

LLYC

A man with dark skin and curly hair is performing a handstand in a courtyard. He is wearing a white t-shirt, light-colored plaid shorts, and white sneakers with red accents. He is balancing on his right hand on a stone-paved ground. To his right is a large, weathered stone relief sculpture of a standing figure. The background shows a building with a dark doorway and a light-colored wall. The overall scene is brightly lit, suggesting a sunny day.

NEW TIMES NEW RULES

TEN CHALLENGES IN
UNCERTAIN TIMES

LLORENTE Y CUENCA



1 LEVERAGING
COMPLEX
SITUATIONS TO
**IMPROVE YOUR
COMPETITIVE
POSITIONING**

P. 4



2 **ADJUSTING
YOUR MARKETING
STRATEGY**
WITHOUT LOSING
YOUR IMPACT

P. 7

3 FACING
**HYPER-
REGULATION**

P. 9



4 FINDING
AND RETAINING
**THE RIGHT
TALENT IN
UNCERTAIN
TIMES**

P. 11



5 DEVELOPING
LEADERS WHO
WILL HELP
**DRIVE YOUR
ORGANIZATIONAL
GROWTH**

P. 13



6 **PROTECTING
YOUR BUSINESS**
IN HIGHLY
EXPOSED
INDUSTRIES

P. 16

7 NAVIGATING
CONVERSATIONS
IN A HIGHLY
**POLARIZED
SOCIETY**

P. 18



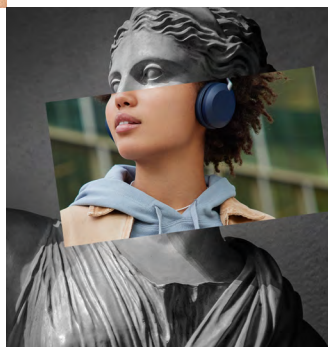
8 REMAINING
**RELEVANT AND
INFLUENTIAL**
IN COMPLEX
CONTEXTS

P. 21



9 TURNING
TRANSFORMATION
INTO A
**REPUTATIONAL
ASSET**

P. 23



10 **STAYING
CONNECTED TO
CUSTOMERS WITH
LESS PURCHASING
POWER**

P. 26

INTRODUCTION

Our current global context is unpredictable. Companies are increasingly compelled to navigate uncharted waters. Between a somewhat inauspicious macroeconomic context and increasingly polarized, discriminating, and demanding societies, businesses are being asked to achieve multiple - and often contradictory - goals, such as:

- A. Providing measurable short-term results.
- B. Carrying out the transformation processes that support business sustainability.
- C. Responding to social pressures and expectations on key issues such as the environment, diversity, and social responsibility.

In addition to these challenges and generating sales and attracting investment in a highly competitive market, companies are forced to rely on talent that has become more volatile, not always aligning with their employer's efforts.

At LLYC, we know we must take an in-depth look at these new challenges. Understanding them is the only way we will be able to craft new approaches that can overcome them. We must leave behind the "we've always done it this way" mentality to reimagine our work, using technology to unleash our creativity and enhance our focus on people.

With the help of 20 LLYC professionals from a range of specialties and markets, we developed this report to uncover the top ten challenges we believe will be key for companies to face as they work to continue growing and generating value in 2023.



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1.

LEVERAGING COMPLEX SITUATIONS TO IMPROVE YOUR COMPETITIVE POSITIONING

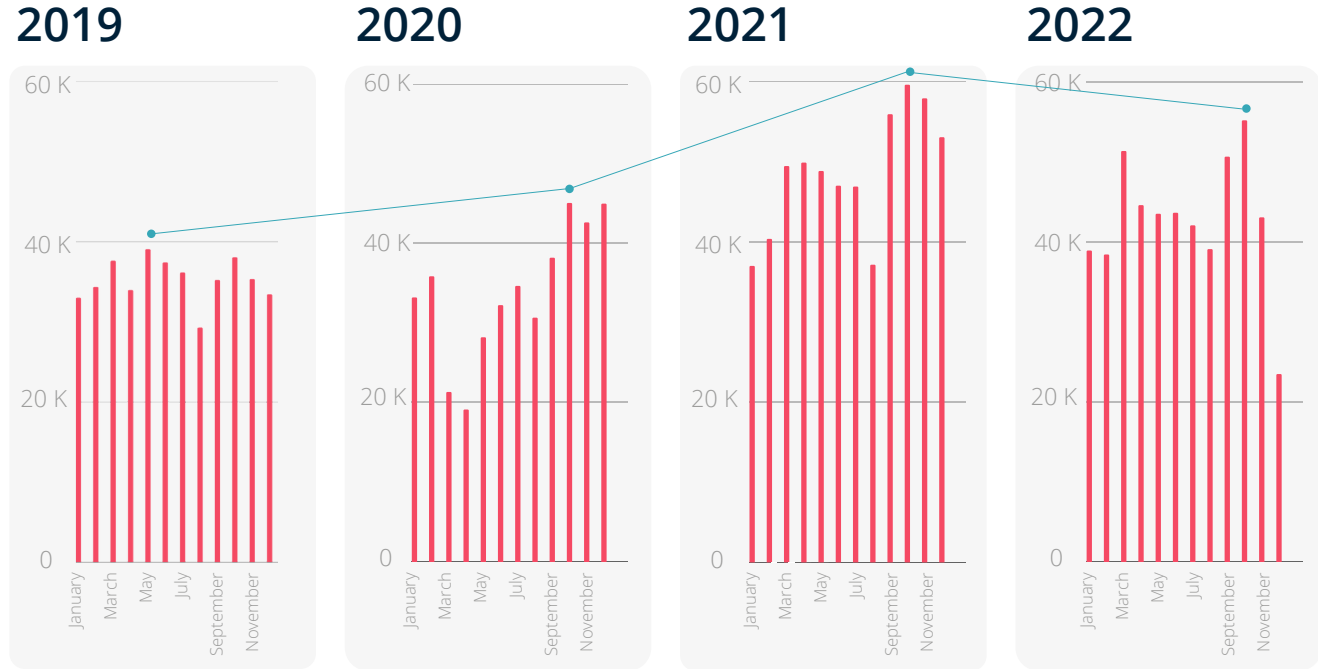
The conversation, subject matter, and/or ideology associated with a brand can radically change how the public feels about it - and that can quickly lead from success to failure. This makes the image a company projects one of its main communication and business challenges, but it is difficult to position yourself in a constantly shifting market where new trends surface at every turn.

Three key elements for positioning companies has skyrocketed in the public conversation over recent months: competitiveness, profitability and productivity.

Regarding the first one, there was a 63% growth of mentions in the Ibero-American media versus pre-pandemic levels, according to data from LLYC's Deep Learning area. Mentions of productivity also increased, but to a lesser extent, i.e. by 23%.

