

THE SEARCH FOR SIMPLICITY:

CORPORATE COMMUNICATION
TRENDS IN 2023

January 2023

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INTRODUCTION

"Back to basics"—seeking simplicity—seems to be the safest response in times of uncertainty. It's not that it's easier to keep things simple or avoid the risks of innovation. On the contrary, recent IT advances demonstrate that the innovations with the most impact tend to arise from what is easiest to understand. This is no different in the world of communication, particularly for business strategies.

Keeping this in mind, we simplified the number of trends so that they could be counted on just one hand. These four trends range from learning how to do more with fewer resources to consolidating factors that have been posing challenges -such as political polarization and opportunities for corporate communication- transforming the in-person communication experience.

There is no denying that 2023 will affect all managers and companies in different ways. However, challenges like the global recession, inflation, political instability, and the supply chain crisis will undoubtedly affect all of us.

We brought together specialists from four different countries, Spain, Brazil, Colombia, and Mexico to narrow and pin down four trends that reflect a global reality, focusing particularly on Iberoamerica. Based on their viewpoints, we looked into 12 key issues that were then discussed, analyzed from an international perspective, and refined to be presented in the form of the trends. The purpose of this exercise was to provide comprehensive action plans suitable for companies with different profiles and realities.

FROM "PURPOSE WASHING" TO REAL AND TIMELESS CORPORATE ACTIVISM

Organizations typically use special dates to promote their cause and/or to take a stand on the challenges that society faces. This activism, however, is not inherently associated with the purpose and essence of a company. Instead, this kind of activism is often a method employed by the corporation to position and make themselves visible in macro conversations. The unintended consequences of such play is usually the exposure of inconsistencies between the brand's internal and external values.

In a survey conducted by the University of Southern California Center for Public Relations (CPR) for the Global Communication Report, 83% of respondents said they understood that companies have a powerful platform to talk about important social challenges and to contribute to their solution. Consumers are no longer interested solely in the product or service, but are

also greatly concerned with the companies' commitment to social, environmental, and political values relevant in the modern world.

We have observed many consumers and employees using social networks to denounce what they perceive as the hypocrisy of certain organizations. **This social pressure will surely grow exponentially throughout 2023 and will contribute to further scrutinization of businesses, as companies have been challenged to prove their commitment to the causes they claim to defend.**

Customers in 2023 will be critics making definitive judgments. Consumers will not hand out second chances as they are fully aware of their power over companies, according to a study made by the Colombian Guild of Experience. Likewise, as demonstrated by the German police investigation concerning anti-greenwashing actions against Deutsche Bank last year, consumers are less likely to shy away from making judgments and causing an impact on reputations and business. Even market associations and institutions, such as B3 in Brazil, have aimed to establish parameters imposing more transparency, limits, and guidelines ensuing purpose into action and, subsequently, into narrative.

Bancolombia epitomizes this trend providing insight into how a Environmental, Social, and Governance (ESG) narrative can benefit a company's reputation and attract customers through true "story doing". This Colombian corporation successfully positioned itself as the top Colombian bank and number 12 in the world in the Dow Jones sustainability index. Beyond the expenditure of specific shares and social projects, the bank gained its recognition due to the \$300 million offered in loans linked to sustainability indicators.

In other words, the risks associated with public positioning, or "corporate activism," are greater when this positioning is not as well-reflected in the company's corporate purpose. The consumers and investors of 2023 will surely feel favorably towards a company who's communications are transparent. Customer's will be enticed by those who promote how they identify the problems they face and the extent to which they are really willing and acting to solve them in a systemic and sustainable way.

“Consumers are no longer interested solely in the product or service, but are also greatly concerned with the companies’ commitment to social, environmental, and political values relevant in the modern world”

HOW TO TAKE ADVANTAGE OF THIS TREND:

Communication should reflect how your purpose, its tangible results and projection actions are aligned, while being transparent.

Identify real examples and ambassadors that support a narrative to project and reflect the true essence and impact of the company among its stakeholders.

The activation of leaders is essential to project the company's purpose and assets, talking person-to-person and generating a real connection with your consumers and target groups.

THIS TREND WARNS YOU AGAINST:

Lacking a systematic and organized positioning strategy that values your purpose, beliefs, and methods.

Confusing "storydoing" and "storytelling", which could have legal as well as reputational implications.

POLITICAL POLARIZATION WILL CONTINUE TO IMPACT BUSINESS DEVELOPMENT

activism, which aligns with the company's purpose, political activism is fueled by polarization and demands a position that is not always directly consistent with the company's actions. If left unchecked, this can lead to "supporter risk", where one side or the other will be alienated, regardless of the facts.

