

About trends and foresight research

Strengthen strategies, inspire
innovation



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Our uncertain world

The last few years have been a time of turmoil, created firstly by COVID and latterly by the Ukraine war. Both events shattered implicit assumptions *The days of pandemics hitting the Western world, in a way to leave it at a standstill, had long passed. And, Europe is relatively stable, even in the East.*

Further uncertainties are reaching our consciousness: While we share the view the climate is changing, the extent of environmental impact, and how societies will adapt to pay for such impacts, are unclear.

In 2023, AI hit the mainstream, with ChatGBT stealing the headlines and imagination through a disruptive change in its conversational abilities. Speculation ensued about the extent AI will replace our jobs - or even our species! - how it will be used in wider society, and how quickly.

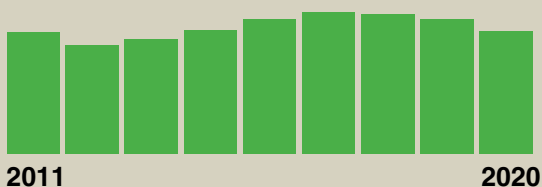
Set against the questions, other trends are progressing consistently: human population growth, aging, reducing-health inequalities, wealth concentration, population diversity et al. However, they are each creating their own profound challenges to sectors and consumers over time.

While this all sounds disconcerting, it represents a time of profound opportunity as well as risk: The world is hungry for solutions on multiple fronts. To survive and prosper, though, businesses will need to do more than satisfy today's customer. They will need to adapt to trends shaping their *future* markets and manage uncertainty as a constant.



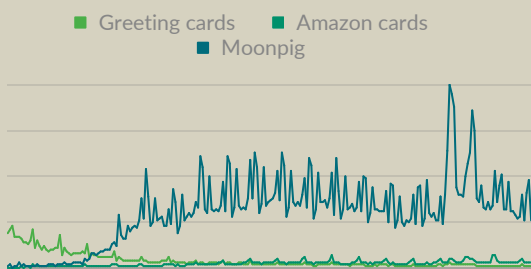
Trends impacts case 1

Paperchase are an example of a company where many trends conspired against them



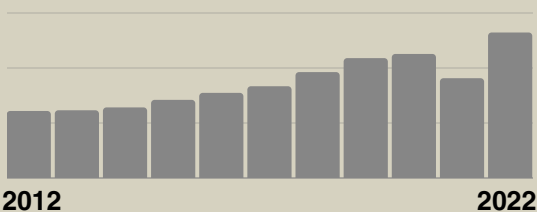
Less paper and card

Overall, the greeting card market in the UK - shown above - is flat at £1.4bn/year (and the stationary market is declining)



High street v online

Online search for cards has moved to seeking specific brands



The Works plc

Competition in stationary and card markets grew from budget providers as well as online niches. The Works have been particularly successful reaching a turnover of >£250m

Trends are affecting businesses constantly - working to help or hinder performance and growth: Take the businesses that are thriving or struggling, and you will usually find the influence of external trends. Quite simply, trends influence the businesses that we see born, grow, decline and die.

One such company to be adversely impacted by such trends has been the UK stationary chain Paperchase, who entered administration in early 2023. Considering the nature of the business - selling cards and stationary- aside the direct impact of COVID, external trends that were against them were numerous, e.g.

- Reducing high street shopping trips
- Consumer cost consciousness
- Leisure shifts from 'goods' to 'experiences'
- Innovations in greeting cards
- Energy-price rises
- Paper-price rises
- Social media and email
- The paperless office
- The growth of Amazon's popularity
- New entrants to the greeting card market
- New online, niche competitors.

Paperchase were far from alone in succumbing to these kinds of forces, particularly after COVID. For many businesses, there simply isn't the time or cash to mitigate them at the point they arrive. The question they raise, though, is how can businesses better prepare for a future they can't exactly predict?