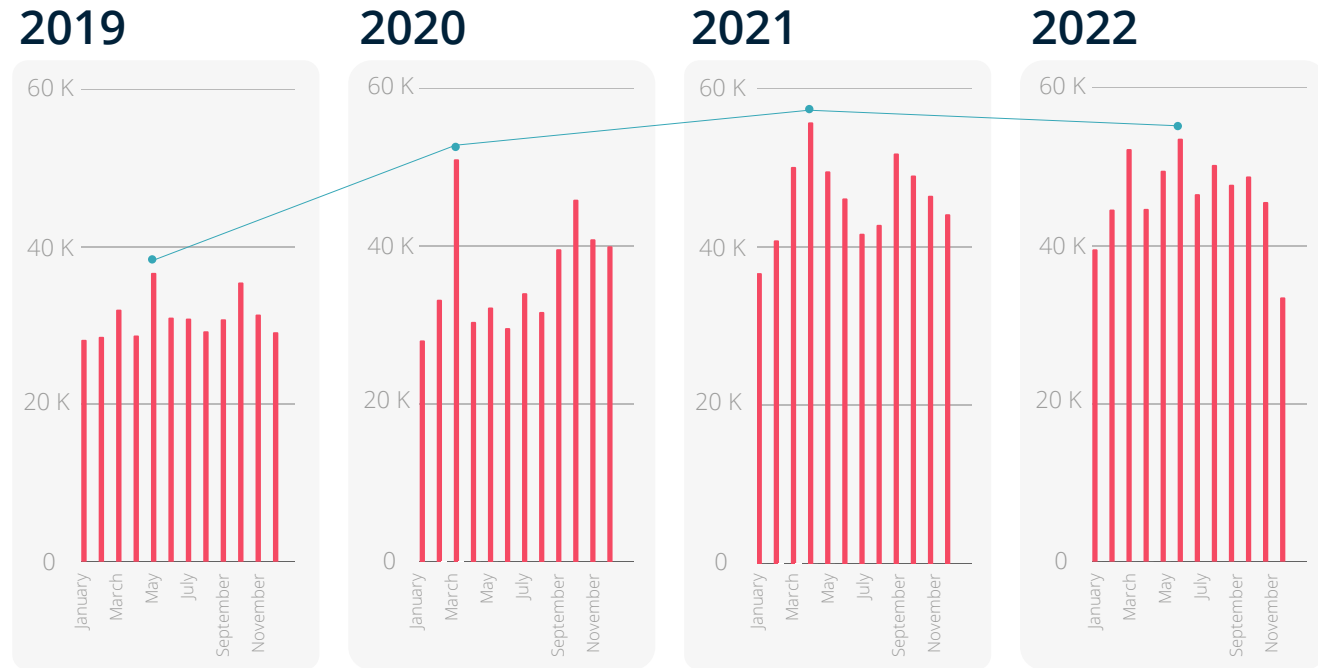
Company profitability in social conversations have shot up by 73% in Latin America in the last 18 months.

Mentions of **competitiveness** in the media in Ibero-America



Mentions of companies' competitiveness in the media have grown by **63%** compared to those recorded before the pandemic. 2021 was the year in which it grew most strongly, **44%**, while in 2022 the trend is upward, albeit more moderately (**14%**).

Mentions of **productivity** in the media in Ibero-America



Mention of company productivity in the media is growing in Ibero-America, currently by **23%** compared to the pre-pandemic stage. Especially in Colombia and Spain, where it is growing by **205%** and **127%** respectively.



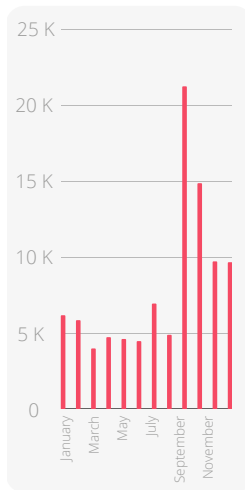
2.

ADJUSTING YOUR MARKETING STRATEGY WITHOUT LOSING YOUR IMPACT

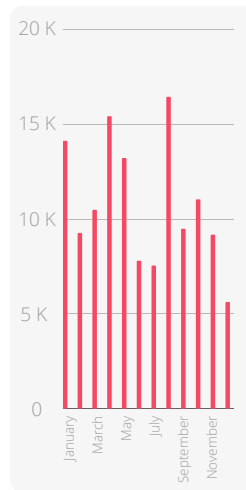
Unexplored scenarios compromise the growth of companies' income statements. And CMOs, in particular, face situations where it is more necessary than ever to optimize the marketing budget. LLYC's Consumer Engagement and Deep Learning areas analyzed the concern about the issue, and the findings included a 122% increase in mentions of cost reduction in marketing budgets since September 2021.

Conversation Volume on **Reduced Marketing Budgets**

2021

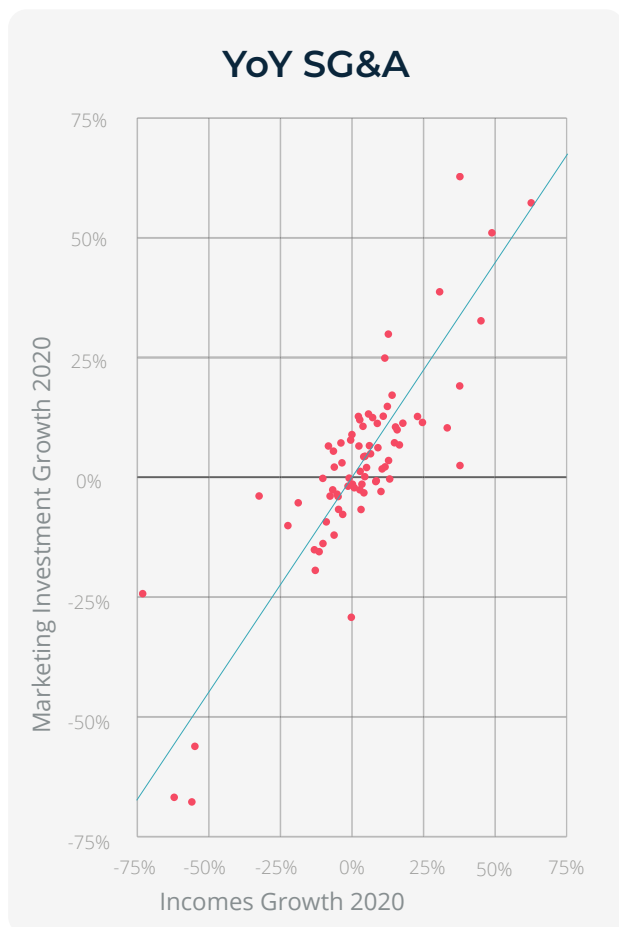


2022



During the pandemic, 64% of IBEX 35 companies, 85% of advertisers in Latin America, and 40% of the S&P (Standard & Poor's 500 index) 500 reduced their marketing spending by an average of 16%, 39.2%, and 12%, respectively. In light of this data, we had to ask: Is this the optimal way to manage our marketing budgets in times of uncertainty?

$R^2 = 0,7111$



Each point represents a company in the S&P 500. The rising trend line shows how the higher the marketing investment, the more likely it is to increase revenues” and the translation of the X and Y axes: “Growth in Marketing Investment” and “Revenue Growth in 2020

The chart above shows a direct correlation (0.711) between revenue performance and selling, general, and administrative (SG&A) investment. In 2020, 84.4% of S&P 500 companies that increased their SG&A (Selling, General and Administrative Expenses) investments also grew their revenues, a number that

drops to 50% in the IBEX 35. In other words, higher SG&A investments can often result in higher revenue returns within the same fiscal year.

Do companies that increase their marketing investment have a sustainable competitive advantage over time? In 2021, 97.7% of S&P 500 companies and 75% of IBEX-35 companies that increased their marketing investments in 2020 exceeded their 2019 revenues.

Looking at the medium-term, companies that strengthened their marketing budgets in the depths of the COVID-19 pandemic emerged from it much stronger. This is because these companies could benefit from lower unit costs and less advertising pressure, giving them a unique opportunity to set themselves apart.

So, what are the keys to success for implementing an expansive marketing strategy in times of uncertainty and crisis?

1. **Developing investment impact measurement models** to help balance short- and medium-term impact.

CMOs need to show that their marketing investments will pay off in the short term to secure a budget and make the necessary investments to differentiate and position themselves in the long term.

2. **Committing to robust intelligence tools** is vital to understanding what actually impacts consumer purchasing decisions, and which areas need to be enhanced or improved.

We now have a narrower margin of error in our decision-making than ever. That means we must be aware of which levers are most likely to generate the most short-term impact, as well as which levers we need to cultivate for the medium term.

3. **Implementing technology** that enables us to engage with consumer insights in a personalized and automated way. There is no point in knowing our customers’ needs if we cannot respond to them.



3.

FACING HYPER-REGULATION

Over the past two decades, the European Union has adopted an average of 18 legal regulations per day - that's 280 regulations per month, and more than 3,000 per year. Colombia, meanwhile, adopts an average of 10.6 regulations per day, and over 77,000 regulatory initiatives have been approved in the last two decades.

Not even the United States is spared from the phenomenon. The Jimmy Carter era peaked at a record 70,000 pages of federal regulation, but the Obama Administration surpassed 97,000. With the battery of post-COVID measures, Biden can be expected to hit well over six figures. Also worth noting, republican presidents have not significantly reduced these figures.

Is this high legislative output a problem in and of itself? Yes.

