

Continuously Changing Colours

in order to perform in
a dynamic world

Trend Report 2022 by

the next organization
growing business



2022 Outlook

Performing in a dynamic world...

... there are two certainties.

First, **continuously changing colours**; stay true to your core but keep adjusting or reshape to the dynamic environment. Second, **The Next Organization** offers a yearly report of relevant trends that could help adjusting your organisation in the upcoming year. In this edition, the identified trends are clustered in three major global development themes.



Shifts & rebounds

2022 shows some fundamental shifts in global markets and consumer behaviour. At the same time individuals crave the rebound of some habits and manners in their day to day life.



All for one & one for all

The world has adapted to a new perspective on what matters in terms of collectivism and individualism due to a society of social distancing. How, when and why to act in a group or as an individual comes back in these four trends of 2022.



Meaning & well-being

The needs to contribute more meaningfulness to the world and to oneself. Markets, organisations and consumers want to find, stimulate and bring out the best of themselves and what we as society can offer to the world.

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2022 Outlook

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Trend categories



Uncertain markets

Trends that are identified as disruptors in the global markets.



Developing organisations

Trends that are led by innovative companies and brands.



Growing individual

Trends that come forth of and have impact on individuals.

Shifts & rebounds

Shift in power

The 'polarization of capital' is getting stronger, national economies are growing, China being the fastest.

AI revolution

It's been a long time coming, but it is safe to say that the first concrete revolutionizing impact is nesting in society.

Rise of social e-commerce

Social e-commerce increased greatly during the pandemic. The role of influencers is bigger than ever for brand recognition and performance.

Crisis behaviour

Psychologists identified the social rebound effect. After all this change, people want back what they had when a crisis is over.





Shift in power

The 'polarization of capital' is getting stronger and China is becoming very dominant. Whilst the USA remains the largest economy in the world today, China is rapidly taking over that role. Accelerated by COVID-19, China is expected to become the largest economy by 2028.

As part of this growth, China is expanding its influence in Europe. In 2020 the large majority of outbound Chinese M&A deals were European. Furthermore, targeted European Corona aid to countries such as Italy and Serbia, bought China international prestige, influence and support. In addition, many companies are very dependent on their Chinese trading partners. Their dependency is expected to increase further, with the 'Belt and Road Initiative': the new silk road.

To prevent Europe from lagging behind the USA and China, the European Union needs to act as truly one union. Europe needs to build complementary partnerships regarding topics such as (work) migration, security and climate change. Such collaborations reduce risks and costs and accelerate growth by increased market power, removal of (trade) barriers and creation of jobs. When European companies and countries work together, they remain competitive on a global scale and preserve their strategic autonomy.

How will you reconfigure your supply chain to reduce your dependence, whilst remaining competitive and keeping your manufacturing costs low?

Did you know that ...
the Chinese economy is expected to grow by 5.7% annually until 2025, and 4.5% annually from 2026-2030



Europe's dependency on China

The Corona crisis showed how dependent European companies are of Asia and in particular China. A complete shutdown of the low-cost Asian supply chain, caused shortages of, among others, raw materials and medicines.

While the global economy and supply chain restored from the shutdown, Europe still experiences shortages in products like chips for battery powered vehicles. Therefore, the EU outlined an 'industrial strategy plan' to ensure the competitiveness of European companies and drive (green) transformations. This plan most likely contains diversifying supply chains and relying on different trading partners.



AI revolution

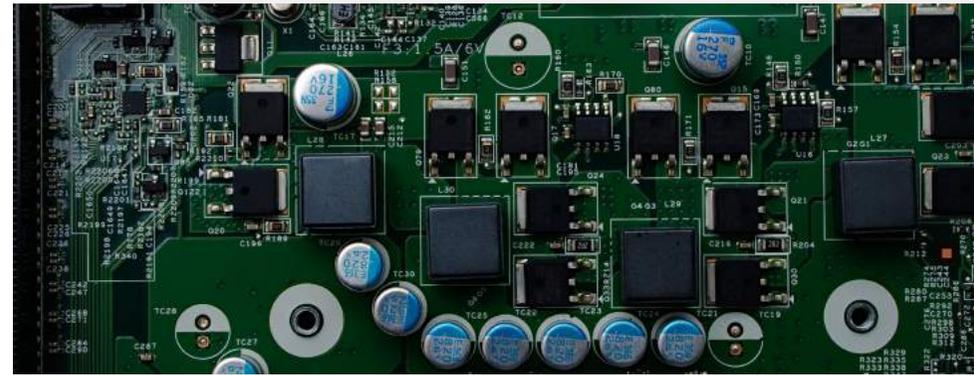
This trend should not come as a surprise and has been around for a while. All of us actually already use a lot of Artificial Intelligence (AI) products and services in our day-to-day life. AI allows machines to mimic human intelligence and perform tasks while improving itself in the process based on the information gathered. Spam filters, personal assistants such as Siri and Google Translate's language recognition feature are all frequently used AI services.

