DISRUPTIVE FORCES NECESSITATE BOLD DECISIONS

Two years of tumult have steered business leaders to a new, uncertain reality. The spectre of disruption has loomed since the dawn of the digital era but exploded in intensity and breadth starting in 2020. Meanwhile, customers are demanding more from brands: demonstrated commitment to ESG values; seamless cross-channel experiences; convenience; and reassurance. These dynamics are compounded by the pandemic and supply chain disruptions. As a result, the need to act quickly and intelligently in the moment has never been so critical.

In 2022, business leaders will lay the groundwork for bold decisions by investing in technology and refocusing business strategies. AI adoption and tech spending will accelerate. Tech companies will jump into adjacent markets, equally capitalising on opportunity and sowing confusion. Greenwashing will wash away as sustainability becomes a must-have.

2022 is a year to be bold. The old ways of working no longer work. The future is up for grabs. Leading companies will use the crucibles of 2020 and 2021 to forge a path to an agile, creative, and resilient tomorrow.
Values-based consumers are here to stay.

50%+ of European consumers will buy from brands that match their values.

According to Forrester Analytics data, 69% of European adults wish more companies were transparent about their business practices, and that figure is 87% for the most empowered consumers — they increasingly expect brands to use their platforms to contribute positively to society. In the same survey, 47% of Europeans say they regularly purchase from brands that align with their personal values, including 62% in the Netherlands, 57% in Spain, and 55% in Italy. In 2022, we expect a 15% increase in those averages, driving brands to take further action.
The pandemic has shaped consumer expectations forever.

Customers will want over half of pandemic-era services to become the “new normal.”

As pandemic restrictions lift, companies and institutions have begun to resume some pre-pandemic ways of doing business by ending senior shopping hours, reinstating hoops for passengers to jump through to change a flight, and transitioning away from virtual options. That’s a mistake, because consumers have grown used to many of the services and will continue to want them (e.g., curbside pickup, remote meeting options, and expanded digital payment). Forrester’s data backs this up.

For example, one-half to two-thirds of US and European consumers say that the pandemic has changed how they shop for products, and the number of US adults who would be interested in a video-chat health appointment has increased by 66% since 2019. Brands that successfully navigate the transition to the new normal will avoid a wholesale reversion and analyse current customer insights and research to evaluate which services to keep, adjust, or toss.
More CMOs own or influence online commerce.

Commerce will catalyse 35% of CMOs into CX leaders.

Forrester predicts that 35% of B2C marketing functions will be responsible for customer experience (CX). Since the pandemic, brands have been forced to accelerate their commerce transformations to effectively transact with customers relegated to digital-only behaviour — on owned channels, in marketplaces, and on social media platforms.

According to Forrester’s July 2021 Consumer Energy Index And Retail Pulse Survey, 19% of UK consumers plan to order more on Amazon during the 2021 festive shopping season versus 2020. To compete, companies will prioritise omnichannel commerce CX, and CMOs must ensure that the brand interconnects the “anywhere commerce” experience.
The UK makes significant changes to the regulatory regime.

The UK will diverge from EU regulations, but only UK consumers will notice.

Forrester predicts that in 2022, the UK will exercise its post-Brexit ability to make significant changes to the current regulatory regime. The UK promises to free up personal data transfers to a new set of countries, including the US, and to relax privacy requirements to make space for a more innovative, data-driven agenda. But, as every UK-based business that has customers or employees in Europe must still comply with EU rules, it will make little difference — other than to UK consumers, who will contend with laxer local standards. And not only for data: Environmental standards are already diverging, too. The UK government recently authorised companies to dump insufficiently treated sewage into rivers, citing a Brexit-induced chemical shortage.
Companies will fail at anywhere-work, and it won’t be the virus’ fault.

Companies with a fully in-office model will see resignation rates rise to 2.5% per month.

Ten percent of companies will commit to a fully remote future. For the remaining 90%, vaccine mandates will lead to complications but won’t be the cause of most return-to-office failures. The real pain will be felt at the 60% of companies shifting to a hybrid model: One-third of first attempts at anywhere-work simply won’t work.

Leaders will claim support for hybrid work but still design meetings, job roles, and promotion opportunities around face-to-face experiences. When it’s clear that productivity is suffering, these same execs will blame hybrid work rather than looking in the mirror at the real culprit.

A smaller number of failures will come from the 30% of companies that insist on a fully in-office model, only to find that employees simply won’t have it. Attrition at these companies will rise above their industry averages — monthly resignation rates will rise as high as 2.5% for as much of 2022 as needed until executives feel the pain and finally commit to making hybrid work ... work.
Sustainability takes centre stage.

25% more EU businesses will appoint chief sustainability officers.

In the last 12 months, the EU: 1) adopted a climate adaptation policy; 2) introduced the first delegated act for its taxonomy stipulating what counts as environmental objectives for EU climate adaptation and mitigation; and 3) adopted a proposal to make corporate sustainability reporting standardised and mandatory for more companies from 2023. But EU consumers are sceptical; Forrester’s 2021 data reveals that just 34% trust companies when they say they will commit to reducing climate change. Greenwashers that have only embraced sustainability in their communications will struggle to adapt. Thus, 25% more EU companies — especially in financial services and retail — will add chief sustainability officers to their rosters in 2022.
European businesses will invest up to €3.3 billion in automation to boost productivity.