Survivors and winners

While there is no sure-fire recipe, there is lots to learn about the attributes of businesses that survive turbulent periods, or grow quickly and outpace their markets. We know that 'success factors' are complicated in that they vary with the lifecycle stage of a market, product and business itself. Nonetheless, asking the right questions, and having the right intelligence, is consistently important.



The avoidance of failure traps: The most self-evident factor that enables a business to survive is that it avoids the traps that kill many others. At the start of a business's lifecycle, failure often relates to over-fixation on an idea. At maturity, "complacency" about market change can lead to a downfall (Jayasekara et al, 2020). It is vital for businesses to be seeking market feedback at all stages.



Embracing technology: In examining the businesses that survived both the financial crash and COVID, those that embraced technology fared better (Enterprise Research Centre) Research by Capterra (2021) is amongst the latest to show how SMBs are attributing success to their digital strategies.



An external orientation: Research shows businesses which have a customer or market focus (or "orientation") perform better. A focus on customers is associated with reduced churn, greater sales, word-of-mouth and employee satisfaction. Having deep insight into consumer needs and behaviours is the foundation of a customer-or market-oriented organisation e.g. Ruud et al (2016).



Innovation and entrepreneurship: Innovation and entrepreneurship activities are discriminating factors for high growth in a range of studies e.g. OECD (2018). Being open to partnership, learning from exports and location-factors are particularly important success factors for UK small businesses (UK Research Centre 2020).



Brand strength: Decades of research has shown a company's "share of voice" (i.e. its relative marketing and brand spend) has correlated strong with its market share. Also, a 60:40 split toward investing in brand marketing, to increase awareness and reputation. rather than campaigns to directly drive short-term sales generally creates the best financial outcomes (Binet and Field, 2019).

Shortcomings of tradition

Data and research is critical for businesses to attain success factors on the previous page. They become even more critical when direct competitors acquire the insight to create better marketing, products and services.

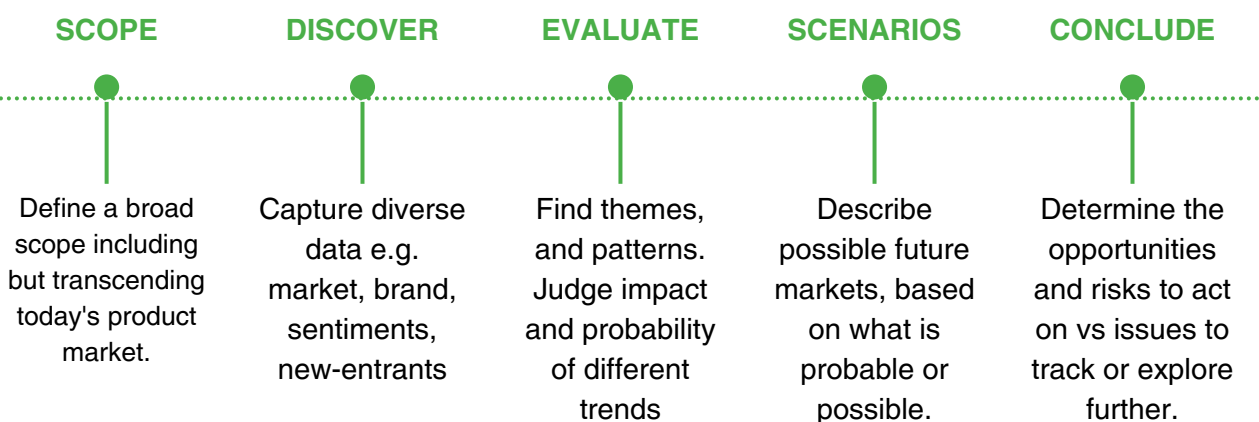
However, the traditional research and analytic techniques and approaches of the sort to inform the next product feature or marketing campaign have shortcomings when applied to the challenge of understanding risks and opportunities for the mid- and longer-term future.