However, the current technology isn't even close to its full potential. AI will cause a major revolution in almost all industries, by for example, lowering the CO2-footprint and decreasing operating costs through automation. Some companies announced that they plan to enter the market with more advanced AI-driven products.

This revolution shows that our future is largely determined by robots, machine learning applications and black box algorithms. This trend offers both opportunities, like possibly more efficient communication, and threats, like for instance biased discriminating algorithms. It concerns people, organisations and society as a whole. How we take advantage of those opportunities and handle the related threats is something that will become apparent in the future. In any case, one thing is for certain: AI will not only affect organisations, but also have an impact on our day-to-day life.

Are you still thinking of how the AI revolution offers your organisation opportunities or are you already innovating?

Did you know that ... more than 50% of customers expect a business to be available 24/7? This can be achieved using the most simple form of AI



Tesla Bot

Early last year Tesla announced the development of their 'Tesla Bot' starting this year. The robot is 173 centimetres tall and weighs 56 kilograms. It can lift 68 kilograms and move objects of 20 kilograms. It uses the same FSD software as used in Tesla's cars.

The neural network of the 'Bot' mimics functions of the human brain in such a way that the 'Bot' can determine what to do if obstacles arise. To achieve this, the 'Bot' is taught to identify and categorize different routes and images. According to Tesla, companies can use the robot for dangerous and repetitive tasks like lifting heavy objects. "This will have profound implications. In the future, physical work will be a choice," Musk said.



Rise of social e-commerce

E-commerce increased tremendously during the COVID-19 pandemic. Building brand recognition is vital for e-commerce businesses to remain competitive during the 'battle for the digital marketplace'. Today, most companies use social media to build their brand, because studies say that 87% of the e-commerce shoppers believe they are able to extract 'purchase' insights from social media. Especially 'millennials' and 'generation Z' are more likely to get inspired through these platforms. So, the use of social media increased, which made platforms such as TikTok, Instagram, Twitter and Facebook more powerful channels for 'social marketing'. It is therefore expected that we will witness increasingly more of such 'social e-commerce' in the future.

Influencer marketing is a prime example of 'social e-commerce'. 'Influencers' review products or services, endorse them and try to influence their followers to buy the endorsed product or service.

While most consumers dislike ads, they seem to enjoy being 'influenced' by a person they like or idolize. Therefore, influencer marketing has become a very viable strategy for different brands out there: the overall industry has grown from €1.7B in 2016 to €13.8B in 2021. With more corporate funding for content marketing and proven effectiveness, we can expect to be influenced even more in the future.

Social e-commerce increases engagement rates. What is your strategy to properly allocate your marketing budget across social media channels?

Did you know that...

smaller influencers and micro-influencers achieve better engagement rates than most celebrities



Gymshark's 66 Days Challenge

Gymshark is a well-known international fitness apparel and accessories brand with millions of social media followers. In 2019 Gymshark already had a large audience on Instagram, but also wanted to tap into a younger audience, which they found on TikTok. During their '66 Days: Change Your Life' challenge, they challenged their followers to set a personal fitness goal with the chance to win a year's supply of Gymshark goods. They partnered up with six influencers, with a total of 19.8M followers, to get attention for the challenge on TikTok. The campaign received 2M likes, achieved an 11.1% engagement rate and the hashtag was viewed 45.5M times. This shows the power of influencer marketing.