In 2020 alone, European enterprises invested a total of €1.88 billion in employee productivity automation tools such as digital process automation (DPA), digital decisioning platforms, workforce optimisation, conversational intelligence, robotic process automation (RPA), and AI-based text analytics. Compound annual growth rates in 2022 will continue to be at around 33% for RPA and 13% for DPA.

Further, in 2022, Europe will invest in automation to boost productivity in traditionally low-wage sectors such as retail and hospitality. European retailers, such as ASOS, Sephora, and Zara, already complement their workforce with automation for personalisation and predictive purposes.
Europe’s GAIA-X project will drive better controls for data in the cloud – worldwide.

GAIA-X won’t be Europe’s sovereign cloud, but European norms will still go global.

The US-based cloud hyperscalers met European customers’ requirements by clearly describing their existing capabilities, partnering more with local companies, and delivering a few new features. Thus, GAIA-X never stood a chance as Europe’s sovereign cloud, but it has pushed providers to be more explicit about how they protect customer data, to the benefit of all. GAIA-X has also kick-started standards for transparency and data usage and raised the profile of initiatives like the International Data Spaces Association (IDSA), which is developing mechanisms to govern the sharing (or selling) of data. These initiatives, plus projects like Catena-X in the automotive supply chain, offer a model that the world will replicate: using existing cloud infrastructure.
A ransomware attack forces a cyber insurer exit.

At least **one top 10** cyber carrier will cease writing new business and selectively run off existing business in 2022.

Cyber insurance has been an important tool **since its introduction** not long after the start of the dot.com bubble. But now ransomware attacks occur every 11 seconds and extortion demands have ratcheted up by 300% in just a single year, putting big dents in a once very profitable line. Cyber insurance premiums are up close to 30%, while the list of coverage limits and exclusions grows longer. More businesses might choose to self-insure or just go without. At the same time, the lack of and access to historical data and growing loss ratios for cyber lines continue to test underwriting and claims teams.

Emboldened by past success, bad actors will continue their assaults. Cyber attacks are a huge risk in an environment where it’s unclear **who is responsible for protecting the financial system** against the bad guys. Bottom line, **insurers have been collecting small premiums while facing near-infinite risks**. At least one top 10 cyber carrier will cease writing new business and selectively run off existing business in 2022.
Open finance continues to push more data sharing between companies.

The number of bank-led lifestyle apps will double.

Bank executives already talk about embedded finance, but in 2022, the focus will be on open finance — the rails that enable it — as many wake up to the opportunities and threats. The EU and UK have already consulted on open finance, a push that will yield more data sharing between financial and non-financial businesses — the US is well behind but on a similar trajectory. 2022 will see adaptive banks focus on the data mash-ups and co-created journeys they can weave with third parties. 2022 will see the number of banks offering lifestyle platforms double — using “super apps” such as from Indonesia’s Sea, India’s Paytm, and Alipay and WeChat in China as inspiration, though globally, bank-led lifestyle apps will still number fewer than 50. Large banks must leverage open finance preparation and their scale to curate their own domestic versions, while midsize and smaller ones must design services for incorporation in others’ platforms.
Employee backlash grows as more employers monitor productivity.

In October 2020, almost one in three European employees said that their employers used software to monitor their productivity while working from home. Today, as companies launch new flexible work policies, software that allows employers to monitor employees’ productivity gains popularity worldwide. EU privacy regulators started fining companies for unlawful monitoring of employees and expect more fines in 2022. Employee backlash will grow as employers attempt to monitor how often they click, what they click on, and when they are facing their computers. Employee experience will erode. Forrester predicts that, in response to this backlash, CISOs will reduce the scope of their insider threat programme, increasing the company’s risk of insiders stealing data.

To mitigate this before it occurs, CISOs must strengthen the governance of their insider threat programme, establishing clear and reliable risk escalation procedures that safeguard employees’ privacy now. They must also work to educate their organisation about the benefits of the programme and ensure that employees understand the boundaries in place that prevent disproportionate and unethical monitoring.
Only leading manufacturers sustain adaptive innovation.

10% of manufacturers will successfully operationalise COVID-era creativity.

Last year, Forrester observed the COVID-era acceleration of emerging technologies becoming sustained adaptive innovation. In 2022, we predict that, as COVID-19 pressures reduce, only the industry’s leaders will maintain the sharp focus required to continue differentiating with creative processes, organisations, products, and business models. Examples like Bosch and Mercedes (creating collaborative teams that leverage AI-fuelled digital twins to build creative designs) show what’s possible. AI plays an increasingly important role, even generating creative outcomes and products. For example, generative adversarial networks quickly create synthetic data that is almost indistinguishable from reality, supporting industrial use cases such as the simulation of road conditions for autonomous vehicles.
In 2022, the new normal will be more new than it will be normal. Creativity, resilience, and agility fuelled by strong customer understanding and smart technological investment will separate leaders and laggards, no matter the industry.

Forrester’s predictions illuminate where pressure and opportunity will arise in 2022, but it’s not enough to understand what’s coming. You need to swiftly tackle your most pressing priorities. With Forrester Decisions — a portfolio of research services for leaders across technology, customer experience, marketing, sales, and product management — you’ll be able to shorten the distance between a bold vision and superior business impact.