Traditional approaches	Shortcomings
Using customer database analytics to understand the propensity to buy	Historic consumer data is a very valuable source to understand a customer's propensity to buy....until the market or world changes, and then it isn't.
Surveys eliciting consumer interest in new product ideas through direct questions	People don't allow others to know more about them than they know about themselves. Cognitive biases also influence a consumer's predictions of their future choices.
Qualitative research eliciting consumer wants and needs through direct questions	Consumers have an inaccurate view of their likelihood to buy a new product - with research showing an overestimation by a factor of >200%.
Using only one source of research or data for insight on a topic - particularly if complex	All research has both strengths and limitations. Asking questions in different ways, or when recipients are differently-primed, can lead to very different responses.
Sticking to a narrow product market context to understand consumer behaviour	Major opportunities and threats to organisations tend to arrive from the periphery of markets. By the time they impact consumer behaviour, it can be too late to respond.
Seeking a single clear "result" from research and dismissing the ambiguity	A number of futures remain probable, possible and plausible. Embracing only the hard facts, while dismissing ambiguity, obscures the real management challenges.

Elements of a trends or foresight study

Trends and foresight studies tend to have some differences from traditional research projects, including the goal.

Key stages of a trends / foresight project



A traditional product-research project typically seeks to define a clear view of the future choices of customers from understanding their attitudes, behaviours and un-met needs.

By contract, the purpose of a foresight project is to explore different possible future scenarios for a market (and business), considering ways consumers, and other actors *might* behave; therefore exploring challenges the business *could* find itself navigating.

Rather than relying on one or two source of data, there is usually a wider trawl of data sources, potentially allied to traditional research methods like surveys or interviews. Data can come from opinions, observation and behaviour as well as market or economic information. Fast growing niches, or emerging ideas, are sought with market data.

Uncertainties are embraced within the analysis. In fact, these form the means to describe the different scenarios that might then come to pass.

The end point is often an inventory of opportunities and threats, which present options for acting upon, understanding-further, or tracking to see what happens next.

Enablers of foresight

While a project can be a one-off exercise, an organisation will often want to create a foresight or "horizon scanning" capability to inform ongoing decisions. Several conditions are needed....

Sponsorship

Understandably, "cash is king" for many SMBs. This day-to-day reality makes it only more important that trends and foresight research work has Exec sponsors.

Structure & process

It is extremely easy to drown in a world of data. Structure, process and discipline is needed to source, capture, interpret and organise insight from disparate sources.

Culture

Curiosity, creativity and critical thinking all play roles in effective projects. Projects work best by valuing diversity, collaboration and constructive debate.

Diverse data & insight

While vast, the range of transactional and digital data held by an organisation give only part of the story of how a market is evolving. Clues about the future lie in wider sources.

Tools and methods

Several tools and methods are invaluable for drawing business implications from data. For instance, the "Futures Wheel" represents the direct and indirect impacts of trends.

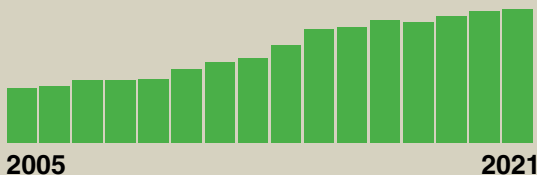
Commitment

Routines to sustain and build foresight beyond a one off project include allocating ownership for reporting critical events, and having a routine to evaluate market changes.



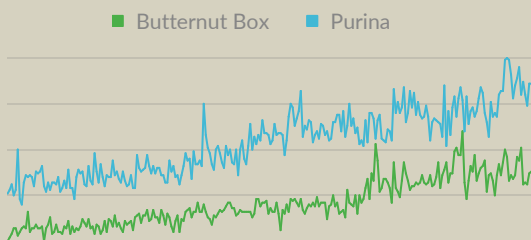
Trends impact case 2

Functional pet food is an example of innovation within a mature market, driven by social trends



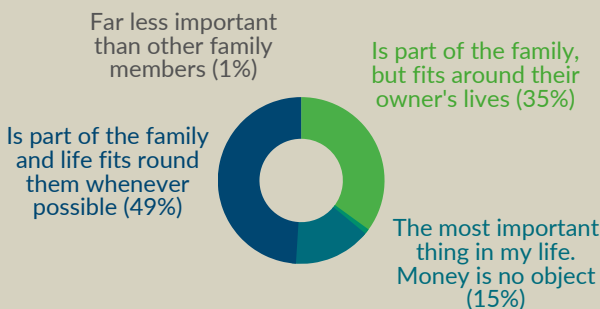
Expenditure on pets

A long-standing trend exists in growing pet expenditure (and 'spend per pet') to c£8bn today in the UK.



