



INNOVATION TRENDS BY EFFECTUS STRATEGY PRACTICE

The new year is often accompanied by new goals and aspirations. In the months leading up to January 1st, business leaders and individuals alike are reflecting on learnings from the past year – what worked, and what hasn't. Reflecting is a critical exercise for determining the plan of attack to convert new year goals into tangible results. With mantras like "new year, new me" that are often heard this time of year, our responsibility as decision-makers is to understand what that means and what opportunities that presents for our businesses.

In this month's *Ecosystem of Product*, the focus is on **impending trends** to look out for in the new year - so that your organization can be ahead of any changes that could affect the way you plan to improve your business in 2021.

I. 2021 CONSUMER TRENDS OF Q1

Some trends, like spending more time exercising and less time on the cell phone make an appearance every January. However, this year, there are others that are less apparent and less recurring in nature.

1. Private Lifestyle: The first trend we found interesting was that consumers are moving towards a more private lifestyle. While this may sound like social media is taking a backseat in 2021, that may actually be the one exception to this "private lifestyle." Due to the events that have taken place in 2020, consumers feel more vulnerable in public places and

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around people outside of their immediate household than ever before. According to Gartner's "Consumer Behaviors and Attitudes" survey, **64%** of respondents believe they are at risk of exposure to Covid-19 in public places, and **77%** are no longer comfortable socializing the same way they did pre-pandemic. For the time being, brands should lean into their brand values that support their consumers' more "reserved instincts."

2. Private Dining: One of the aspects that consumers appear to miss most about their pre-COVID lifestyle is going to restaurants, but that has not stopped them from getting the comfort foods that they believe will get them through the winter. Lockdowns and quarantine have led many to find kitchen hobbies or simply find new ways to dine from the comfort of their homes. As such, plant-based foods have risen in popularity. Additionally, while working from home has given some people extra time to focus on cooking, others have felt more fatigued and relied on meal ordering for efficiency. While the primary delivery services like UberEats and DoorDash have helped bridge the gap between traditional restaurants and their customers through tough times, we continue to see innovations in take-and-bake and meal kits. This more economical option still offers consumers the peace of mind associated with eating at home without the headache of figuring out what to eat or what they need to get from the grocery store. One overarching trend associated with all these options is the growth of eco-conscious packaging (expected to continue gaining momentum, especially under the new administration).

3. Spending Habits: The next trend we predict consumers will lean into pertains to their spending habits.

COVID-19 has made a lasting impression on consumer spending across the entire wealth spectrum. Insufficient funds is a constant concern for low-income

consumers, and as such, they are cutting their discretionary spending, especially when any unexpected sickness could impact their ability to work and pay bills.

On the other hand, the affluent consumer is also taking a closer look at their spending habits – and while they are not as concerned about not having the money when they need it, they are more interested in value proposition than they have ever been in the past. There are also feelings of guilt with luxury purchases knowing that there are so many who are struggling right now, both physically and financially.

4. Equality and Inclusion: The last consumer trend to be mindful of is a shift in consumer values. In years past, *loyalty* has remained at the top of the ranking of consumer values, however, the top value is now **equality**. As has been demonstrated in the social justice movements in 2020, consumers are placing more stock and importance in equal opportunity and equal access in all areas of life. Other values such as inclusion and diversity have risen 7 and 6 ranking positions, respectively, over the last year. It will be important for brand marketers and strategists to make sure communications and brand themes are committed to emphasizing the aspects of their brand values that speak to social justice and empower consumers to participate in meaningful dialogue and expressions.

II. 2021 RETAIL TRENDS OF Q1

Just as there are consumer trends, there are also retail and commerce trends that we may begin to see in the upcoming months.

1. Omni-Channel: The first trend is not a new one, but we think it will become much more significant in the near future.

This strategy means creating a seamless experience between all aspects of the commerce experience. In response to the uptick in e-Commerce activity this past year, mall and store owners are expected to make major investments into technology that will reimagine retail into a digitally integrated experience. The Omni-Channel trend is in many ways a culmination of digital trends including robotics, artificial intelligence (AI), the internet of things (IoT), and extended reality (XR). The intersections of these trends have major potential for changing the way consumers shop. According to industry research, interactive ads and games in brick-and-mortar locations can boost consumer engagement and conversion rates. In omni-channel retail, product segmentation will be a major key to success. A differentiating factor between a brand's physical and digital presence will be offering unique products in each place their brand lives. This strategy will give brands and retailers the power to get consumers out of their homes and back in stores with the availability of the vaccine.

