Shaping Change –
Trend Management in Practice

A study on the relevance and state of the art of trend management in corporations

Content

Abstract

This study examines the current status of trend management in practice. To this effect, one-on-one interviews with six leading experts were conducted in May and June 2016. Based on these findings a questionnaire was developed and an online survey with 57 participants was conducted during the period from 15 July to 5 August 2016.

The results show that both large corporations and also small and medium-sized enterprises (SME) are fully aware of the relevance of trend management for business operations.

From the companies' perspective, the main task of trend management is to identify changes in their business environment early on, interpret them, understand them and react accordingly.

With regard to its realization, the trend management process is frequently perceived as being unsystematic and fragmented. Some activities, like trend research and trend evaluation, are well understood and have already been implemented; what is lacking, however, is a holistic and reproducible process with defined tasks and roles. Moreover, our study showed that companies have deficits especially with regard to the systematic documentation of trend knowledge. Trends are for the most part documented in static documents generated with Excel or PowerPoint which make it almost impossible to update and administrate the data contained therein as required. Large companies, in particular, rely on special trend management software solutions for a holistic, structured and purposeful trend management.
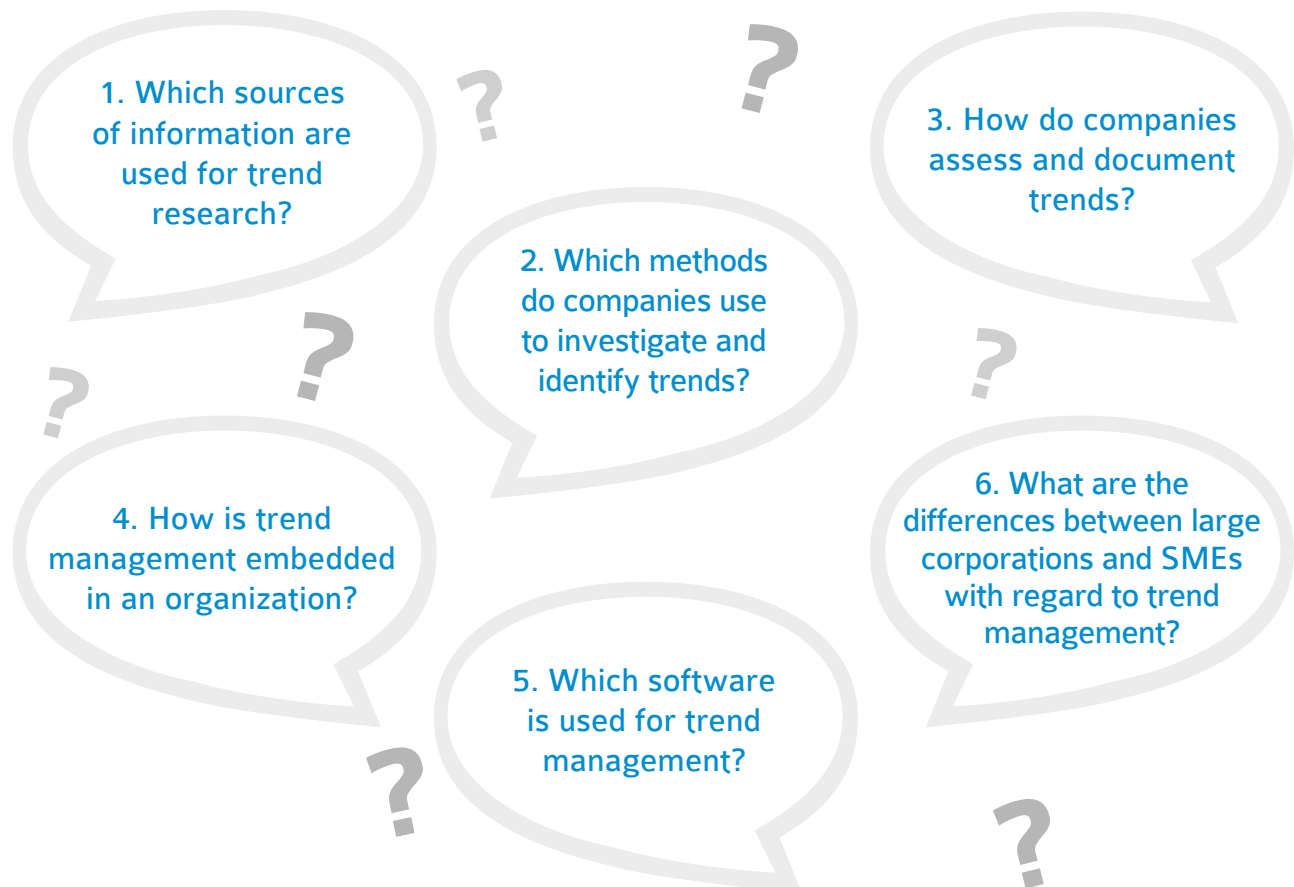
1 Goals of the study