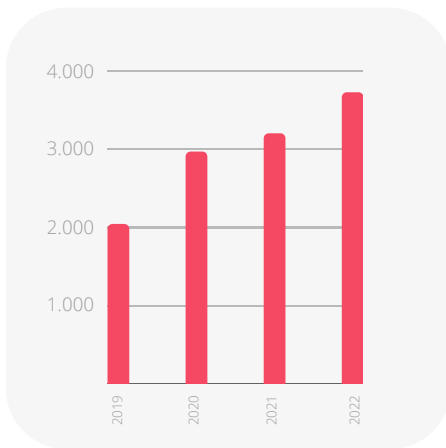
Whether or not it is legal to produce them is not in question, especially given the uncertain and evolving reality we are facing. However, we should reflect on the consequences of producing so much new legislation so quickly.

In Spain, commercial establishments had to apply 7.5 new standards every day during 2021, up to a total of 2,743. Can a single company realistically adapt its operations to all these new standards? At what cost? How does that affect investment, competitiveness, and job creation?

The Central Planning Bureau of the Netherlands conducted a study on the financial cost of administrative compliance with European regulations to companies, and it found that a 25% reduction in this burden could result in a 1.6% increase in the European Union's GDP.

In a recent survey of Latin America's CEOs, over-regulation was found to be the second-largest threat to business growth, behind only populism. A study by LLYC's Deep Learning area shows this is evident in Google searches, where interest in regulatory issues increased by 84%.

Search Interest in "Regulation" According to Google Trends



Interest in searches for the term "regulation" grew **82%** in Spain, Portugal, and Latin America from 2019 to 2022.

Hyper-regulation has multiple causes. We see it all over the world, with little variation regardless of location or ideology. Governments are trying to respond to the profound changes that new technologies have brought about. New markets can appear from one day to the next, requiring new regulatory frameworks to operate. Sometimes, however, regulations are made with unjustified and detrimental haste. While this can be for electoral or opportunistic reasons, it is just as often done with the best of intentions but not enough knowledge.

A major consequence of this hyper-regulation is our drift toward an unclear body of legislation, forcing companies to do work that discourages investment and job creation. This is no exaggeration; the global business sector has hit a major barrier in these standards, which should result in incentives.

Any regulation must strike a balance between the advantages it offers and the restrictions it imposes. This requires time to develop effective standards, analysis, and impact reports, as well as to further encourage citizen participation in the development of laws. Companies have no option but to step forward in the public-private dialogue and seek government attention if they want to be listened to and taken into account while these bodies draft legislation. Whether we like it or not, this means raising our hands not only when a specific law could cause a problem for us, but maintaining a proactive, collaborative relationship with public actors in general.

Democratic quality and the welfare state are not measured by the number of laws passed, but by building smart, inclusive regulations. If we want to do this right, then business (and of course people) must play a central role.

“

The global business sector has hit a major barrier in these standards, which should result in incentives.

”

4.

FINDING AND RETAINING THE RIGHT TALENT IN UNCERTAIN TIMES

The talent-company relationship has entered a new phase. Now, it is shaped by global phenomena such as the “great resignation” (which drove company turnover rates above 20%, according to Gartner) and “silent resignation” (which redefined the meaning of company commitment but did not rise higher than 20%, according to Gallup). According to some studies, the cost of replacing someone is as high as a year’s salary for middle management.

This is compounded by the surge in digitalization. Triggered by the pandemic, this shift brought concepts such as flexibility to the forefront of the debate. Meanwhile, mental health, work-life balance, ethics, and sustainability all rank as priorities for employees. People have definitely changed. Employees are increasingly behaving the same way at work as they do as consumers, customers, or citizens. We are all more demanding and restless.

In this context, companies are trying to balance the

need to adapt to these new trends in their talent with the demands of an increasingly uncertain environment, one that forces them to embrace flexibility and try to anticipate upcoming changes. In most cases, this calls for a far-reaching transformation process.

Now more than ever, organizational transformation is an eminently human transformation. That has put talent challenges at the very core of business decisions. Companies are questioning their traditional business models, because the difficulty of attracting and connecting with people is now compromising their mid-term sustainability.

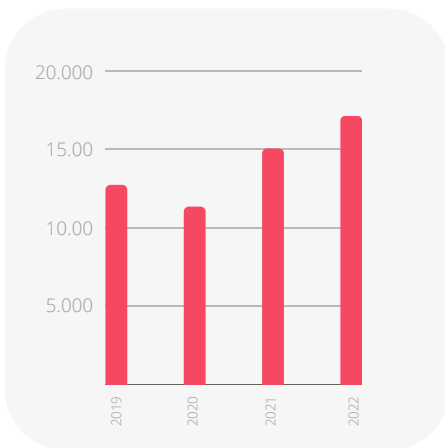
How can we attract and retain the people we need? How can we improve the team’s commitment and face my organization’s challenges? How can we slow down the ever-increasing turnover that’s directly affecting my bottom line? How can we foster the new ways of working we will need to master for the times ahead? Many of these issues have crossed the boundaries of



HR departments, forcing them to rethink how they deal with these challenges.

LLYC's Deep Learning area found that mentions of challenges such as "talent retention" and "talent acquisition" in social conversations rose 35% and 71%, respectively, from 2019 to 2022.

Conversation Volume on Talent Retention in Spain, Portugal, and Latin America



Social media conversations around talent retention show a marked increase in 2022, rising **35%** above pre-pandemic levels.

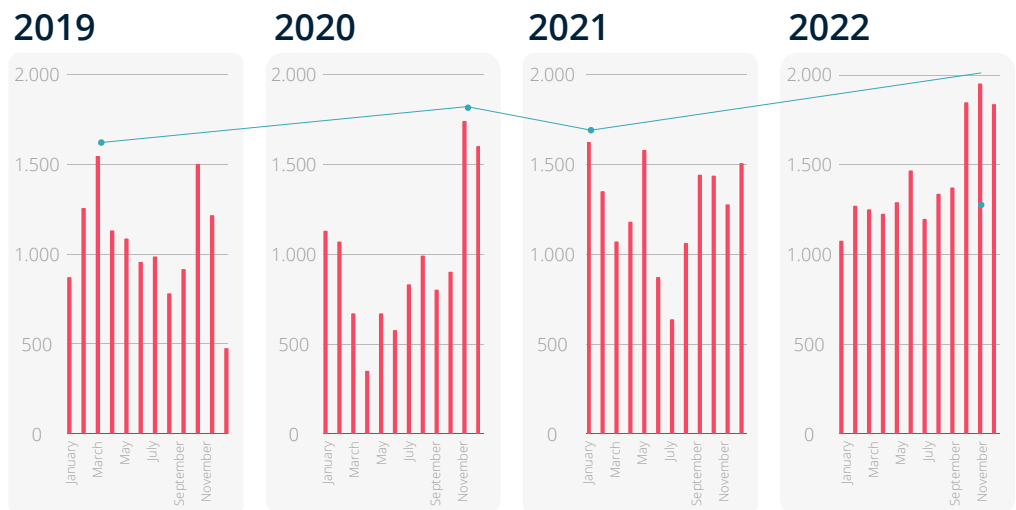
We are living through a paradigm shift. It is no longer that companies choose people, but that people choose companies. They do it not only when they choose us as an employer, but also each day they get up and commit to their daily work.

This makes these times for innovation, for rethinking what we do, and for incorporating new capabilities into HR teams. They'll need skills similar to those of their colleagues in marketing in order to address the challenges the future holds, such as:

- Going from a "corporate centric" vision to a "people centric" one, allowing us to better understand our talent and their needs and concerns.
- Linking that deep understanding with our organization's differentiators to create a compelling story.
- Creating a brand as a place to work, and bringing the same commitment to it that we have used to build our product brands.
- Building a new relationship with our potential candidates and professionals.

Conversation Volume on Talent Acquisition in Spain, Portugal, and Latin America

Social media conversations around talent recruitment show an upward trend in the 2019–2022 period, growing **71%** in total.



5.

DEVELOPING LEADERS WHO WILL HELP DRIVE YOUR ORGANIZATIONAL GROWTH

An organization's ability to tap into the best opportunities and turn its strategic vision into growth and success is not just a matter of chance.

Company development is such a complex process that it only works if it is led by outstanding leaders. The Real Academia Española (RAE) Dictionary defines leaders as "people who manage or lead." However, in the next five years, they will be expected to do much more.

