



HENLEY GROUP INTERNATIONAL

# Megatrends for 2021

And how PR and marketing professionals can leverage them

# A year to remember

It is said that necessity is the mother of invention, and it is undoubtedly true that the pandemic is proving a catalyst for innovation. The most significant being the development, approval and deployment of a vaccine achieved in a matter of months, rather than the usual years.

Yet the pandemic spurred innovation elsewhere, as lockdown forced even the smallest of organisations to shift their workforces, product offerings and services online - pivoting to new opportunities and accelerating their adoption of technology, to the extent it is estimated that a decade of progress in tech was made in a little under a year.

Some of 2020's developments emerged less out of necessity and more from a renewed concern for the world around us. As skies cleared and roads emptied during the first stages of lockdown, pollution levels and carbon emissions dropped - so it was perhaps inevitable that efforts to address climate change would be reinvigorated.

Similarly, as governments unleashed massive financial and monetary stimulus, previously unquestioned economic theory was challenged, and 'big state' returned to the foreground. The very purpose of business came under review, as organisations looked anew at their Environmental, Social and Governance (ESG) agendas and investors questioned the tenet that business has a duty to its shareholders alone.

The megatrends identified in this white paper represent new issues as well as old ones that have been given fresh relevance by the pandemic. Some reflect a stated aim to "build back better" - a political mandate that existed before the pandemic, but which has gained urgency and attracted financial support following Covid-19.

As we enter a new year in the expectation that the world gradually opens up again, brands must urgently consider how they address these megatrends if they are to be competitive, innovative and relevant in 2021.

These trends impact on the work of professional communicators and marketers, also, and ask questions about the tactics they employ and how they develop and communicate positions around these trends.

Wise PR professionals and marketers will leverage these trends to gain competitive advantage, show how their organisations have engaged with them, and reveal how doing so helps address customer needs.



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# Three megatrends for 2021

The arrival of a new year has never brought such hope, it seems. As we enter 2021, the deployment of vaccines around the world suggests that the end of the pandemic may be in sight, despite the reintroduction of lockdowns in many countries.

Yet before 2020 is cast aside, it might be wise to consider the significant and perhaps lasting transformations that the year brought about.

Looking closely at these changes has allowed the Henley Group to identify three megatrends that will impact on organisations of all sizes in 2021.

Businesses must address these megatrends if they are to be competitive, innovative and relevant.

PR and Marketing professionals, meanwhile, must not only be prepared for these megatrends, but leverage them if they want their brands to stand apart in an increasingly noisy and competitive marketplace.

Read on to learn how 2021 will impact your organisation's PR, communications and marketing.

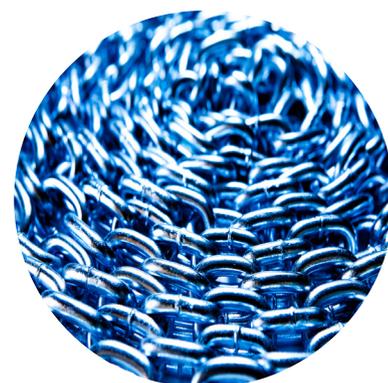
And be prepared for another year of change.



**Digitisation**



**Sustainability**



**Resilience**

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# Digitisation

**Organisations were already digitising core processes and moving operations online well before the pandemic, of course. But it's undeniable that the disruption brought by Covid-19 has accelerated this development: every sector, from food to pharma, logistics to learning and retail to real estate is embracing digitisation.**

The benefits of doing so are clear. For some sectors, the shift to digital was a necessity forced upon them by lockdown; retailers, for example, expanded their online presences to maintain customer contact as physical stores were required to close.

To meet this increasing online demand, warehousing and logistics providers made large investments in IT, while constructors rushed to build new warehousing as demand outstripped supply. According to the Office for National Statistics, in-store sales were 10% down in September 2020, while online sales were up by nearly 50% on the start of the year.<sup>1</sup> It's hard to see this being reversed even after the pandemic has passed.

Many businesses re-engineered procedures and built IT infrastructure so day to day operations could be undertaken remotely by people working from home.

Others invested in automation to minimise physical intervention in manufacturing processes, such as reducing cost and increasing efficiency by harnessing the IoT and M2M communications to unearth the data that processes and customer interactions generate. Business is now calling on machine learning and AI to spot patterns, trends and opportunities; to gain greater insight into how their organisations work, and how they could work better.