Crisis behaviour

When the COVID-19 pandemic hit, life as we knew it changed. Borders closed as well as retail facilities and offices. The pandemic resulted in a crisis leaving society in uncertainty. In times of crises, like this one, we find it difficult to break free from our current mindset when we reflect on past and future situations. Psychologists call this the projection bias. If you look at actual behaviour, we see a social rebound effect. What we lack now, we will want back to a greater extent when the corona crisis is over.

Social psychologists found that tragedies, disasters and health crises make us somewhat more aware of our own mortality for a period of time. Rationally, you would expect this mindset to make us a little more cautious, but the opposite is true. It turns out that it makes us more sensitive to everything that transcends our mortality. We 'want to live again', treat ourselves and are seeking thrilling experiences after being 'stuck at home' for the last two years.

You see this process reflected in society today. As indicated above, what we lack, we will want back to a greater extent. In the context of consumer behaviour, this means a complete rediscovery of everything that was 'just not possible'. And this is not only related to shopping-sprees, expensive holidays or going to a restaurant. We fall back on, and underpin the importance of, cultural traditions that make us feel comfortable. According to the NOS, shaking hands was normal for most people two weeks after the COVID-19 measures were reduced. Old traditions, such as shaking hands, will be back in no time.

Consumers are looking for exciting experiences and are willing to pay a premium for it. How do you respond to this? What do you offer?

Did you know that ...
it is expected that Dutch citizens will spend 19% more on food and drinks in the next 4 years



Recovery of the Dutch hospitality industry

FoodService Institute Nederland (FSIN) stated in May 2021 that it expects that the Dutch hospitality industry will fully restore, if no steep recession occurs. Especially restaurants and cafes benefit from the one thing that people longed for so long: meeting up with friends and family and enjoying something to eat and drink together. In 2020 Dutch citizens spend €3230,- per person on food and drinks. FSIN expects that this will increase by 19% in the next 4 years.

This proves the social rebound effect and shows that we want back to what we missed during the crisis. And this is by no means a Dutch phenomenon only.

All for one & one for all

Think global act local, again

The crisis exposed vulnerabilities and unfolded new forms of global cooperation. Thinking about the globe by keeping it local is the future.

Personalised economy

With existence of big data and technology, customers expect nothing less than personal treatments regarding products and services.

Changing rhythm of the organisation

Companies and employees have no choice but to go along with the hybrid way of working. This new purpose is here to stay.

Healthy consumers

Due to the awareness of one's responsibility for own health and that of others, major increase of value for healthy lifestyle has emerged.





Think global act local, again

The phrase 'think global, act local' is not new, but it is now more relevant than ever. It means taking responsibility of the health of the Earth by taking action locally and it directs all levels of society. In 2000 Coca Cola made it their strategy to adapt marketing and operations on local customers. Since the past two years, '*glocal*' has been relevant again, but now on many different levels. National lockdowns exposed many vulnerabilities and unfolded new necessities of being locally independent. At the same time they exposed the fact of international dependencies and therefore stressed the necessity of global cooperation.

Through international collaborations, vaccines have been developed at an unprecedented speed. This is setting new standards for other challenges that require global cooperation such as security, climate change, labour migration, and poverty reduction. On the other hand, due to lockdowns and cargo ships being stuck, many realised how vulnerable international supply chains are. So, supply chains are redesigned with the goal to buffer local stocks and centralising the purchase of goods. Besides that, there is a general urge to support local businesses as consumers recognize the importance from an economical, social and sustainable perspective.

The new generation realizes that an individual has an impact on the whole planet and therefore is determined to be '*glocal*'. So, they expect organisations and institutions to answer the local needs of customers and to contribute to the movement.

Consumers are choosing their brands based on the '*glocal*' impact. How can your organisation make sure to keep up with this trend?

Did you know that ...

'Think global, act local' was introduced over 100 years ago by Scottish planner and conservationist Patrick Geddes



H&M new formula

H&M for Amsterdam: a new store formula. H&M did a lot of research on the wishes of the local shopper, finding that the result lies in recycled, repaired, rented and sold clothes from H&M and local brands. So, H&M listened and adapted the new collection for their shop in Amsterdam. They recently launched the campaign introducing the new formula which is answering these requests. The goal is to implement the same concept in other European cities, where the local H&M shop will be based on the wishes of the local shoppers. Integrating big data, sustainability goals and local brands keeps all the elements of the chain close by and therefore H&M is complying with the 'Think global, act local' movement of 2022.