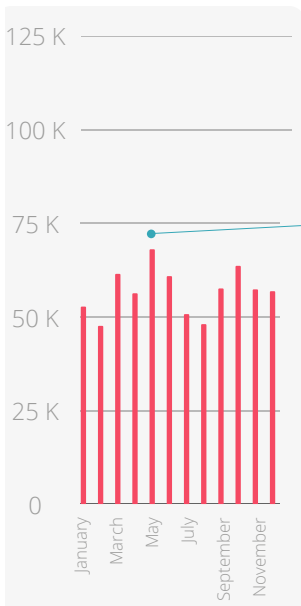
There are an endless number of books about the indispensable attributes of a leader, and interest in the topic is only growing. In 2022 alone, "leadership" appeared in the media 56% more than it did in 2019. New leadership models based on listening, speaking from the heart, and empowering teams are emerging, and they will be the only ones able to meet the world's demanding future needs.

Number of "Leadership" Mentions in the Media

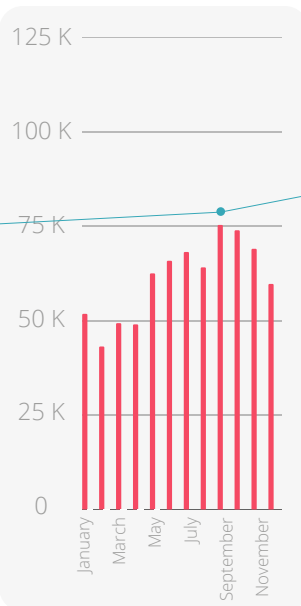
Leadership is also appearing in the media more often, with **56%** more mentions in 2022 than 2019.



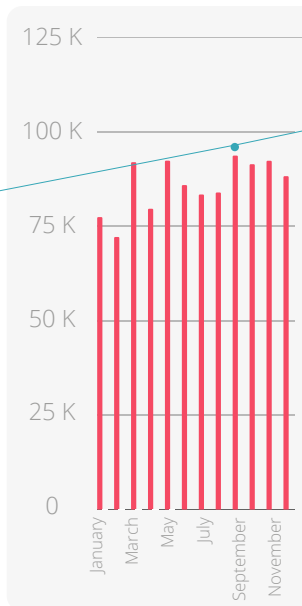
2019



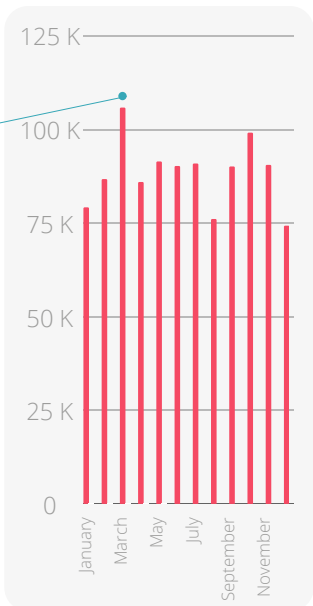
2020



2021



2022

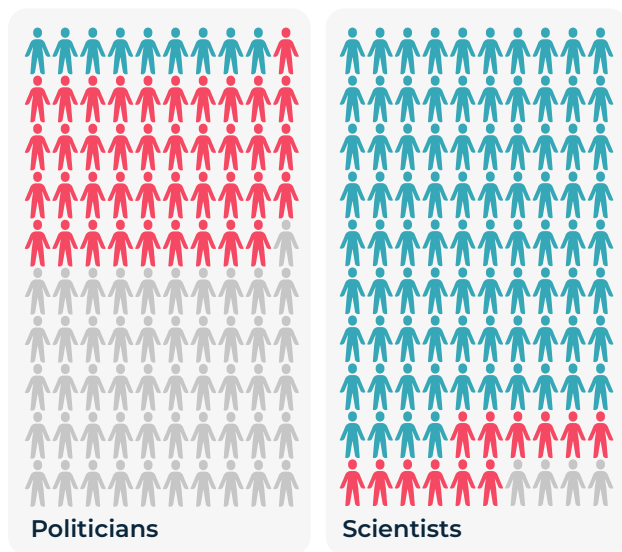


The five senses are no longer enough. **Active listening**, both inside and outside the organization, has become a key tool for accurately **analyzing leadership models**. This involves being aware of social network conversations and reviewing the data provided by surveys or studies. It also involves using new techniques of advanced data processing analytics that allow us to monitor public opinion and interpret what is not visible to the naked eye.

The present continuously creates opportunities for the emergence of new leadership. According to a study conducted by LLYC during the first wave of the pandemic in Spain, the scientific community became a key opinion leader, with a higher level of credibility (84%) compared to that of political leadership.

Perception of **politicians vs. scientists**

● Positive ● Negative ● Neutral



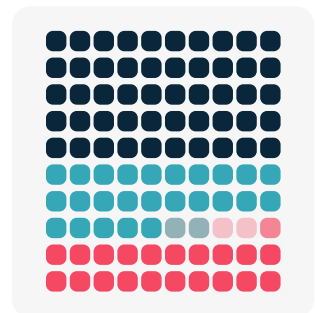
This kind of listening also connects to another leadership challenge: Generating a **corporate culture that humanizes work**, where everyone feels a sense of responsibility and belonging towards a common project. The cultural transformation projects carried out by organizations and their leaders require a vantage point that can help generate trust and commitment among professionals. Putting human capital first, motivating people, and committing to them is the best bet for the kind of leadership seeking to be surrounded by the best. If you take care of your team, your team will take care of the business. In this sense, diversity is also the key to the development of these

new leadership models. The LLYC study, **“Women Leaders on the Threshold of Visibility”** revealed that women account for only 1 out of 4 messages when it comes to leadership, and the figure drops to less than 1% at the corporate level.

Conversation Engagement by **Gender and Occupation**

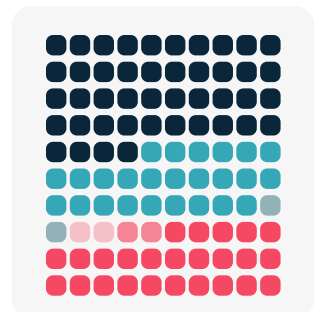
All countries

- 50% Men in politics
- 25% Men in business
- 2% Men in journalism
- 2% Woman in politics
- 1% Woman in business
- 20% Woman in journalism



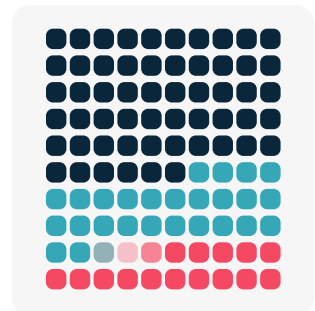
Spain, Portugal, and Latam

- 44% Men in politics
- 25% Men in business
- 2% Men in journalism
- 2% Woman in politics
- 2% Woman in business
- 25% Woman in journalism



United States

- 56% Men in politics
- 25% Men in business
- 1% Men in journalism
- 1% Woman in politics
- 1% Woman in business
- 16% Woman in journalism



The LLYC study shows women are not considered a benchmark when it comes to leadership, especially in the business world.

There is a need for leadership that is equipped with skills and attributes like authenticity, exemplarity, agility and transparency, just to name a few. Moreover, it needs to generate a true connection with the teams. And, failure to do so can have dire consequences. According to a study by **O.C. Tanner**, **1 in 3 employees do not feel “in tune” with their companies**, making them 399% more likely to be actively looking for another job and 340% more likely to quit within a year. Ignoring these issues is not an option.

In order to meet this challenge, leaders must create a tailor-made narrative from a media, digital, and institutional perspective. Another leadership challenge consists of inspiring and generating a real impact on the environment... Social leadership projects for the executive team will facilitate this

impact through communication. This is the new type of social, activist leadership that inspires and promotes causes that concern society today.

In this new era, **executive training** will be crucial. We are convinced there is always much more to acquire in order to take whatever has already been built. It is about a personalized and comprehensive training that avoids confusing methodologies and aims to push these leaders to the next level.

If we were to look at the “selection process” that would help identify the best leaders of 2023, then we would give priority to the authentic and credible leaders that listen, analyze, communicate and learn continuously. The challenge consists of developing and guiding these leaders in a personalized way.