In times of ever shorter product lifecycles and rapid technological progress many companies are increasingly faced with the need of having to proactively respond to changes and/ or anticipate such changes wherever possible. In practice, trends are in particular identified, observed, assessed and analyzed as heralds of change.

A trend is – by definition – a relevant long-term movement. Also the companies interviewed in our study define a trend as "(...) a global or at least pan-European effect on lifestyles or habits. From a company's perspective, a trend is something for which, as an entrepreneur,

I have to prepare well with several years lead time and which I compellingly have to align my business activities to" (managing partner, building industry). In practice, companies take very different approaches to prepare for new trends.

This study provides insights into the current status of trend management in everyday corporate life and analyzes what companies need for the implementation of a successful trend management program.

The study provides answers to the following questions:

1. Which sources of information are used for trend research?

2. Which methods do companies use to investigate and identify trends?

3. How do companies assess and document trends?

4. How is trend management embedded in an organization?

5. Which software is used for trend management?

6. What are the differences between large corporations and SMEs with regard to trend management?

2 Structure of the study and participants

To analyze the current status of trend management in practice, a comprehensive study encompassing all important aspects of trend management was conducted for the first time.

In addition to a comprehensive literature review also one-on-one interviews with six leading experts were conducted in May and June 2016. Based on these findings a questionnaire was developed and an online survey with a total of 57 respondents was conducted from 15 July to 5 August 2016.

To gain a detailed and holistic impression of corporate practices, the survey was purposefully addressed to participants from different industries and company sizes.

