

2020 KEY TRENDS



Teamspirit anticipates the challenges
for the year ahead





WELCOME TO KEY TRENDS 2020

Welcome to our 2020 trends review, where we put forward topics and activities that we believe will influence the year ahead.

2020 is not just another year. It is the beginning of a new decade, which comes with the additional weight of hope and longer-term perspective. Which is of course timely, as we look at the state of not only our nation, but many others globally.

That's why we've included trends such as Brand Belonging, Employee Activism, Diversity in Thinking and Hyper-Personalisation, which are all focused on creating meaningful

connections, and are in contrast to those that can feel more threatening, such as From Machine Learning to true AI, and the need for Cyber Security Preparedness.

Will the decade ahead also be the Roaring Twenties, as they were last time around? We are committed to helping our clients translate the roar for change for the better into reality, to transform lives in monumental ways, at the heart of which lies financial independence and security. And we're really liking the Kindness Economy term – imagine the products and services we could create.



BRAND BELONGING

With the well-documented collapse of trust in large institutions, media and political leaders, society is experiencing a 'belonging deficit.' There is a lack of community, as we move around more, switch jobs and work remotely.

Add to that the effect that technological development has had, with greater screen life, FaceTime and the obsession with selfies. Our connection with others may have increased, but only superficially.

Social media doesn't provide an authentic connection. Feelings of

anxiety, loneliness and increasing disengagement, especially among younger generations, have skyrocketed.

This "belonging deficit" has created a gap for someone to fill. Step up forward-thinking brands.

Airbnb and Starbucks have explicitly made "belonging" central to their brand purpose. Harley-Davidson lives by it, encouraging consumers to join through experiences. Capital One in the US has built a series of cafés with free wifi, coffees and coaching.

More and more brands are looking to offer connective experiences, not just social media following. Think person-to-person engagement such as branded festivals, park runs, farmers' markets – experiences built on connections with other people and face to face. Connecting through community and with purpose.

We all want to belong. Now is the time for brands to step up, step in and make it happen.

IMPLICATIONS

- With the collapse of trust in large institutions, media and political leaders, society is experiencing a belonging deficit.
- Brands should be looking to offer connective experiences, not just social media following.
- Brands will increasingly offer more person-to-person interaction, instead of brand-to-person.



THE GREAT WEALTH MIGRATION



300,000 people in the UK are set to inherit £327bn over the next ten years. But almost half (46%) of advisers do not have any relationship with their clients' children. Which is a missed opportunity.

By not investing time in communicating with this cohort, advisers risk a Great Wealth Migration away from their firms, which will no longer be advising on those assets. Historically, 90% of heirs change advisers after inheriting, so they must build multi-generational relationships with their clients and their families early.

They must adapt to meet the difference in demands and expectations across generations.

These include: increasing acceptance of digital advisers; a values-first approach; straightforward customer experience; and a diverse and complex mix of financial providers.

In 2020, we predict a trend in these businesses redoubling their efforts in understanding these demands and altering their business models, methods of communication and advertising to ensure relevance.

Killik's silo is a great example of a wealth manager enhancing its digital proposition and multi-generational appeal.

IMPLICATIONS

- Advisers and wealth managers need to create multi-generational appeal – think digitally first and how your values can be communicated.
- Loyalty is not implicit for the younger inheritors – they are already used to multiple relationships.
- Relevance is critical, so identify your sweet spot.



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EXPERIENCE WINS

As consumers spend more on doing things than on buying things, brands are shifting their focus towards experiences. Brands are increasingly competing on their ability to deliver a superior customer experience across all touchpoints, and in an increasingly digital world, experiences are a way to retain a real-world connection with customers. Companies can stand out by adding a human element that might otherwise be missing in the customer's journey. Which is why companies in both the B2C and B2B spaces are hosting conferences, festivals and immersive events – from Netflix to Salesforce.