“ **The cultural transformation projects carried out by organizations and their leaders require a vantage point that can help generate trust and commitment among professionals. Putting human capital first, motivating people, and committing to them is the best bet for the kind of leadership seeking to be surrounded by the best.** ”



6.

PROTECTING YOUR BUSINESS IN HIGHLY EXPOSED INDUSTRIES

The term “black swans” is commonly used in risk management literature to refer to unpredictable events with catastrophic effects. These are the major crises that almost all of us are able to explain once they have happened, based on unmistakable signs from the past that, at the time, were not properly addressed. They also failed to inspire a willingness to act at the time.

According to the creator of this concept, Nassim Taleb, we cannot predict events from the available data because they do not follow any historical precedent, nor do they have a predictable chain of cause and effect. Surely, he is right. However, it may not be a matter of anticipating likely impacts, but rather of imagining plausible scenarios that deserve attention or recognition.

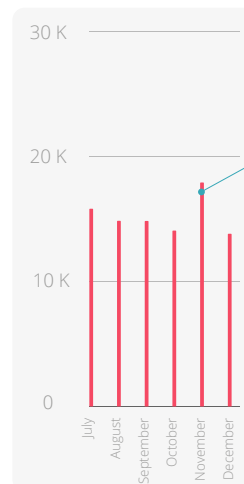
The paradox is that the “unpredictable” and the “improbable” have become commonplace. An analysis of social conversations over the last 18 months shows that use of the term “unpredictable” has grown 47%. Meanwhile, the number of scenarios considered “improbable” - and use of the term - is consistently decreasing; there were 29% less mentions of “improbable” in that same period.

Use of the Term
“Unpredictable”
 in Social
 Conversations

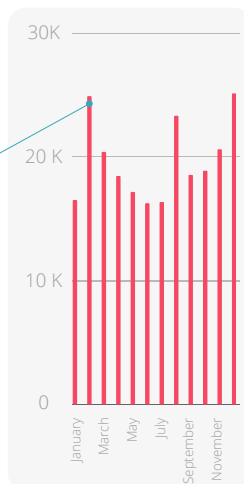
July 2021
15.774

December 2022
25.077

2021



2022



The use of the term “unpredictable” in social conversations across Spain, Portugal, and Latin America shows a clear **47%** growth over the last 18 months. Spain is the country with the strongest growth, at **68%**.

Use of the Term “**Improbable**” in Social Conversations in Ibero-America

July 2020

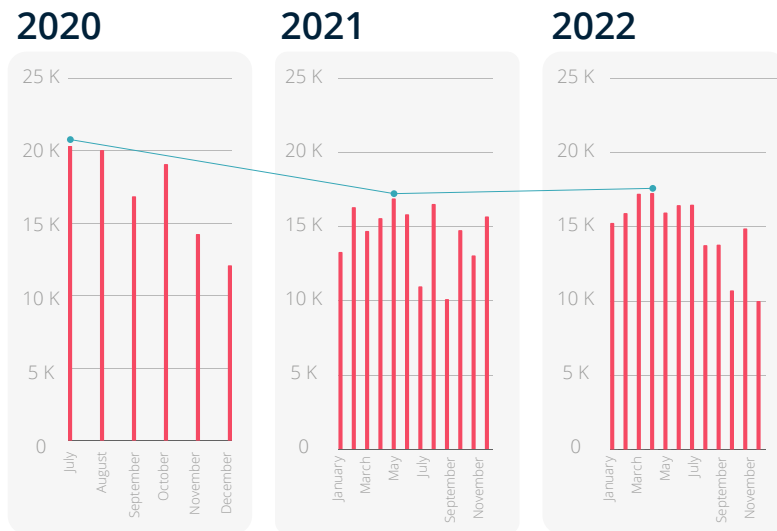
20.319

December 2022

9.970

Since the second half of 2020, social media discussions on improbable scenarios across Spain, Portugal, and Latin America have been consistently decreasing, falling **29%** in this period.

“ **We have trained ourselves to be able to adapt to drastic changes in our environment and take on unexpected possibilities.** ”



how to reverse them into positive ones in the mid-term, with as much foresight as possible. Otherwise, we will not contribute to building stable or sustainable companies or brands.

Reputational risk is defined as any event that might expose a brand's behavior to public scrutiny, provoke attitudes and behaviors of rejection among its stakeholders. Trends like identity or climate activism, or new technological security threats can put a company's behavior to the test and lead to crises in which customers, employees, and shareholders could antagonize the brand.

We have learned to accept the plausibility of improbable scenarios like the global pandemic that affected the global supply chain or an all-out war in Europe followed by a planet-wide energy crisis. We have trained ourselves to be able to adapt to drastic changes in our environment and take on unexpected possibilities. Companies and their brands across all sectors have done the same.

The question we could ask ourselves is whether it is possible to turn these learnings into business development assets. What can we achieve by imagining plausible crisis scenarios in advance and with enough determination? Well, for example, scenarios where certain reputational risks test the pillars of a brand or its business model. In addition, we can design strategies that maximize support for the company from its customers, employees, suppliers, authorities and other key stakeholders.

Given the current “permacrisis” (defined by the Collins dictionary as “an extended period of instability and insecurity, especially one resulting from a series of catastrophic events”), the challenge is not just to anticipate high-risk events by thinking about how to mitigate the negative impacts in the short term, but also

Imagining foreseeable crisis scenarios is a way of developing narratives that can become realities. Imagining stories (with their scenes, characters, difficulties and insights) provides a glimpse of the actions through which a brand or a company can make a positive contribution and win people's trust even in the most critical situations possible. The challenge is “To imagine in order to do.”



7.

NAVIGATING CONVERSATIONS IN A HIGHLY POLARIZED SOCIETY

Polarization involves the participation of various groups of people engaging in a cycle of confrontations with the potential of generating major conflicts. Most of them stem from unresolved situations.

In an economic context, the group that enjoys greater benefits, or is perceived as such, will transmit its values through various institutions, the media or other organizations in order to reinforce their authority over the poorer populations.

Polarization is a distinctive way of increasing inequality, since it increases the extremes and eliminates the middle classes almost completely. This generates several risks for both society and businesses, which include instability, greater economic inequality and loss of trust.

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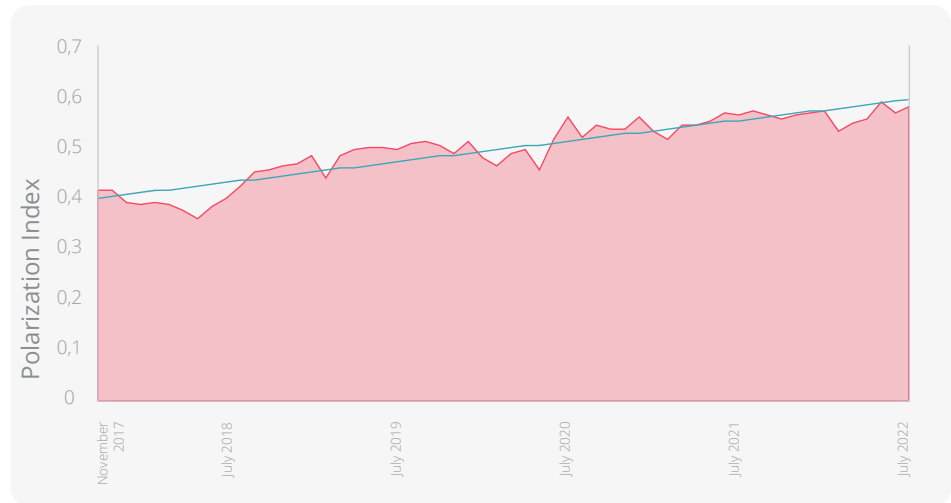
Polarization is a distinctive way of increasing inequality, since it increases the extremes and eliminates the middle classes almost completely. This generates several risks for both society and businesses, which include instability, greater economic inequality and loss of trust.

”

Change in Polarization in Spain, Portugal, and Latin America

Levels of polarization in conversations across Spain, Portugal and Latin America have increased by **39%** over the last 5 years.

Today, 1 in 4 people are exposed to extreme polarization. If the trend continues into 2040, this figure will rise to 2 out of every 4 people.



