meaningful stories. In fact, there are so many cool things they could do that would especially appeal to a new generation. For example, as an avatar of a luxury fashion brand to do collaborations and sessions with the avatar of the current luxury fashion brand, and thus promote brands and products, but above all, the values and brand identity.

This is something that cannot be done with a celebrity or digital influencer, because his/her behaviour is completely unpredictable. While, with their own avatar, brands would have more control over writing their story. They could set goals and start in-depth narratives that are much more interesting and extremely fascinating.

**TPH: Do you believe that virtual models or influencers will shake up luxury retail?**

Cameron: Influencers or digital models are part of something much bigger than just digital influencers, which is digital fashion.

Virtual fashion is a big wave that is taking complete control of the fashion industry. It is a movement that has grown over the years, but now more than ever, it is beginning to gain momentum and start a real revolution.

So, what many designers are doing now is, instead of designing their products with 2D sketches, they are designing their products with 3D virtual clothes, which allows them to create very accurate representations of these clothes in a more ecological, environmentally friendly way, and it is much faster and more efficient. Therefore, virtual models are part of this movement, and I think that it will obviously be affected by both. Consumers are increasingly buying virtual products, and of course, virtual models are needed to display and promote these products.

Based on that, I hope that virtual models will become increasingly accessible to people so that in the future, we can all have our own avatars as a kind of our personas on the social media that we create and dress according to what we want to be in that group or social connection. So, I truly believe that in the future, avatars will become more part of who we are and that they can share our personality within the metaverse and the virtual collective space. I believe that these changes are here to stay and that technologies such as these will be the real allies to bring the luxury fashion industry to the present day and begin the journey towards an exciting future.

# **ABOUT THEPOWERHOUSE**

ThePowerHouse GmbH is the leading innovation agency working towards re-think, re-design and re-educate the European innovation ecosystem.

As the European ThinkTank for innovation through technology, ThePowerHouse develops new concepts in fashion tech and smart textiles adapted to a fully digital, flexible and sustainable approach.

Whether to disrupt the status-quo of the fashion industry, launch a new product with a creative marketing idea or build internally a more innovative team, ThePowerHouse develops special programs for companies and teams to help facilitate incubator and promotion programs.

## **THANK YOU NOTE**

For all the ones who contributed to this report, our most sincere thanks to you.

To the Creative Flip Project Team, for supporting this activity through the Creative Hubs: Ambassadors of Change activity.

And to all our interviewees, we are eternally grateful for the knowledge you shared. We hope you liked the result as much as we liked to interview you!

To all our peers in this activity, we loved to virtually meet you all and we will keep following your journey.

Your sincerely,

ThePowerHouse team

**THANK YOU !**

**TPH**  
THEPOWERHOUSE