October in Argentina will be as controversial as tensions rising from elections that represented significant changes as seen in Chile with the election of Gabriel Boric and the defeat of the new constitutional project. Or in Colombia, governed for the first time by a left-wing president, Gustavo Petro. Also Peru, which suffered an attempted self-coup and the

In recent years, the exacerbation of political polarization has complicated the management of companies that operate in highly regulated sectors or that have high visibility among more politicized consumer profiles. Unlike corporate

This tendency, which has been evident throughout the last decade, fueled by controversial elections in the United States, United Kingdom, Brazil, France, Spain, and many other countries, will be particularly relevant this year, especially in Hispanic America. Scheduled events, such as the General Elections to be held in December in Spain and

impeachment of the president in December. Another example is Brazil where Lula returned for a third term -replacing Jair Bolsonaro- with opposition groups invading the Congress, the Presidential Palace, and the Supreme Court of the country at the end of the first week of the new government.

Digital activism in Latin America has never been stronger. In 2022, it increased by more than 20% as users on social networks were more active than ever in relation to electoral, economic, and social issues. In Latin American countries, the citizens of Colombia were most active online and posted the most requests during 2022, ahead of Ecuador, Chile, and Peru.

During this year, 8.481 citizen petitions were published. That is 1.524 more than the previous year, which were promoted by 4.158.000 people on different platforms, channels, and virtual media, according to the newspaper El Espectador.

Even in Europe, the tension around the War in Ukraine and the inflationary pressure on the energy costs are pushing businesses to respond to these political issues. Meanwhile, in the United States, Tesla has lost market value following Elon Musk's engagement in partisan issues in ways that do not align with his company's average consumer.

In Brazil, rising political activism caused disruptions in parts supply, exemplified by the trucker strikes that took place throughout 2022 and the blockades around refineries, mines, and factories. These forced the companies that run or depend on these operations to take a stance, albeit in a limited way. On the other hand, citizen participation (although using a different model than seen in Colombia) has grown in the online world thanks to public consultations. The topics of these discussions range from new master plans for cities like São Paulo to the incorporation of new therapies into the country's Unified Health System, with actors mobilizing to seek support on social networks.

In these scenarios some brands from different countries chose to publicly take a stance, subjecting themselves to boycott campaigns

by opposing sides. Although this is a valid option, our view is that given the global tension between political stances, most companies could benefit from political neutrality. However, they must be clear and public about their commitment to the values and purposes that permeate the different groups (such as the strengthening of democracy) or manifest their position independently of the political groups (such as adopting a diverse and inclusive agenda, for example).

“Digital activism in Latin America has never been stronger”

HOW TO TAKE ADVANTAGE OF THIS TREND:

Highlight the company's common goals and values with those consumers/citizens, without promoting a particular party-political position. Here communication is key.

Actively listen to networks, the press, and regulators/politicians and apply marketing intelligence mechanisms, to anticipate risks or opportunities for the positioning of the company.

Open spaces for mediation and conversation with target groups, especially with regard to the operation of highly regulated sectors. Often, groups make more noise because they don't think they are being heard.

By identifying common purposes, transparent communication, and structuring an advocacy project, it is possible to convert target groups into ambassadors.

THIS TREND WARNS AGAINST:

Possible impacts on reputation and business resulting from the lack of a clear position on the company's values (regardless of party-political issues) or from direct engagement with party-political issues.

Not taking into account the thin line separating the opinions of executives/ shareholders and the opinions of the company from the market/ consumer's perspective.

Failing to consider political factors and public pressures when mapping out risks and crafting the company's crisis management plan. It is crucial to constantly update it.

PUBLIC RELATIONS ARE INCREASINGLY BECOMING DIGITAL RELATIONS

Although the pandemic can sometimes feel as though it's history, some of its effects are here to stay. This is evident by the drastic reduction concerning in-person activities in terms of Public Relations (PR). Journalists are increasingly reluctant to attend press conferences or even individual meetings, preferring to connect digitally even when the topic is clearly relevant.

Accordingly, when defining the strategic communication plan, we will have to appraise the digital component to ensure actions are truly efficient and produce tangible results. This new reality means less direct contact with journalists, so it is necessary to look for other, more creative approaches to maintain the usual relationships of trust and involvement with our main interlocutors.

“When defining the strategic communication plan, we will have to appraise the digital component to ensure actions are truly efficient and produce tangible results”



As reference data, at the end of 2021, almost 600 event agencies closed their operations in Spain. This is due to the effects of social isolation caused by the COVID-19 pandemic. Regardless, it's important to recognize this as a new tendency rather than staying stuck in the past. After all, there are many cases where we organize press conferences for clients that attract journalists who continue to show interest in the information, but are simply no longer willing to invest time and resources in commuting just to hear someone talk.