“

Polarization has become a “drug” that we consume every day without realizing it, and it can cause depression, irritability, dependence, antisocial behavior, generalized tension, and increased hate speech. In a world where aggressive messages have taken over the mainstream of conversation, it has become impossible to reach a consensus and find common ground with others.

”

We will witness many forms of polarization in almost any area of our social lives. However, public conversations are the breeding ground for the development and evolution of this polarization.

Evidence suggests that our brains are “programmed” to be polarizing. Some theories indicate that, when a person defines their political stance, the brain focuses on maintaining this model. Others claim that when people are generally prone to tolerance or openness, they will “give themselves permission” to uphold closed-minded or narrow-minded views.

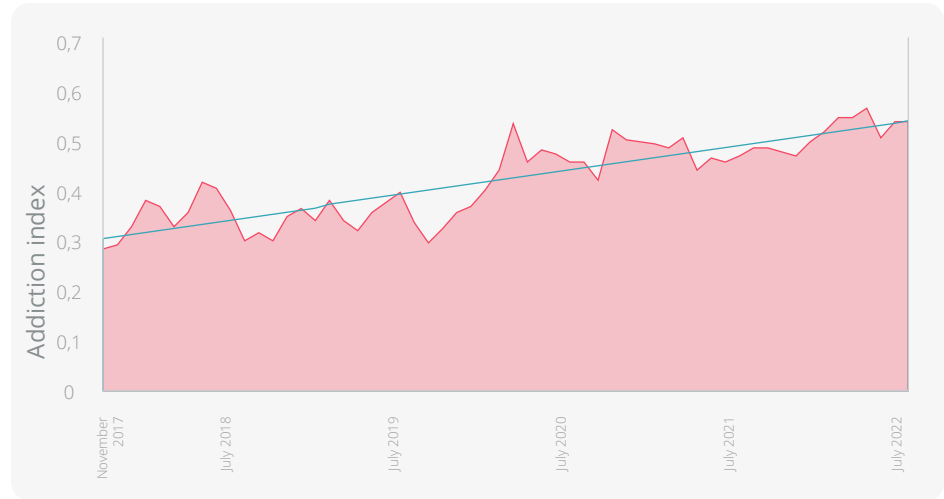
In addition, societal discussions are so broad that they are practically unmanageable. Any issue, no matter how small, can escalate and become the subject of the discussion. All it takes is two people wanting to talk about it.

According to LLYC’s study **The Hidden Drug**, published in 2022, polarization, like other drugs, affects both individuals and society as a whole. It has become a “drug” that we consume every day without realizing it, and it can cause depression, irritability, dependence, antisocial behavior, generalized tension, and increased hate speech. In a world where aggressive messages have taken over the mainstream of conversation, it has become impossible to reach a consensus and find common ground with others.

Addiction to social conversation in Spain, Portugal, and Latin America

The addiction to polarization increased **11%** as the pandemic unfolded.

Brazil has the highest level of polarization in Latin America.



We must create spaces for reconciliation and relaxation in order to find a way out of this situation.

This requires exploring, harnessing, and leveraging technological tools to help us understand not only the positions, but also the context that is generating these kinds of conversations. These insights allow us to proactively develop a pre-emptive approach to communication that aligns the organizations' communication objectives with the expectations of their stakeholders and delve deeper into their interests in advance.

In addition, this analysis will provide a more complete understanding of the motivations and the behavior of those with a different opinion to the organization's interests. This will allow us to understand their possible strategies and anticipate the development of better narratives and reputational strategies.

Analyzing this vast amount of information through innovative processes and technological solutions that have been specifically built to understand communication dynamics will give organizations a competitive advantage in an increasingly polarized society. It may even provide more legitimate capital that can strengthen their corporate citizenship.

“ **This requires exploring, harnessing, and leveraging technological tools to help us understand not only the positions, but also the context that is generating these kinds of conversations.** ”

Conversation Volume on Corporate Social Responsibility



The social conversation on corporate social responsibility in Latin America has grown **22%** over the last 4 years.

In order to be relevant in an attractive and convincing way, we must find an “ocean.” This consists of an area where we can establish relationships with people and not have to compete with countless brands. So, how do we recognize this area? We do so by listening to those we want to attract. Nowadays, it is essential to leave intuition behind and use data as a field of exploration to explore what people are interested in and what concerns them in order to establish our own role.

And what about influencing? The people we want to influence are, well, influencers. This is because, to them, as well as to companies, communication has become disintermediated. People only need internet access if they want to share their opinion. So, how can we take advantage of that? Well, with data. By identifying the people or interest groups and transforming them into conversation amplifiers. This will not only make our message relevant, but also influential.

Once the relevant territories and content have been identified, the way to achieve the desired relevance and influence starts by assessing the risks. But, it is also crucial to embrace them in a decisive manner. The key to building differentiation and gaining legitimacy in the mid and long term is to have a courageous positioning strategy that involves the public in issues of social impact.

However, we must never lose the ability to listen and communicate through the various tools offered by the communication, marketing and public affairs sectors. We need to move away from one-way messages to dialogue, from self-centeredness to empathy, and from passiveness to involvement.

Finally, we can’t do it alone. This “social enterprise” is not only from the point of view of contribution, but also insofar as it is a relational animal that needs to surround itself with allies, partners and loudspeakers that contribute both to building and protecting the reputation from other voices and perspectives.

In short: We can be relevant and influential in a tangled and dynamic context by focusing on the issues relevant to our stakeholders, responding to social concerns, and engaging and building alliances with key communities. But, at the same time, it is also becoming increasingly challenging and transformative.

“ **Nowadays, it is essential to leave intuition behind and use data as a field of exploration to explore what people are interested in and what concerns them in order to establish our own role.** ”



9.

TURNING TRANSFORMATION INTO A REPUTATIONAL ASSET

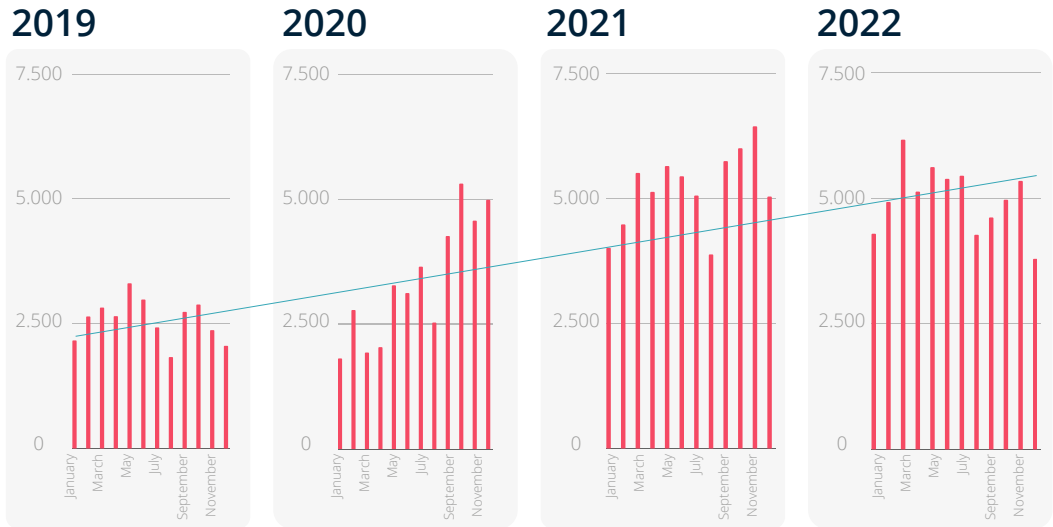
Transformation is a requirement that occurs at any time in history. Currently, transformation is occurring at a pace never seen before.. In 2021, Ben Hammersley, editor of Wired magazine, commented that the changes we predicted ten years from now had occurred in six weeks. And the pace is not slowing down. **Transformation is no longer an intention, it is a necessity.**

This business context, in which transformation is becoming increasingly important, also applies heavily to media since the beginning of the pandemic.