Challengers such as Klarna, the shop now, pay later fintech, which is using more physical experiences to engage its millennial target audience. In 2019, it hosted department store pop-up events in London and Manchester, to bring the digital retail experience to life, with showcases from brands such as ASOS, Oliver Bonas and House of Holland, including talks and workshops on fashion, beauty and lifestyle. It also created “pup-ups” in New York and London, to engage dog owners with grooming and photography services for their pets. Through such events, Klarna tangibly and emotionally engaged its audience

through their interests and passions, while showcasing what the brand stands for: a smoother, more joy-filled shopping experience. With the interactive nature of the events being highly shareable online.

In 2020, more brands will recognise the importance of experiences for engaging their customers on an emotional level and ensuring long-term brand building. In-person experiences offer brands an opportunity to create genuine connections with their customers.

IMPLICATIONS

- A branded experience is a sensory experience that brings a person into a meaningful and lasting relationship with a brand.
- Experiences should at once educate and create an emotional connection with customers, and not simply demonstrate a product or service.
- A creative concept and a storytelling framework are vital, where customers can explore, personalise and share their experiences with their peers and communities.



SMES AS A PRIORITY AUDIENCE



SMEs account for 99.3% of all private sector businesses, and are set to contribute £217bn to the UK economy in 2020; their contribution has been growing roughly 11% year on year and will continue to do so.

However, with 28% of SMEs one to three years old, many SME bosses do not have the experience or business knowledge to be utilising, or even understanding, all the financial services products available to them.

For example, research showed that when it comes to their

employees' wellbeing, 55% of SME bosses said they would do "everything they could" to aid a member of staff who was in poor health, but a mere 8% have purchased a key financial protection product that would be able to do this. There is a clear knowledge gap between the ideals of how an SME owner would like to run some aspects of their business, and the execution of how they do this.

Never has there been such easy access to a plethora of information and financial services products for SME owners, to help with everything from their payroll, accounting and insurance to funding. 2020 should see financial services brands conduct further research into the SME market and their buying behaviours, to ensure that this huge market is not left in the dark about the products and services available to them.

IMPLICATIONS

- Understand your SME buying behaviours: they often buy like individuals and the key decision-maker is often the owner.
- Ensure your marketing and communications are speaking directly to the decision-makers.
- Collateral must be clear and to the point. An SME owner may not have ever needed to have any previous knowledge of financial products, and this could be the first time they're making these purchases.



DATA VISUALISATION



Data visualisation has come of age to become a key way for organisations to communicate with customers and employees. The year ahead will see widespread use of data visualisation tools, to make sense of ever-richer datasets and to bring information to life.

The wide availability of charting options has democratised access to information and increased data literacy, but it has also led to the widespread use of misleading and confusing charts used in boring PowerPoint presentations.

There are equally valid concerns about data privacy and mistrust of experts.

Analysts can now use a range of powerful tools, which process data quickly and visualise it in creative and interesting ways. There is also a growing body of best practices on how to visualise data effectively, helping to create industry standards. Live interactive dashboard filters, and animated charts that show complex trends over time, are among the most recent developments in the field.

The Selfiecity project, studying how people take selfies around the world, and the Tampa Bay Times' study of the link between segregation and education, are recent examples of how to convey information in captivating ways.

In 2020 we can expect charts and data analytics to become more pervasive, but there will also be a greater understanding and appreciation of them.

IMPLICATIONS

- People will feel increasingly confident about viewing and interpreting data to make more informed decisions.
- There will be an increased focus on the accuracy of data, while protection and privacy concerns will have to be taken more seriously.
- For visualisations to be truly useful and relevant, target audiences must always be considered and consulted.



THE KINDNESS ECONOMY



As more brands take a stand on issues that impact their brand purpose and audiences, some are taking an activist approach, driven by a fundamental concern about the biggest and most urgent problems facing society. Others are killing it with kindness, but who really cares?