In this sense, we have seen intriguing experiences with the use of the Metaverse, especially among brands such as Nike, Adidas, Prada, and others. These notable companies have invested in this innovative environment to offer their products and create modern experiences for consumers, such as the introduction of solely virtual. According to Morgan Stanley, demand for digital items in the Metaverse could result in an additional \$50 billion in revenue for fashion and luxury brands by 2030.

Some fashion startups have already created spaces where avatars representing customers can try on clothes and match colors, while the real people meet with friends and share their opinions. Other companies in the real estate sector, solved the difficulty of reconciling schedules and home touring by crafting immersive experiences and virtual tours. Strictly speaking, these experiences are not even 100% framed within the possibilities that the Metaverse promises to bring. This is by no means a

death knell for 1:1 interaction in the physical world with influencers, consumers, and journalists. It's parallel to how communication directors and the press have found mediation spaces and adapted their messages to social networks and digital media. What the ease and accessibility of digital connection imposes on us is the redefinition of personal interaction.

The Metaverse appears to be a step beyond the online meeting possibilities that we have become accustomed to very quickly over the last two years, from Google Meeting to Zoom and other videoconferencing modalities. It is a step further, because it allows a different type of experience and interaction to be established that would only be possible physically before. Likewise, in-person meetings that do not add an experience capable of raising awareness or surprising our interlocutor will certainly be increasingly replaced by WhatsApp audios or online calls.

HOW TO TAKE ADVANTAGE OF THIS TREND:

Invest in more creative ways to engage an interlocutor (journalist, influencer, consumer, etc.) in a conversation. The surprise factor or an emotional component can be good ways to facilitate a strong connection.

Virtual meetings demand the diversification of formats for the presentation of content. Infographics, videos, or short animations tend to be more attractive for digital channels.

Meetings, physical or digital, serve to project your purpose and vision, as well as to build trust and engagement. Therefore, make sure your agenda is clear before you propose or plan a meeting.

THIS TREND WARNS AGAINST:

Maintaining or increasing the number of in-person events where the only objective is disseminating information such as press conferences and presentations of results). Don't schedule meetings for what could be said in a tweet, email, or fact sheet.

Entering ecosystems like the Metaverse or investing in new channels and content just to be there or to embark on a novelty, without any purpose, objectives, and specific message. In addition to representing a high investment (even if it's a matter of time), the results in these cases tend to jeopardize a broader strategy for interacting with your stakeholders if not well thought out.

SIMPLIFYING COMMUNI- CATION STRATEGIES IN A MORE COMPLEX WORLD

One of the biggest challenges for business communication in 2023 is how to achieve more impact with fewer resources or activities. With a 25% chance that the global GDP will grow by less than 2% in 2023, according to the International Monetary Fund (IMF), meaning a global recession and layoffs (particularly in the technology sector), companies should focus their efforts on authentic projects that generate

impact on their target audience that can continue generating results over a longer period.

The Keep It Simple principle was born in 1960 in the US Navy as one of the basic principles for aircraft design, aiming to eliminate unnecessary complexities. This principle of the IT sector—which in its obsession with generating better experiences for the user, strives to develop straightforward and intuitive tools—increasingly reflects reviewing and simplifying processes, players, and areas, including corporate communication.

Many communication departments are immersed in countless projects and frenetic activity that does not always lead to results and/or generate business for the organization.

For example, participation in an excessive number of events, flooding social networks channels without a common purpose, the production of content that will not be consumed, and distributing press releases that will not be published by those who make a difference for the business.

This is why, especially when facing cuts and uncertainties, planning must undergo reflection and filter. What are the initiatives planned contributing to the company's balance sheet and income statement? What are we really contributing to the audience -consumers, staff, the surrounding community, or society in general?

Like in any process, the resources and time invested in diagnosis and planning will generate savings in a year with many uncertainties. Market perception

and intelligence analysis will help with understanding what the company has been doing in terms of communication, what its audiences expect from it (or from the sector) and what can be abandoned, left on stand-by, or reworked without fear. They must respond to the needs of depth, frequency, and permeability of communication, alternating actions of greater impact with others that support and echo them. The overall goal is to generate simple ideas that last over time and that allow us to improve our relationship with our audiences, leaving aside uncertainties, ambiguities, and contradictions.