“ **The real transformation of an organization is the one that begins with the cultural change of individuals. It is the people who make up each stakeholder group who must internalize what the next metamorphosis will be and what its impact will be.** ”

Conversation on **Business Transformation** in the Media

The prominence of business transformation in Spanish, Portuguese, and Latin American media has been growing since the pandemic. In 2022, business transformation appeared more than twice as often (2.2x)



“ **Being part of the change, capitalizing on success and knowing how to communicate it means turning an organization’s transformation into a reputational asset of unquestionable value.** ”

The real transformation of an organization is the one that begins with the cultural change of individuals. It is the people who make up each stakeholder group who must internalize what the next metamorphosis will be and what its impact will be.

For this journey to be successful, we must listen to all stakeholders. Therefore, it is important to know the starting point. Creating a **narrative that generates trust and proximity. Simplifying messages** with uncomplicated and understandable content. Always keeping in mind the ultimate goal: creating a sense of pride to help achieve success or, in other words, turning the transformation process into a key asset for the organization.

Currently, the necessity to address climate change, population imbalances and new geopolitical as well as macroeconomic challenges affect citizens and

organizations equally. They listen to all of this from the tension and mixed feelings generated by the great contradictions of the human being: resistance to change vs. adaptability, renewal and innovation vs. immobility. Ultimately, it is a matter of having the strength required for a real and profound process of change.

Optimal management of the tensions between these two opposites is currently one of the major challenges that companies and organizations are facing.

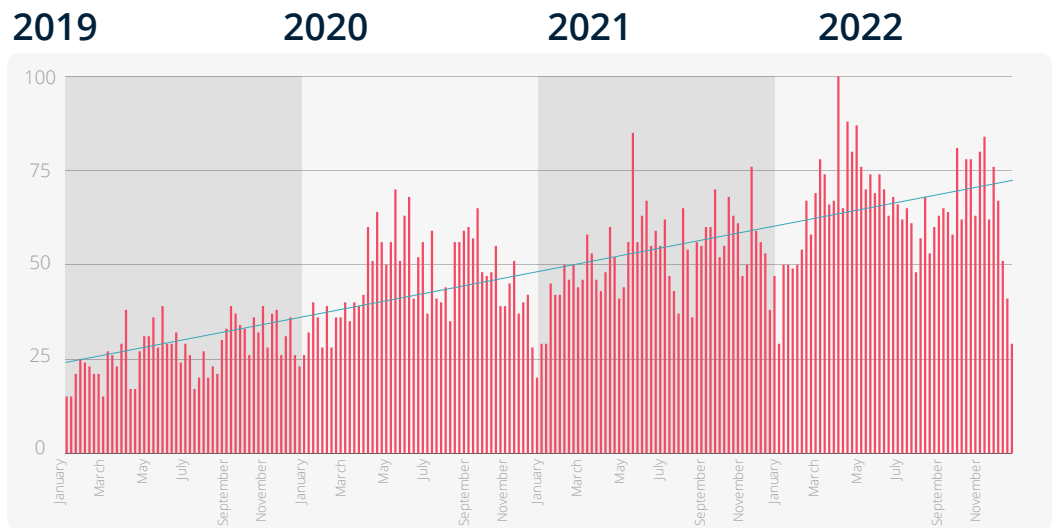
Being part of the change, capitalizing on success and knowing how to communicate it means turning an organization’s transformation into a **reputational asset of unquestionable value.**

What are organizations really facing when undergoing their own metamorphosis?? How do you make this journey into that reputational asset? Is a digital transformation really the starting point?

Certainly, the interest of society and entrepreneurs in digital transformation is unquestionable. It is evident in the growth of searches for the term; throughout 2022, it was searched for 2.4 times more than in 2019.

Search Interest in “**Digital Transformation,**” According to Google Trends

According to Google Trends, interest in the search term “digital transformation” has been growing steadily since 2019: throughout 2022, the term was searched 2.4 times more than in 2019.



However, we often focus on technology and processes. This is a typical mistake. True transformation derives from cultural change. To get there, several steps are necessary:

LISTENING

Active listening, inside and outside the organization, is a key tool to understand the expectations, resistance and emotions of the people who must accompany and participate in the transformation process. It turns the ability to anticipate into a strategic axis driving transformation.

The analysis of the conversation through digital listening, media audits or focus groups helps picture the starting point. The combination of an efficient use of technology and analytical talent makes it

possible to define the role of communication and to monitor the cultural evolution of the organization.

CREATING THE NARRATIVE

Developing an **approachable**, simple and credible narrative helps generate an environment of trust that facilitates adaptation to changes and contributes to the dissemination of new learning.

CREATING PRIDE IN SHARING SUCCESS

Talent has become more volatile and is not always aligned with the organization’s efforts. The O.C. TANNER study cited above notes that, currently, one in three employees do not feel “in tune” with their company, making them 399% more likely to actively seek another job, 340% more likely to leave within a year, and 71% less likely to recommend their company as a place to work.

The context demands companies to invest in a **culture of engagement** so that employees can feel that what they do daily is meaningful and that there is a purpose that really matters.

Working towards the same goal, true transformation and conversion into a reputational asset will be achieved.

“**The context demands companies to invest in a culture of engagement so that employees can feel that what they do daily is meaningful and that there is a purpose that really matters.**”

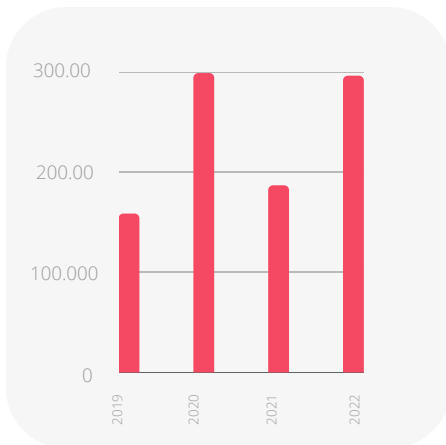
10.

STAYING CONNECTED TO CUSTOMERS WITH LESS PURCHASING POWER

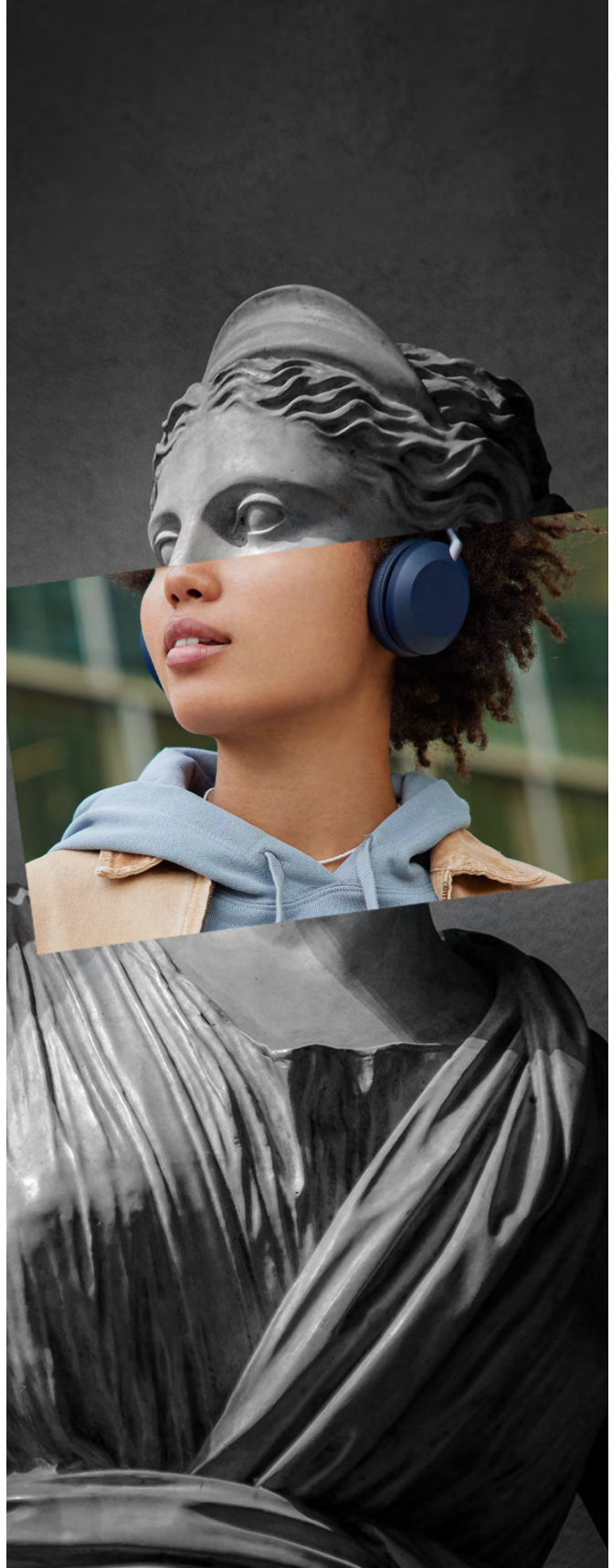
In 2022, several financial crises and political uncertainty aggravated the situation in many markets. And it looks like 2023 won't be any different: central banks around the world have been raising interest rates to respond to inflation, and a new World Bank study says we could be moving towards a global recession and the outbreak of a series of financial crises in emerging markets and developing economies.