Consumers have always cared about kindness, but it's only recently that they've become empowered to do something about it. With more brands on the market than ever before, younger generations have the opportunity to use their spending power to

affect social change. Gone are the days when brands could simply rely on value for money to help them stand out among their competitors, as 73% of Millennials are willing to pay more for sustainable goods. In fact, acting unethically could actually lose you customers, with 40% of Gen Z consumers having boycotted a brand that behaved in a way that didn't align with their values. Buying today is a political act. And more than ever, it's an opportunity to make an impact.

It gives life to what it means to be a 'values-driven' company. You

can't be a values-driven company and disregard society – your employees, your customers, the communities you work in, and the world. The proof is in what you do, not what you say. Research shows time and again that trust in government is down, and trust in UK brands is at its lowest since the 2008 financial crash. So more people are looking to their workplace, and brands that emulate their personality and beliefs, to drive change. For brands, it's an opportunity to demonstrate their cultural relevance.

IMPLICATIONS

- There's no quick and easy way to change people's perceptions of your brand; the current generation of consumers can smell a publicity stunt a mile off, so make it meaningful and measurable.
- Making your brand transparent is more important than ever before. We recommend looking at brands like Legal & General, TOMS and Costa Coffee for inspiration.
- Look before you leap. Consider your messaging and its implications. A quick test can mean the difference between a well-crafted response and headaches for your brand.



FROM MACHINE LEARNING TO TRUE AI



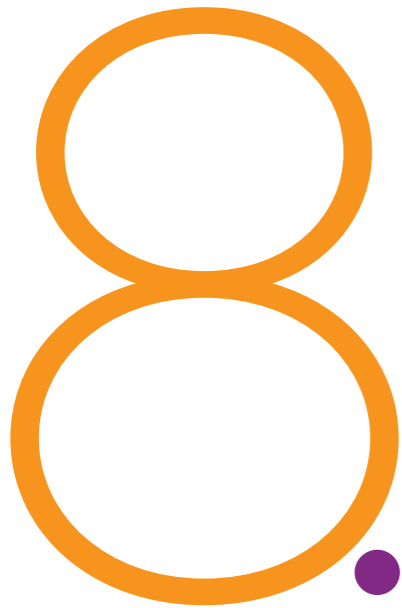
When ASB in New Zealand first launched its chatbot through Facebook in 2012, it felt like a PR exercise. While it was backed by a machine learning algorithm it was, in the main, a human-backed solution, and while the human and machine handover was slick, it was still resource-intensive. Fast forward eight years and the engagement with, and investment in, AI is formidable. Last year, PwC research revealed that 52% of executives state that financial institutions are making significant investment in AI technology.

And the prize? A potential saving of \$447 billion by 2023.

To begin with, that investment will start to be seen in front-office services, and in 2020 we really expect to see chatbots come of age. The commoditisation of AI as a service, from providers such as Google, means that AI is finally truly scalable, for many financial services businesses. Whether that be to make mobile banking services slicker, or to make online customer service operations a richer and more satisfying experience, chatbots will be everywhere. Not only that, they'll be far more effective than ever before.

IMPLICATIONS

- Check out AI as a service, and see if it's a possibility for your organisation, because your competitors will be.
- Focus in on deep leaning from small datasets, and use that to make your service brilliant around two or three issues.
- Make sure you understand what's in the black box. Data and algorithm transparency are key and, in many cases, essential, so insist on understanding what the AI your buying into is based upon. Computer says no is not an answer.