“One of the biggest challenges for business communication in 2023 is how to achieve more impact with fewer resources or activities”

HOW TO TAKE ADVANTAGE OF THIS TREND:

Investing more diagnosis and planning to understand the desires of the company's target audiences and whether what is being done is truly capable of engaging them in an active conversation.

Instead of sporadic actions throughout the year, concentrate resources on one or two emblematic actions that can be expanded through support, feeding social networks, the press, or even serving as a hook for 1:1 interaction with your audiences.

Communication is about being where the company's consumers or target audiences are, establishing conversations and turning it into engagement/conversion. With that in mind, simplify the approach.

THIS TREND WARNS AGAINST:

Being afraid to abandon projects that are new or rooted in the emerging communication culture, but that demand time and investment and are (no longer) capable of demonstrating results. Perhaps this fear stems from their outreach or by the quality of the visibility they bring to the company.

CONCLUSION

To summarize 2023 will be a year in which certain factors that have already been influencing the way companies communicate with the world will be consolidating as trends. Digitization, polarization, and seeking purpose, in a global scenario of cost containment and resource optimization, will mean stopping, looking, examining, and understanding before taking the next step. However, this next step tends to be based on seeking simplicity so that it can be taken more firmly. By all indications, this is not a year for bold leaps or ill-planned risks.

In 2023, The best investment of time and resources for corporate communication is understanding your company's external and internal composition, to identify the gaps and allocate the greatest efforts there. If necessary, it's crucial to promote a course correction aligned with the company's purposes. Critical years like the one we have ahead, in the end, also offer good opportunities to demonstrate the strategic value of communication in the business.

With these reflections, we hope we can make the ride a little less bumpy.

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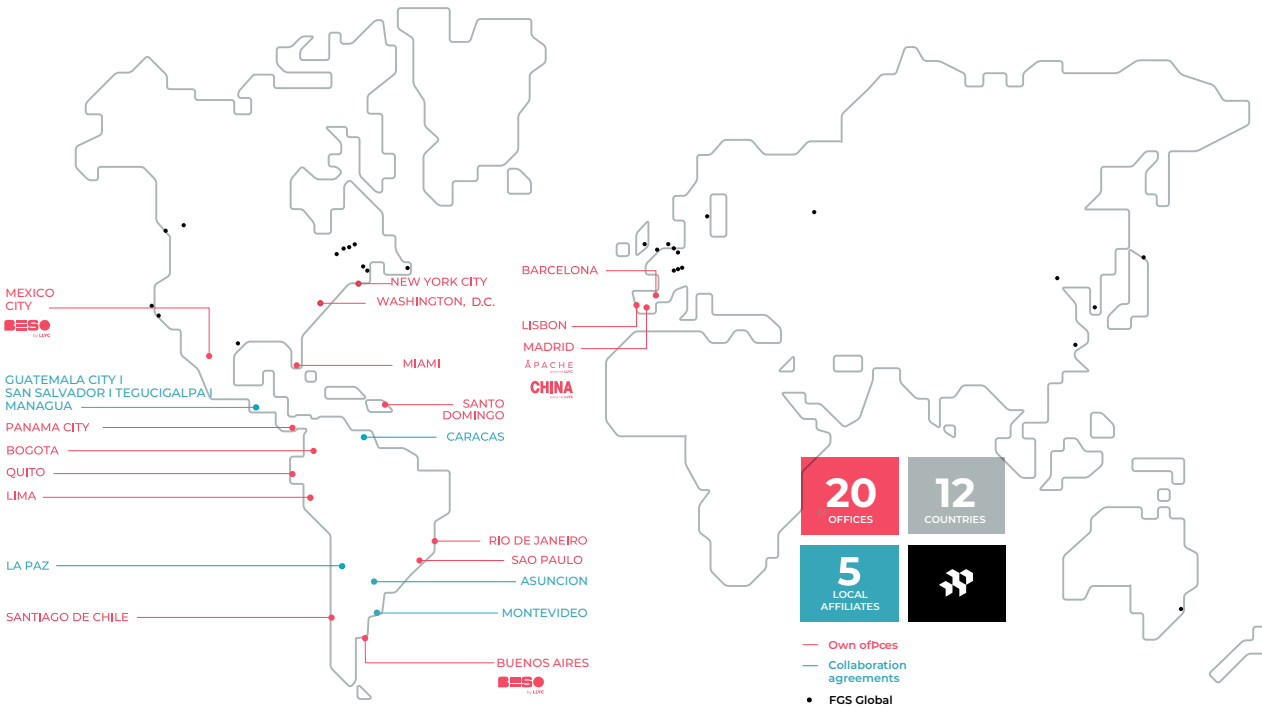
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