Spending reductions are becoming evident in business and personal scenarios. Consumers have shown increasing interest in, and conversed more about, "spend down" (up 89%), reaching the heights that social conversation registered in 2020.

Conversation Volume on **Spending Reductions**



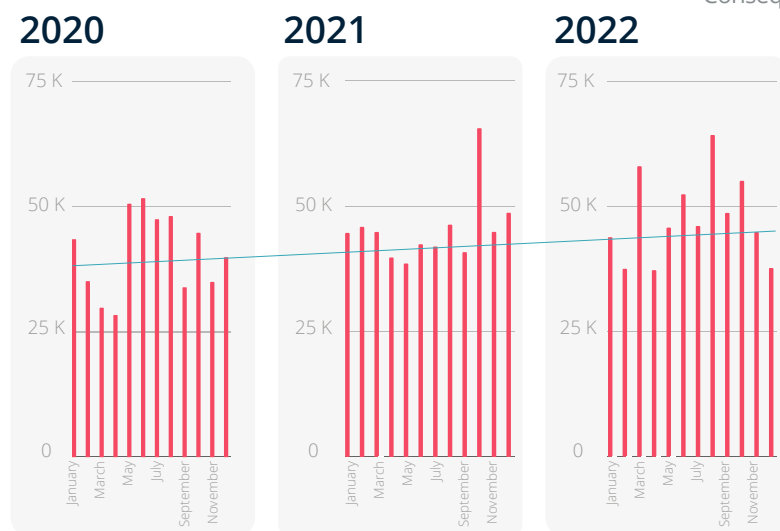
After 2020 (the first year of the pandemic) in which speaking about cost-cutting almost doubled (+89%) the previous year, in 2022 it re-emerges with a vengeance, almost equally to 2020.



A McKinsey report claims that rising prices are the biggest concern for two-thirds of UK consumers. Approximately 70% say they have recently changed their shopping habits and are more open to buying cheaper brands. How can we get out of this context? In times of uncertainty and recession, customers value the attention and service they receive from a company. Therefore, it is important to offer quality customer service to keep in touch with customers and increase their loyalty. Customers are strongly active and value good service, but they also punish, through their digital conversation, what they consider a bad experience.

Conversation Volume on **Customer Service Complaints** in Spain, Portugal, and Latin America

The volume of complaints about poor customer service on social networks has grown by **26%** over the last 3 years in Latin America.



In 2023 it will be vital to properly understand our buyer's journey and be very relevant at every step. To help companies develop this process, specific teams must be created for each type of client, handling data properly and employing project platforms that allow passive control of the client's development plan(s).

Likewise, when decision-making becomes difficult due to the economic context, customers value brands that offer them "an added value". Therefore, a solution for brands can be to offer them the possibility to learn, to grow in their areas of interest, or loyalty plans that are in line with their lifestyles. Therefore, offering training, education and loyalty programs is an effective way to maintain contact with customers. This may include special

“ **Offering training, education and loyalty programs is an effective way to maintain contact with customers.** ”

benefits, workshops or webinars that seek to solve the real pains of our consumers. For this, it is essential to have a methodology to understand these pains and to have ideal partners, as in the case of LLYC: Google, Meta, Amazon Web Services, etc.

Keeping up to date and offering innovative products or services is one way to attract and retain customers. Consequently, it is necessary for the company to continue to evolve its product or service offerings to meet the evolving necessities of customers during these times. And, in addition, to involve the customer in these innovation processes, as part of the test. This will be opportune for the time when the customer is looking for more economical options: will find it more difficult to opt for another alternative if we can offer you exactly what you require, thanks, always, to constant monitoring and active listening.

Finally, it is important to understand that, although in lean times we tend to work a lot on promotion or price reduction, creativity in the pricing model does not mean setting very low prices. Instead, it's about finding ways to deliver value to customers through different pricing approaches or by committing part of our revenue to the success of the customer's business.

The key to this challenging landscape, with a nervous consumer and reduced purchasing power, will be to generate data-driven strategies. But it will also be necessary to creatively address the components of the business model by putting the user at the center of everything. Of course, counting on allies (suppliers) to make this path easier for us, with a specific value proposition, and to help us carry out the solutions in a more concrete and effective way.

Because there are cows that will keep gaining weight. We just need to know which ones, and how they are doing it.



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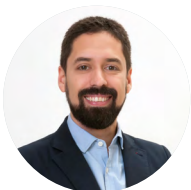
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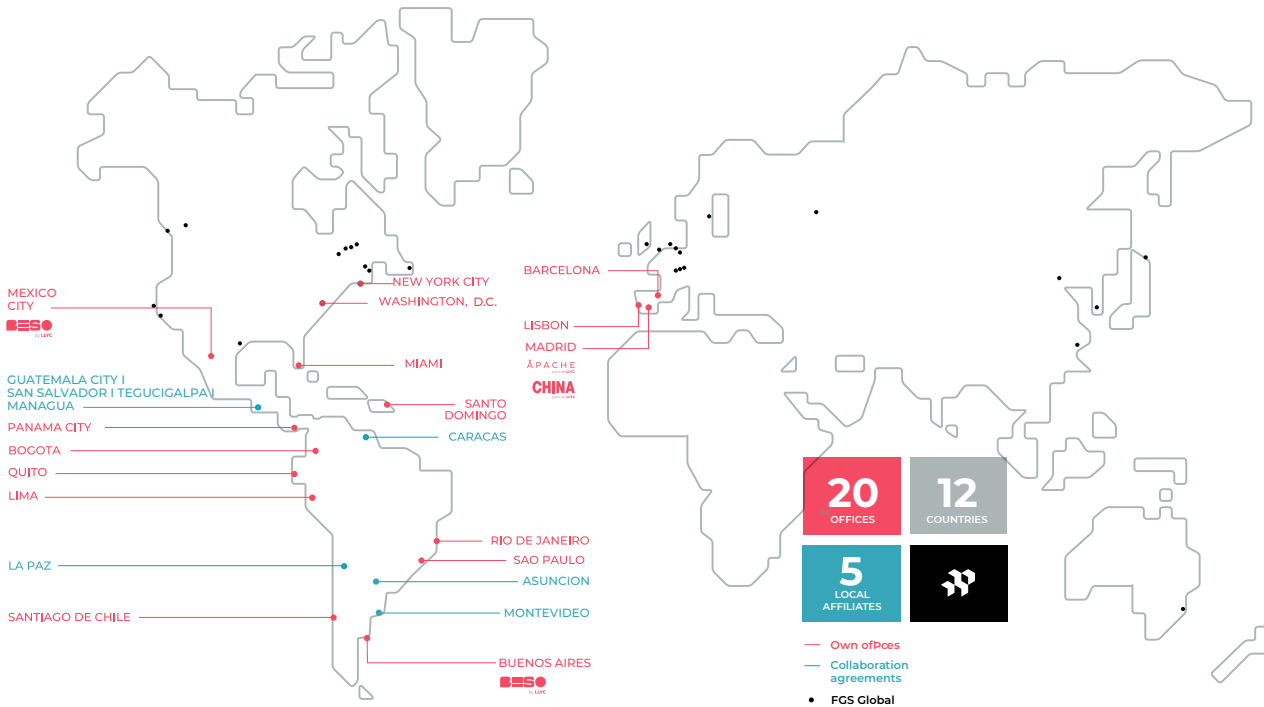
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