CYBER SECURITY PREPAREDNESS



2020 is going to be a turning point for the role of communications in cyber-attack planning, as we will truly start to witness an increased focus on this for financial brands. Cyber-attacks in the financial sector rose fivefold in 2018, with 145 data breaches reported to the FCA. This is an issue that cannot and should not be ignored. Recent UK government data released, reveals that firms are not ignoring the business risks posed by cyber breaches, with

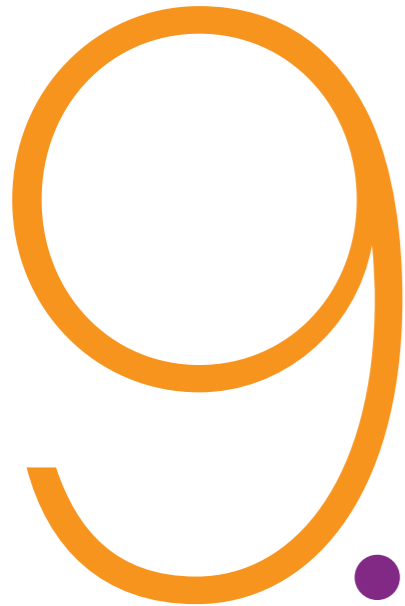
UK finance and insurance firms investing more in cyber security last year than companies from any other sector. But what about the reputational risks?

Until now businesses have either been slow to the party, or simply overlooked the power of preparation in protecting and repairing their corporate reputation. Companies need to create a risk register and plan for those risks – from media training,

to crisis response preparation, right through to full scenario planning. Identifying and planning for potential crises is something that needs to be encouraged, as it ensures significantly quicker response times, and can help mitigate long-term reputational damage. With cyber security attacks only going to increase, being prepared is not a nice-to-have any more – it is essential.

IMPLICATIONS

- Be prepared and plan ahead. For example, think about your rapid response team in advance, and allocate roles and responsibilities.
- Practice! Training and simulation scenarios can help massively.
- Enlist the help of third-party partners to help craft materials and stress test messages, as they can bring valuable experience and perspective.



EMPLOYEE ACTIVISM

Your employees are intelligent, highly sought-after experts, and they could work anywhere. They are key to your brand's credibility and trust. Engaging with employees provides a way to show the human face of an organisation. However, this means involving them in the big decisions, and sharing all aspects of the business. Negative employee activism typically indicates a disconnection between employers and employees, and indicates that employees feel their concerns aren't being heard.

In 2020 it's good to know that employee satisfaction is now a critical metric round the boardroom table, and we see it as key to a company's success. But the c-suite needs to build on this and embrace employee activism. These activists will defend your organisation and are happy to be advocates – they are enthusiastic about their work and have a vested interest in how the business presents itself to the world. However, they will also voice their opinions to effect change in their organisation; 71% of employees think they can effect change in society.

The internet gives employees a way to find out things that might not otherwise have been known, and social media provides a platform to discuss what they find and galvanise people. Employers can be part of the conversation, and work to create positive outcomes for all. In doing so, it's possible to resolve real-world issues, improve retention and create more advocates for your brand.

IMPLICATIONS

- Provide active and visible leadership. From the top down, leaders need to be committed to listening and demonstrating they've listened to the issues impacting their employees, in order to build goodwill.
- Ensure ruthless internal communication. Encourage open and two-way conversation about difficult topics. Include them in difficult business decisions; they might surprise you in how they approach issues.
- Create employee development opportunities. Employees stay with a company because their work aligns with their values, as well as develops and pushes them.

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GREAT MINDS THINK ALIKE. GREATER MINDS THINK DIFFERENTLY

What's the best way to work out the answer to a tricky problem that just doesn't seem to want to be solved? Finding someone who's been through something similar before? Consulting experts? Or coming at it with a completely fresh pair of eyes?

As life, the world and our jobs become more complex, the answer is all of the above and more.

The value of diversity across background, gender and sexuality in the workplace has long been proven. That's why companies such as HSBC, Deloitte and the British Civil Service have removed names from CVs, and many

others are looking to degender documentation and applications.

In 2020, we predict that diversity of thinking will start to be seen as equally important and part of the wider diversity spectrum that has tremendous potential to help businesses grow, evolve, and tackle the ever-changing challenges they face.

We don't just mean getting the heads of different departments to work on projects together. We mean flattening your hierarchy and opening up your working processes to harness the talents of your whole team and beyond. Because this is the best way

to ensure you're speaking and listening to people who can offer different perspectives on issues, opportunities, and the real needs of your customers and audiences.