2. Social Media Commerce: The next trend we expect to continue long into the future is the crossover between e-Commerce and social media. This is extremely important as businesses become more reliant on the younger generations (e.g. millennials and GenZ) to keep their brands relevant in a new age. According to a recent study, in 2020, approximately **41%** of customers began shopping online for things they would normally buy in-store, and this piece of business is here to stay, but where it is going is even more important. In 2019, the average daily social media usage of internet users across the world was around ~144 minutes per day. Many people's lives revolve around what is being said on Twitter, who posted what to their stories and on their Instagrams, or what was shared on Facebook. Social

media is where consumers keep track of their friends as well as their favorite brands. That is what makes social media commerce such a powerful tool. When a brand launches a new collection of products, social media distributes these news to hundreds of thousands of people, but with the new social media commerce pages, platforms have been able to take things a step further. Social media commerce enables social media profiles to turn their page into a marketplace with images, prices and product descriptions. Social media platforms have even made these details available on regular posts that show these exact products in use with clickable links that can take viewers directly to a purchase page without having to jump to different apps and work within the confines of a different user interface. Social media has also proven itself to be an asset to brands on its own. The utilization of influencer marketing has been impactful to getting the attention of new demographics and raising brand awareness. We expect this effectiveness to continue and we expect to see these platforms work with brands to leverage more of their system for effective marketing.

III. EMERGING TRENDS IN THE WORKPLACE

In [December's Year in Review](#), Effectus CEO, Chetan Shah, shared how the events of last year have challenged his priorities as an executive. While some of his priorities changed, one that stayed top-of-mind was *People*. Despite the long list of things that were beyond our control in 2020, we have seen countless leaders take the necessary steps to protect their people, which by extension, has protected their businesses.

By focusing on the well-being of their people, business leaders all over the world

have been able to take steps to offer their employees safety and stability during unsafe and unstable times. Such steps include the implementation of remote-work capabilities. Many businesses have spoken to their plans for the workplace going forward. Although some industries and positions are more suitable for working from home than others, we are seeing many instances where the focus is still on the people and giving them comfort and flexibility to decide what works best on an individual basis.

Tech giants like Facebook and Twitter took a stance on long-term remote work very early in 2020 with both their current and future employees in mind. CEO of Facebook, Mark Zuckerberg said, "When you limit hiring to people who live in a small number of big cities, or who are willing to move there, that cuts out a lot of people who live in different communities, have different backgrounds, and have different perspective." While there are certainly benefits to meeting with your team in-person and individual workstyles often require different levels of physical collaboration, businesses are missing an opportunity to attract high-quality talent with unique lifestyles and backgrounds. The unaltered diversity inherent to having outstanding team members in different parts of the country and world can limit your organization in its pursuit of innovative ideas which can ultimately affect the long-term health and growth of the organization.

Some businesses like REI, a outdoor retailer, are abandoning the headquarters model entirely. After the recent completion of their new HQ in Seattle, and the untimely spread of COVID-19, they have begun pursuing the sell of the facility. The President and CEO, Eric Artz, said, "This year has shown us our home is not a building. Our home is wherever we find ourselves doing our best work, pursuing our outdoor passions, servicing our

communities. Serving each other." Instead of a singular HQ, their "headquarters" would be in multiple locations across the region and a remote working model would be normalized. Without the constraints of a their Spring District HQ they can offer flexibility to their employees to live and work outside of the region and shrink their carbon footprint which is very important to their brand values.

Other members of the Ecosystem of Product include transportation provider U.S. Xpress (Chattanooga, TN) who has found success working remotely by incorporating a rigorous schedule with daily touchpoints and weekly department meetings. As of late-August, there was a possibility of leaving as much as half of their headquarters staff remote. In addition, global manufacturers like Siemens plans to give employees to work remotely 2-3 days a week when possible. Similarly, businesses like J.P. Morgan and Deutsche Bank have mentioned efforts to develop a rotational or "hybrid" model where staff will likely split time in the office and at their homes.