After data cleansing, the answers from 37 respondents could be used for the analysis. 65% of the survey participants are employed at so-called large corporations with more than 1,000 employees. 35% of the respondents work for small and medium-sized enterprises (SMEs) (see Figure 1).
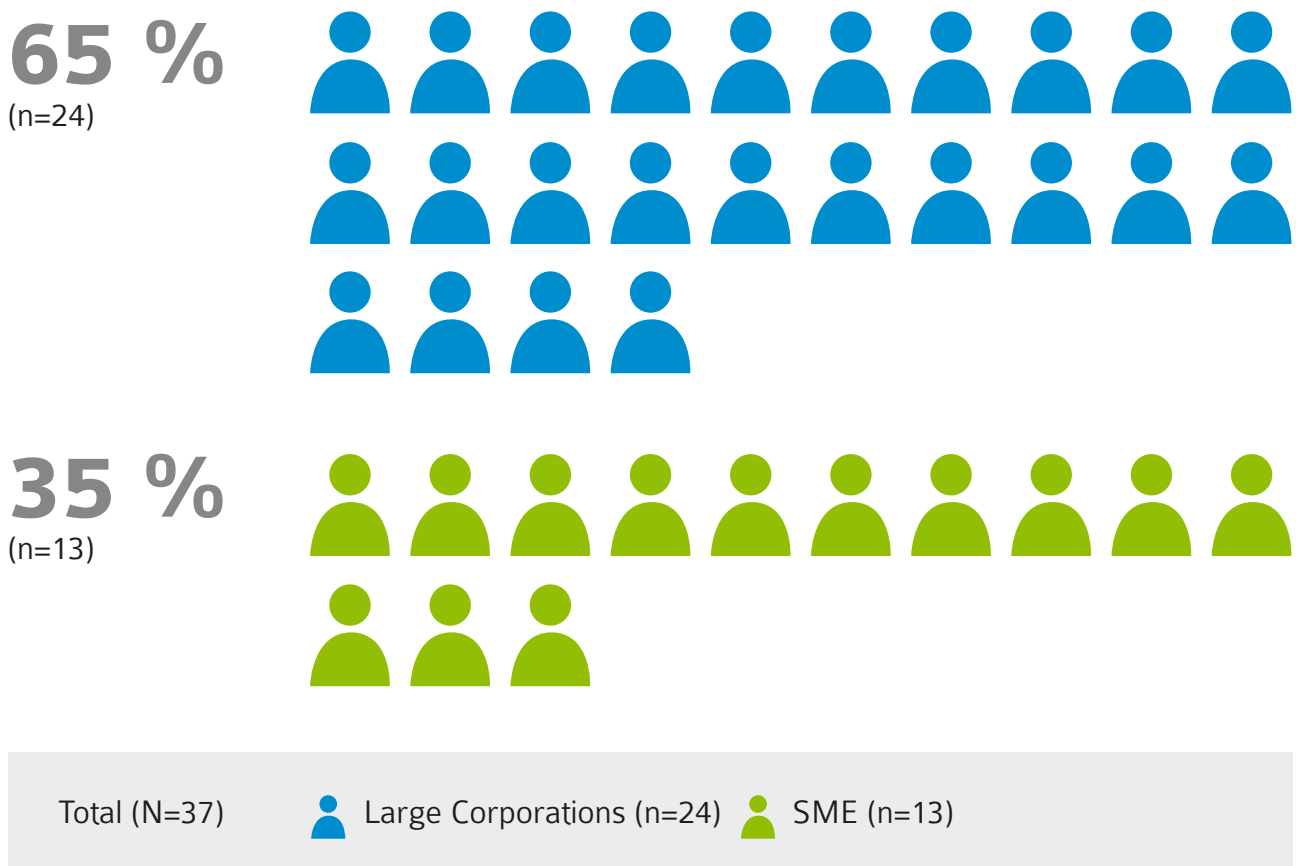
65 %
(n=24)

35 %
(n=13)

Total (N=37)　　Large Corporations (n=24)　　SME (n=13)