New rhythm of organisations

With the increasing technological innovations and the effects of the pandemic, the rhythm of the organisation changes. New studies show more productivity when working from home. Rethinking how to execute work in the innovative context, unfolds in new opportunities. Experts expect the impact of the Internet of Things (IoT) and AI on the function and environment of the hybrid way of working to be the biggest business trend for the next ten years.

This trend results in an increasing amount of smart offices across the globe. The biggest drivers of this trend may be vendors scaling out legacy systems and introducing smart connective systems. Companies and end-users have no choice but to go along with the developments. Although remote working was already underway before lockdowns caused by the pandemic kicked in, the government restrictions have prompted organisations to facilitate solutions that enable remote working.

Both organisations and employees embrace the positive effects of remote working, resulting in a reconsideration of the function of the office. Experts believe that the role of the office moves towards a social co-working space, where employees purposefully meet. In rebalancing online and offline work, hybrid organisational models emerge, and platform business models become the point of departure. However, the success of the new rhythm and working methods depends on a firms' goals.

With the higher productivity rates, needs for more flexibility and existence of technology in mind, have you re-evaluated the rhythm of your organisation and the opportunities it could bring?



Salesforce & RBC Waterpark

As technological innovations and remote working have given new insights in the needs of employees, companies have recognized that the role of the office has changed. The first adaptations are implemented in companies and buildings worldwide.

For example, Salesforce allows their employees to permanently work remotely and redesigned offices as 'community hubs' with collaboration spaces to come together when needed.

The RBC Waterpark Place in Toronto has a system where desk height is adjusted to the individual and room temperature to the number of people in the room. This way they transform their working space into a comfortable and healthy environment.





Personalised economy

A more personalised relationship with the customer is partly driven by the increase in online purchases, which have grown exponentially since 2020. With the help of omnichannel sales strategies, organisations are trying to win the competitive battle.

The need for a personal relationship is driven by organisations and consumers themselves. Digitalisation offers organisations the possibility of using analytics to gain more insight into the entire customer journey. On the other hand, consumers seek a personal approach that responds to their unique needs, regardless of the channel they choose. It turns out that consumers who are omnichannel users, make more shop visits and recommend brands to friends and family more often. Investing in an omnichannel strategy is worth trying. However, the shift towards an on-demand and app economy calls for an evolution of the shopping experience. Complemented by digital developments such as AI, the omnichannel shopping environment becomes even more personalised.

The accelerating development in personalisation of customer journeys offers opportunities for organisations that can differentiate themselves with their omnichannel strategy. It creates and delivers value for both consumers and own brand and therefore attracts and retains customers.

Through personalisation consumers form a connection with not only a product or service, but also with a brand. Where could you implement personalisation to enhance your customer journey?

Did you know that ...
as 72% of people *only* responds to personalised messages, the global personalisation software market is expected to grow to \$1.8 billion by 2025



Nike

Nike combines the rise of mobile with personalisation in the customer journey through multiple apps, each with their own unique purpose. Nike Shopping enhances the in-store experience, where customers can check-in with a QR-code for personalised service. With Nike Run Club and Nike Training Club users can work towards their personal fitness goals and track their progress. SNRKS is for sneaker fans to stay up to date with launches and events. In Nike Adapt users can pair their Nike Adapt shoes to the app to control the fit of the shoe. The NikeConnect app allows users to scan a tag on an NBA jersey and unlock exclusive content and customization options. Through all these different personalisation options, Nike deepens the relationship with their customers.





Healthy consumers

Since the pandemic, awareness of a healthy lifestyle has accelerated. Not only do older people appear to be susceptible to the virus, but the younger generation who are struggling with obesity and underlying diseases are also at risk. Since lifestyle is one of the most important factors, the focus on prevention and a healthy lifestyle has increased. This trend is illustrated by the figures from social media platforms, where users have started talking more about "healthy living".

People try to encourage each other to exercise more and live healthier. But also challenges like how to cope with stress and the work-life balance, makes people more concerned with their mental health. In the service industry, the changes that come with awareness for a more healthy living, are also implemented. Insurers are considering lifestyle-dependent policies and employers are focusing on the mental and physical health of their staff through various vitality and well-being programs.