Growing brands

Both established brands like Purina and new brands like Butternut Box are growing



Pets as family

Research from Pet Plan (above) and RSPCA both see pet owners considering their pets as family.

While the global dog food market is worth \$115bn, a fast-growing subsegment is the functional dog food market i.e. food formulated to provide additional health benefits.

As with many trends, the emergence and growth of the product is a result of social and technological factors.

- The love of animals
- Pets as family members
- Spending on pet leisure and wellbeing
- Big brand R&D (e.g. Nestle Purina, Mars)
- Human interest in carbs and proteins
- Human interest in mind-body interaction
- The "personalisation" expectation
- Human awareness of animal interaction

Some wider social trends affect the direct trends: for instance, the RSPCA find that women rather than men are amongst the nation's animal lovers, while various other studies show women as being more interested in nutrition too, creating the propensity to seek out nutritious pet food.

There are now a number of high-growth younger manufacturers alongside the major players emerging in the US, and Europe as well as the UK (e.g. Regio, PetLab and Zesty Paws). Such innovators will be further helping the market to grow by meeting the disparate needs of more consumers.

Our services

Our services are modular, to accommodate different challenges, from strengthening strategy to boosting innovation idea pipelines or inspiring brand development



Intro

An immersion into concepts, reasons for business growth and decline and a sample of current trends



Map

Identify and evaluate trends affecting your market and business over the next 5-10 years. Explore future scenarios



Discover

Deepen insight into consumers, experts and influencers to generate ideas and options around emerging trends



Evaluate

Once you have ideas, evaluate them from different perspectives to inform what you do next.



Sustain

Build a sustainable way to horizon-scan, track trends and evaluate findings with cost effective tools and data.

About

About x2y

X2Y exists to enable small-and-medium sized organisations to better prepare for the future using diverse insight, and processes of structured, creative thinking. Projects are collaborations in which we bring the market and consumer insights and trends and we interpret them together to understand how to strengthen business, marketing or product strategies.



About me

X2Y was founded Stephen Plimmer, a customer and market insight expert, with extensive experience gained from working across sectors, from non-profit (National Trust) to financial services (HomeServe), in organisations with staff numbers ranging from under 10 (a telco start-up) to 72,000 (E.ON), and across diverse research and analytic projects. I have a PhD in Electronic Engineering from the University of Sheffield, and Masters in Marketing from the University of Leicester.

And others....

Based on project requirements other subject matter experts are co-opted as needed, while also making use of innovation networks to access valuable perspectives or insights from people in the UK or around the world.



Summary

In summary, trends and foresight research can help with both overall and functional strategies, particularly in uncertain times.

- While the world feels disconcerting, it represents a time of opportunity as much as threat: The world is hungry for solutions on multiple fronts. To survive and prosper, though, businesses will need to do more than satisfy today's customer. They will need to adapt to trends shaping their future markets and manage uncertainty as a constant.
- External trends are affecting businesses constantly - working to help or hinder performance and growth. Trends are influencing the businesses that we see born, grow, decline and die.
- While there is no sure-fire recipe, there is lots to learn about the attributes of businesses that survive turbulent periods, or outpace their markets. Asking the right questions, and having the right intelligence, is consistently important as a foundation.
- Research and analytic work of the sort to inform the next product enhancement or marketing campaign has shortcomings when applied to the challenge of understanding mid- and longer term risks and opportunities. Trend and foresight research has some differences in scope and approach to tackle this challenge.
- Our services help SMEs to survive and grow in uncertain markets, making use of disparate sources of insight allied to structured creative, critical and collaborative thinking.



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