Figure 1: Participants of the online survey

The participants of the online survey work in the most diverse industries (see Figure 2). The largest corporations represented in the sample are from the automotive industry (29.7%) and from the manufacturing industry (18.9%). The remaining respondents are more or less evenly spread across important sectors such as banking, finance and insurance, retail or services.
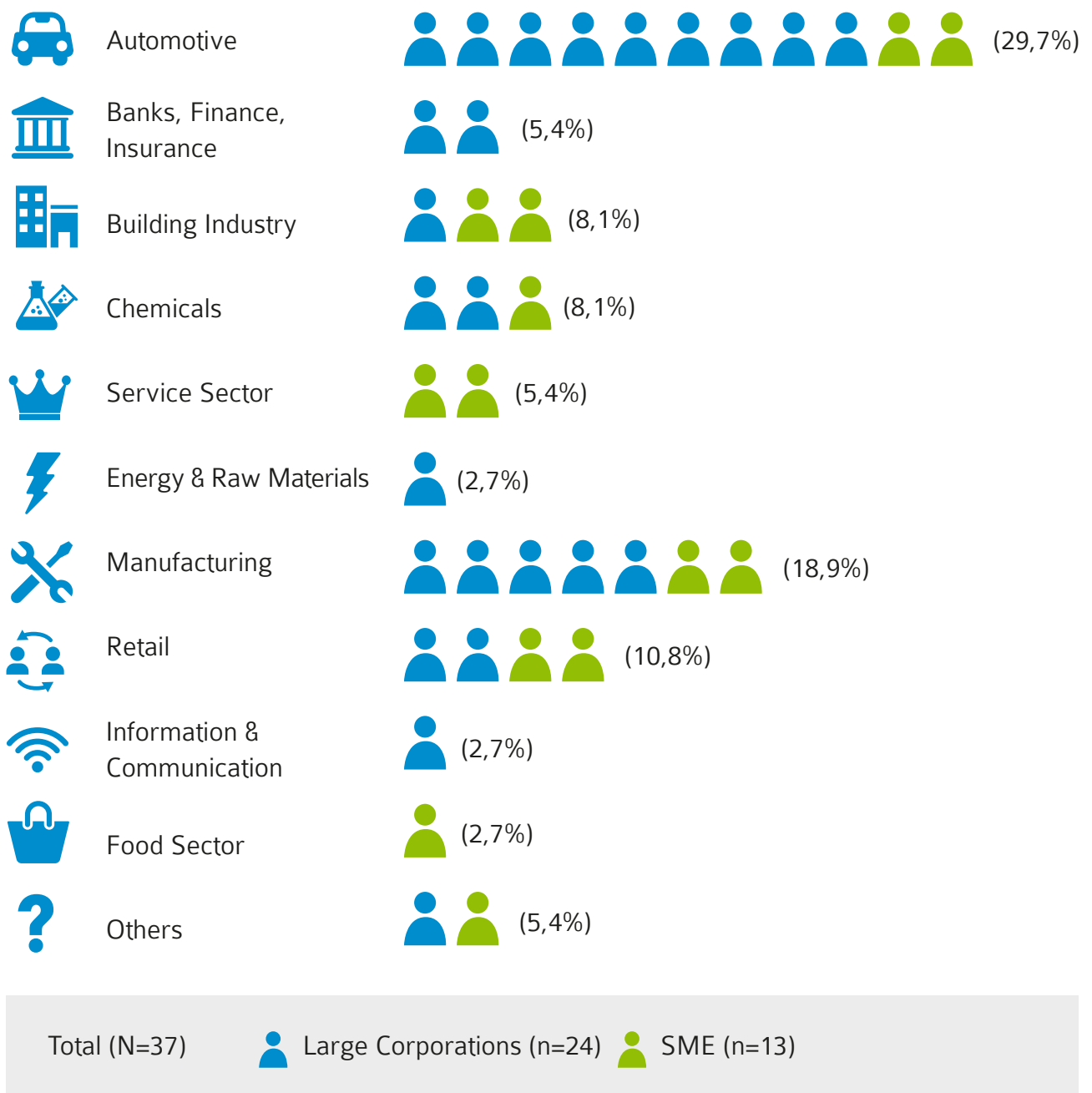
Automotive (29,7%)

Banks, Finance, Insurance (5,4%)

Building Industry (8,1%)

Chemicals (8,1%)

Service Sector (5,4%)

Energy & Raw Materials (2,7%)

Manufacturing (18,9%)

Retail (10,8%)

Information & Communication (2,7%)

Food Sector (2,7%)

Others (5,4%)

Total (N=37)   Large Corporations (n=24)   SME (n=13)