This shift wherein consumers value quality over quantity with a focus on their health, disrupts various industries. High-quality local products and various gadgets to monitor overall health are becoming increasingly more popular. As a result, companies have to take a closer look at the content of their products and possibly redesign their strategy. This development offers companies and start-ups the opportunity to respond to new customer needs.

A healthy lifestyle includes nutrition, exercise, vitality and a healthy work-life balance, what does your organisation do to meet your employees' needs on these fronts?



Aramark Vitality Services

The international service company Aramark identified this trend early and is therefore a real disruptor in the Benelux market. With their new concept Aramark Vitality Services, employers can offer their employees a complete package that facilitates a healthy lifestyle. The online platform offers employees a wide range of products related to food, health, exercise and lifestyle. Examples are the opportunity to lease a bike, hire a handyman for chores in the home office and vitamins based on ones personal needs and goals. These products and services underpin the mission of Aramark Vitality Services to unburden people (and employers) in making healthy choices in their day-to-day life and improve their vitality.

Did you know that ...
as personal and planet health drive consumers, plant-based alternatives are expected to account for 11% of the total protein market in 2035



Meaning & well-being

Work, live, consume with meaning

People have put their lives in perspective and now crave more meaning in their day-to-day life.

Team-up!

Consumers, as well as employees, want to participate and help each other more and more in organisational and daily life processes.

Focus on talent and well-being

With an increase of burnouts worldwide, employers and employees are focussing more on mental and physical health.

The more than just an economy

A new school of economy is born in which human welfare, social connection and a flourishing ecosystem go hand in hand.





More than just an economy

Now that the current economy, which is based on infinite growth, is becoming less sustainable due to climate change, international conflicts and social discontent, a new economic school is gaining ground: *More than just an economy*. An economy should no longer be 'addicted' to growth and fossil fuels, in which the selfish 'homo economicus' takes centre stage, but should be a sustainable and social economy in which human welfare, social connection and a flourishing nature go hand in hand. Hence, the supply and demand for sustainable products continues to rise, as does the number of consumers who are prepared to pay extra for sustainability.

Sustainable investing is also gaining momentum. Investments in companies which focus on the planet's biggest challenges and operate in a sustainable and social manner, with responsible governance codes doubled since 2013. This shows that institutional investors, companies and individuals are committed to make the planet 'inhabitable' for the future generations as well. Furthermore, sustainable investments are expected to more than double in the next 7 years. This demand means that it is possible to make a return on an investment, while contributing to a better world. The combination of companies which focus on sustainable products and services and investors willing to fund them, makes that we are truly moving to a new paradigm: *More than just an economy*.

The demand for sustainable products is increasing every year. What is your organisation doing to meet this demand?

Did you know that ...

Consumers are three times more likely to buy a product if the label says the product is sustainable and repairable



Fleet Farming

Fleet Farming is an organisation that encourages homeowners to transform their lawn space into 'edible landscapes' to make healthy, affordable food more convenient and to educate the community about sustainable food growth. The group offers professional landscape consultation and installation and uses part of its profits for community outreach and education.

Similar micro-farming organisations have popped around the globe in the last several years. Micro-farming is a relatively easy way for a community to improve the food security of its residents and boost local economic growth while benefiting the environment.





Focus on talent and well-being

Nowadays, management teams of many companies do not only give their employees the rights and privileges they need. They go much further and find ways to improve the happiness and thus the entire well-being of their employees.

Worldwide, there is an increasing trend in the number of people suffering from burnouts. Currently, the number of burnouts has doubled during the corona crisis. People are struggling with loneliness, work-related stress and mental health issues, according to research by the CNV. Working from home also plays a major role. It is more difficult to have an overview of the well-being of employees when they work (for the majority of the time) at home. Awareness of the causes and consequences of burnouts and stress is increasing, and organisations are expected to set up the (home) working environment of employees in such a way as to prevent this as much as possible. The importance of mental and physical health is increasing for both individuals and employers.

Moreover, a study has shown that happy employees are about 12% more productive. To respond to employee needs and happiness, many companies are now focusing on finding a balance between employee growth opportunities, well-being and productivity. In doing so, they attract loyal, hard-working employees and reduce absenteeism and staff turnover.