While the data do not currently suggest a massive increase in IT investment in 2020, the areas where mobility and resilience could be attained, such as the cloud, saw the biggest investment. Over the next five years, IDC believes that all growth in traditional tech spending will be driven by just four platforms: cloud, mobile, social and big data/analytics.<sup>2</sup>

According to IDC, the cost savings created by moving to the cloud and investing in automation will see more spending diverted towards new technologies such as AI, robotics, augmented and virtual reality, and blockchain. The next-generation security required to protect these new technologies will also drive significant investment growth.

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## PR and marketing lessons

### Tactics

Marketers need to ensure their brands are fully participating in all the digital channels that matter to their target audiences. In doing so, they need to consider that their customers' presence across these channels may have shifted dramatically in 2020, as they themselves have digitised.

Given the noise created by competitors who have pivoted in the same way, marketers also need to create engaging content that builds their brand's presence across these channels, and supports every stage of the customer journey. And, in the same way that digitisation - and the data it reveals - provides insight into a firm's operations, marketers need to build systems that capture the effectiveness of marketing activity to establish ROI.

### Strategy

PR and marketing professionals need to consider what digital transformation means for the customer. Tech trends such as automated manufacturing, remote maintenance and solutions built around AI need to be aligned with the needs of the customer - not the business - and communicated as such.

Professionals also need to be prepared to answer searching questions from customers and media alike on the impact of digitisation. Technologies such as AI are under increasing scrutiny while bias in machine learning processes is a cause for major concern. Marketers need to be prepared to address these, and be prepared for cybersecurity breaches; ransomware attacks were up 130% in 2020, while October of the same year saw the most cyberattacks ever reported.<sup>3</sup>



# Sustainability

Global emissions fell by 7% in 2020 due to the pandemic, the biggest annual fall since the second world war. Yet even by June 2020, while unpolluted blue skies in locked-down Europe provided a tantalising vision of a lower carbon future, air pollution in China had already returned to pre-pandemic levels, despite a 38% drop in nitrogen dioxide (NO<sub>2</sub>) and 34% reduction in fine particles (PM<sub>2.5</sub>) at the height of Covid-19 in China.<sup>4</sup>

Yet there are good reasons why sustainability – and the environment in particular – will be at the top of the business, political and social agenda this year. Renewable energy forms an increasing part of the energy mix, while sales of electric vehicles are set to increase by 36% this year.<sup>5</sup> Under a Biden Presidency, the United States is expected to commit to net-zero emissions by 2050, while the European Green Deal aims to make the EU the world's first climate-neutral bloc by 2050. The UK, meanwhile, has announced a ban on fossil-fuelled cars from 2030 as part of a Green Industrial Revolution.

So while Covid-19 delayed November's UN COP26 climate summit in Glasgow, most of the world's largest economies now have made climate reduction pledges and, if the USA's plans are included, well over half of global emissions are covered by goals. A successful COP26 seems possible with a more multilaterally minded US President and the commitment of China, the world's largest emitter, to be carbon-neutral by 2060.

Businesses too are making the changes required to reduce carbon emissions and many of the world's largest brands – such as Siemens<sup>6</sup>, Unilever<sup>7</sup> and Toyota<sup>8</sup> – have ambitious commitments in place. Many are already delivering against these: in September 2020 Google claimed to be the first major company to effectively eliminate its entire carbon footprint, a goal it set back in 2007.

While organisations will continue to embrace the 'E' in ESG, sustainability and governance are also on their agenda, in response to growing consumer demand – particularly among millennials – as well as the concerns of stakeholders such as employees, and society at large. So, whether it is corporations such as Sky<sup>9</sup> highlighting the extent of plastic pollution in our oceans, or Nike<sup>10</sup> incorporating recycled materials in its shoes, firms are embracing sustainability and governance also.

In some respects, corporate interest in these issues reflects increasing regulatory scrutiny in areas such as big tech, chemicals and pharmaceutical pricing, so investment in ESG is not only the right thing to do but, for many, the smart thing to do. Ultimately, however, ESG's climb up the business agenda addresses a notable shift in investment strategy: PWC expects 57% of mutual fund assets in Europe to be held in funds that consider ESG factors by 2025, up from 15% at the end of 2019.<sup>11</sup>

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## PR and marketing lessons

### Tactics

Marketers should ask whether their marketing activity sufficiently addresses heightened customer expectations around environmental, sustainability and governance issues.

Tracking customers throughout their journey now requires greater consideration for the sustainability of that marketing activity, the respect in which the customer is held, while respecting their privacy, as protected under GDPR. Spam is not the answer to today's marketing needs and, in a crowded marketplace, neither is throwaway material masquerading as meaningful and engaging content.