Think of it as the next evolution of the saying, "If you see yourself in an ad you're more likely to buy what's being sold to you." By building products and services that are truly born from a wide range of insights about what people want and what they care about, you'll be showing that you really understand and value them, and then they'll be more likely to use, love and recommend you.

IMPLICATIONS

- Diversity is our greatest business asset – and if you're not using every brain in your organisation, you're missing out on incredible potential.
- Don't be scared to challenge perspectives and opinions, including your own, to create better answers to problems.
- Build diversity into your business practises and culture too, like we have with Q, our cross-group diversity network.



AUTOMATION BACKLASH



Society's dependence on technology is a hot topic and when it comes to financial services, the proliferation of mobile technology in particular, has led to a hugely competitive and diversified banking and investing landscape in the UK.

If you think of automation in its simplest terms, things such as direct debits are the easiest way for consumers to siphon off funds into savings accounts or investing platforms. As are the services that have sprung up due to ease of contactless payments – such as Moneybox and the Monzo

Coin Jar – which with a tap of your debit card rounds up each transaction to the nearest pound, diverting it into savings accounts or investments.

When it comes to greater financial wellbeing, so far so good – right?

But a backlash against automation may already be under way. CYBG research commissioned earlier this year, focused on the future of banking. Despite predictions about the death of high street branches, 88% of respondents had been into a bank branch in the past year

– and when the research asked where human interaction matters, banking came out top, up there with hospitals.

Banks such as Handelsbanken have retained their high ranking for overall service quality to SMEs through a local branch network, customer-centric values, and loan approvals actually handed out by local branch managers. Could this model be adopted more in the future, as it sits between an app-only service and a large high street bank?

IMPLICATIONS

- Fintechs, challenger banks and neo-banks need to marry in-app experiences with great customer service.
- Brands need to demonstrate they can be human first, no matter what their online experience.
- Workplaces should invest in their employees' ability to harness new technology.

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HYPER-PERSONALISATION IN VIDEO

The last decade saw the personalisation of content explode. Direct mail, email and text messaging all advanced at pace and now, personalised video is set to boom, with Salesforce reporting 58% of users seeing it as vital to retaining customers. The next video breakthrough will change everything.

Advances in delivery systems, AI-rendering and “how-to” video consumption are at a point where the only thing stopping its mass use is the cost. And that is soon

set to tumble, as the roll-out of 5G in the UK continues through 2020. Simple “Hello Dave...” video messages will be replaced by complex messaging, responding to the actions of users. While improvements to AI and UX interfaces will mean messages will be delivered by more realistic bots, with improved facial expressions and a more human tone. Think of how cookie technology follows you around the internet, merged with chatbots and deep fake technology, and you’re nearly there.

The possibilities will be endless. Imagine having the capability to create a 30-second Instagram video, presented by a recognised brand ambassador, that you could DM to a user after they visited your website to find your latest product offering? Expect this scenario to play out in 2020.

IMPLICATIONS

- Develop a clear visual identity for video, consistent with your brand but specific to video content.
- Identify where you’re losing your audience and establish how video can retain them. Cross-reference website traffic with drop-off rates, and identify where your visitors are going.
- Build your audience on the main video-sharing channels, but also keep up to date on developing and emerging platforms.

If you would like to discuss how any of these trends are likely to affect your business, to join our mailing list, to be invited to our events or to receive our regular newsletter, please get in touch at hello@teamspirit.uk.com.

This year we're delighted to be celebrating our 25th anniversary as the UK's leading financial services communications agency, dedicated to transforming the world of finance for the better. Focusing on achieving effectiveness for our clients, we look forward to the 20s being another award-winning decade, having recently been voted: Agency of the Year for the fourth year running at the Investment Week Marketing and Innovation Awards; The Drum Marketing Agency of the Year for 2018 and 2019; as well as winning the PRCA's Best Strategic Communications Award for 2019.