Healthier employees mean happier employees, which results in less absenteeism, improved productivity and longer employee retention, so is your organisation focussing enough on talent and well-being?

Did you know that ...

Richard Branson once said: Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients



Google

Google strives to provide Googlers and their loved ones with a world-class benefits experience, focused on supporting their physical, financial, and emotional well-being. Their benefits are based on data, and centred around our users: Googlers and their families. They're thoughtfully designed to enhance their employees health and well-being, and generous enough to make it easy for you to take good care of yourself (now, and in the future).

97% of employees at Google Inc. say it is a great place to work, compared to 59% of employees at a typical U.S.-based company.





Team-up!

In the past few years, the participation society increasingly developed. Consumers, as well as employees, want to participate and help each other more and more in organisational and daily life processes. Nowadays, many organisations are implementing a "think tank" in the form of a client council. One of the reasons for the increase of the participation society is the Covid-19 pandemic.

This gave rise to two kind of movements. The first were solidarity movements. For example, an online platform was created where people could sign up to provide free support to others in need. The second movement was the (online) sharing of knowledge *between* organisations *and* their customers, *within* organisations and *between* different organisations.

To keep in touch with customers, organisations want to involve consumers through, for instance, online panels. Customers can share their feedback and ask questions. Because of this online focus, it is easier for organisations to reach their target audience and to share and collect information. Informing the consumer in a more efficient and effective manner leads to fewer questions and higher customer satisfaction. This in turn leads to an improvement of the customer journey.

In addition, it has also proved very valuable for teams within institutions or between institutions to team up (online) and share information. By sharing, getting feedback or suggestions, but also by listening, learning and exploring, all parties can develop further and come out stronger!

How does your organisation improve itself, society and the environment through collaboration?

Did you know that ...
by 'teaming up' you not only increase your knowledge, but also improve customer satisfaction



Future Talks

An example of 'team up' is the online Future Talks platform. On this platform, experts of various organisations are sharing knowledge with each other. All members propose topics and chair knowledge sessions. Often, business leaders will highlight topics which are relevant to their current situation. Participants can ask questions, hear what other organisations are experiencing and how they deal with opportunities and challenges. Examples of topics at Future Talks meetings are: sustainability, strategy, transformation and leadership. Future talks is an initiative of Consultive and The Next Organization.





Work, live, consume with meaning

For many, 2022 marks the year where they want to change their routines. Old habits were forcefully disrupted and thus many came to reflect on their life. With that, people became more aware of their actions and the impact those have on themselves and the environment around them. It isn't enough to work in an environment that one holds no passion for, to live without a goal or to buy products just to fulfil a need. Once a person reaches the top of Maslow's pyramid, they need meaning in their life.

In the U.S. a recent movement called 'the great resignation' has been identified. A huge number of people voluntarily quit their (successful) jobs in the past 1,5 years, all with the reason of doing something that they believe will make them happier. A big search for more meaning in daily life is reborn due to unfulfilling work conditions, new opportunities of remote working and insights in health challenges for people and planet.

Organisations are being scrutinized and expected to take their responsibility to society. Not only employers, but also their products and services should 'offer a meaning'. In the current market, where consumers have plenty of options to choose from, setting brands apart through a strong reputation and emotional connection with consumers is a must to find success.

How is your company positioning itself in this market steered by a search for a meaningful life?

Did you know that ...

Henry Ford once said: "A business that makes nothing but money is a poor business"



Nudie Jeans

Nudie Jeans is a company that produces jeans, like many others before it. The company distinguishes itself by offering a repair policy for any pair of jeans it sells. For no additional cost, a customer can take their worn pair of Nudie Jeans jeans to their local repair shop for a free patch job. This severely increases the lifespan of these clothes and prevents them from having to be replaced. Also, it stimulates increase of local employment and therefore positively impacts the local economy. This sustainable business model is very attractive for socially aware consumers and encourages them to stay with Nudie Jeans for a long time.





Do you have any questions about how these trends impact your business? Please do not hesitate to reach out.

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Best and successful wishes for 2022 on behalf of the entire team of The Next Organization.


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The team of The Next Organization formulated this Outlook by consulting various sources. List of references is available upon request.