### Strategy

Professional communicators must ensure that campaign messaging meshes with their organisation's ESG footprint and does not create a gap between what is claimed, and what is reality. While customers increasingly expect the ESG box to be 'ticked', they can easily spot greenwash.

In a B2B environment, customers may want firms to package their ESG efforts in a way that burnishes the customer's own ESG credentials, so marketers must do more than simply highlight ESG activity: ideally, target audiences should be able to get involved. Some organisations encourage customers to join their carbon offsetting schemes, for example, benefiting from pre-agreed carbon pricing and access to offsetting schemes that deliver real results.



# Resilience

Interestingly, it has been suggested that the ESG boom is being driven as much by risk management as investor dollars and activism, for “Covid-19 has shown company executives and financiers around the world the perils of ignoring so-called ‘externalities.’”<sup>12</sup>

These externalities certainly came to the fore during the pandemic. In response, while most organisations have embraced ‘just in time’ supply chains - or so-called lean manufacturing - over the past thirty years, the disruption caused by Covid-19 has forced businesses to think in terms of ‘just in case’, instead.

Logistics and supply chains are being rebuilt as a result, with many firms bringing previously offshored manufacturing operations closer to home. Materials are being sourced closer to use or stocked in greater numbers to provide a buffer against supply interruptions in marked difference to the ‘as needed’ approach of the past. And while this involves additional investment at a time when cash is king, many firms see these measures as essential to meet customer needs.

Resilience is being baked into firms through a new and perhaps overdue assessment of risk, whether it relates to the supply of goods, the robustness of cybersecurity, or the protection afforded to people, processes and intellectual capital.

Many firms are building at scale and at speed to reflect a pivoting of business focus, and are investing in technology that makes this possible - but with new-found attention paid to the robustness of these systems.

Of course, on the back of a pandemic which has seen firms shed jobs or furlough workers, resilience and strength are also needed in the people that organisations rely on, many of whom are now working from home. CIPD research shows that employers expect the proportion of people working from home on a regular basis once the crisis is over to more than double.<sup>13</sup>

This presents a significant challenge to organisations in keeping disparate workforces efficient, collaborative and motivated. Many organisations are investing in wellbeing programmes to build resilience across teams, alongside the IT that allows them to do their job remotely.

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## PR and marketing lessons

### Tactics

The pandemic, and the resulting lockdowns, have transformed the sales process, especially in the B2B environment. Unable to hit the road, conduct face to face meetings with prospects or sell at events and exhibitions, the traditional approaches available to salespeople have vanished.

Marketers need to therefore ensure that salespeople have the tools, skills and content at their fingertips to meet the challenges of a very different world: one where sales are conducted in highly contested online spaces such as LinkedIn, where the competition is equally active and brand differentiation has never been more critical.

### Strategy

Communications and marketing strategies must address the seismic shifts outlined in this white paper. PR professionals and marketers need to build a robust marketing and communications strategy that reflects the changes in market sentiment and customer behaviour that the pandemic has brought about.

Marketers should re-map their customers’ journey and ensure that activity is robust and focused on real customer needs. PR professionals must also revisit corporate messaging, reinvigorate thought leadership activity and refresh crisis communications plans in the light of a year that brought a crisis like no other.

# The Henley Group

**How we communicate is changing – why we communicate has not.**

Our services reflect 40 years of experience in corporate public relations, which go hand in hand with our knowledge of today's digital landscape.

The Henley Group's counsel is sought at a senior level, working alongside business leaders to advise on strategy and planning for a range of communications challenges.

Clients value our intuitive PR and content marketing services, supported by the versatile skill sets of a team with backgrounds in PR, journalism, content marketing and corporate communications.

They are supported by strategic consultants who combine years of experience at the very highest levels of business, finance, technology and healthcare.

Our core team includes directors with a minimum 15 years' experience, and technical writers with an outstanding portfolio in the trade and national press. The Henley Group is an independent agency, which means your dedicated team remains precisely that: experienced, focused and dedicated to your brand.

This approach helps us meet the exacting needs of some of the biggest global brands. These clients value our experience, expertise and our access to their target media base. Above all, they appreciate the level of commitment, communication and counsel that we offer.

**To find out how the Henley Group can help with your PR, communications and marketing needs, visit [www.henley.co.uk](http://www.henley.co.uk).**

## References

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<sup>1</sup> <https://blog.ons.gov.uk/2020/09/18/how-the-covid-19-pandemic-has-accelerated-the-shift-to-online-spending/>

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