Figure 2: Industry structure of the sample

3 Results
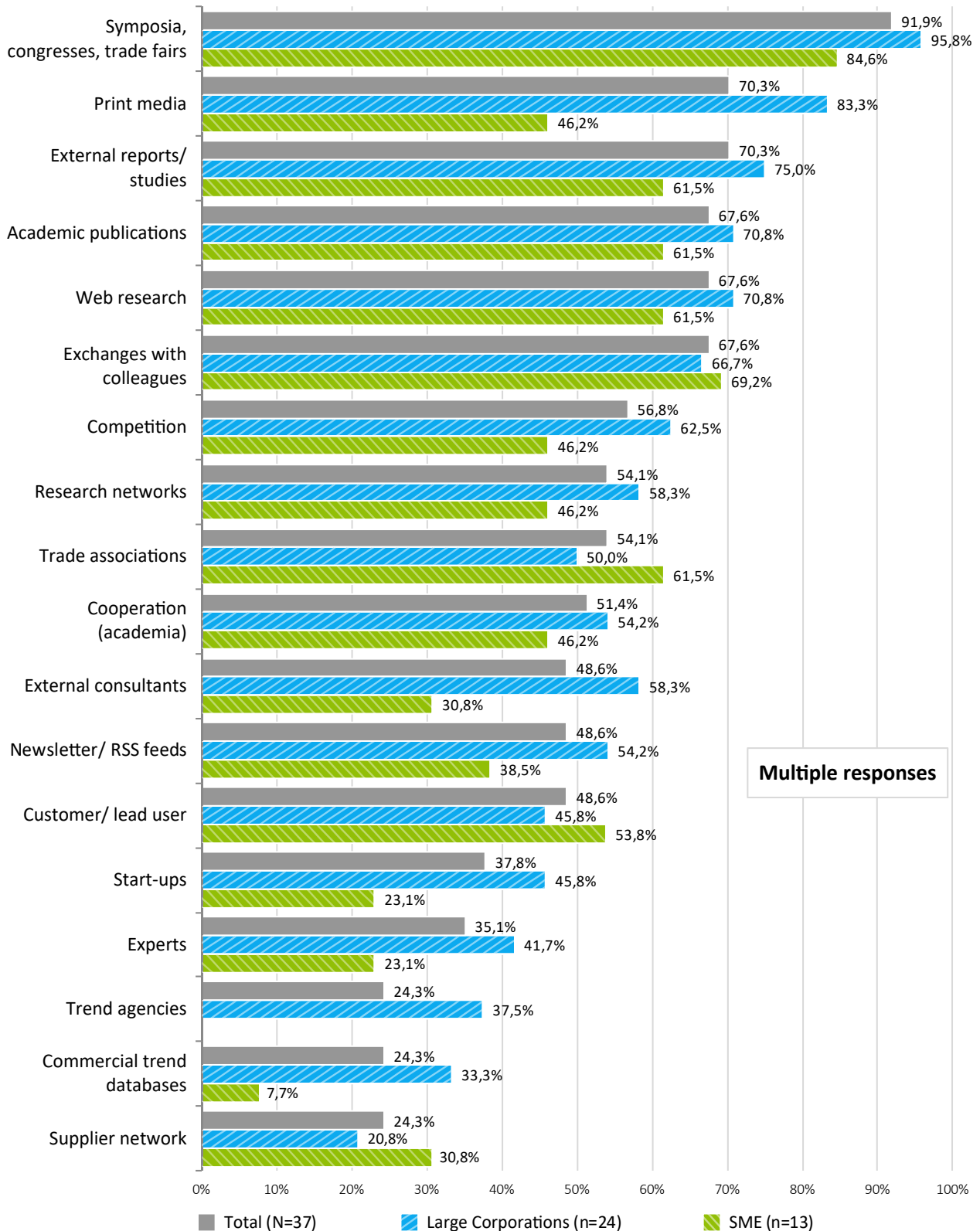
3.1 Data sources used

Figure 3: Data sources used

Overall, the respondents cited symposia, congresses or trade fairs as the most frequently used data sources for trend research (91.9%) followed by print media and external reports/ studies (70.3%). As illustrated in Figure 3, in addition also scientific publications, exchanges with colleagues and web research are frequently used as sources of information. When it comes to the use of external information sources, large corporations are one step ahead of SMEs. SMEs hardly ever use trend agencies or commercial trend databases as data sources. Moreover, large corporations are more frequently scouting start-ups or involving external consultants to gather information. One reason could be the larger budgets earmarked for trend management at large corporations. SMEs more frequently turn to trade associations, customers and lead users as sources of information. All companies

stated that they use the mentioned information sources "frequently" (51.4%) or "occasionally" (35.1%) for their research. Only 10.8% stated that they were rarely searching for trend data. The information sources most frequently used in practice also explain the relationship between internal and external data sources (see Figure 4).

Here, most respondents from large corporations stated that they tend to rely rather on external than on internal knowhow (58.3%). This is mainly based on the argument that only external knowhow can help you understand what is happening in the company's business environment. In addition, external sources are considered to be more robust because they are said to be more reliable and do not only present the internal (subjective) viewpoint of the company.
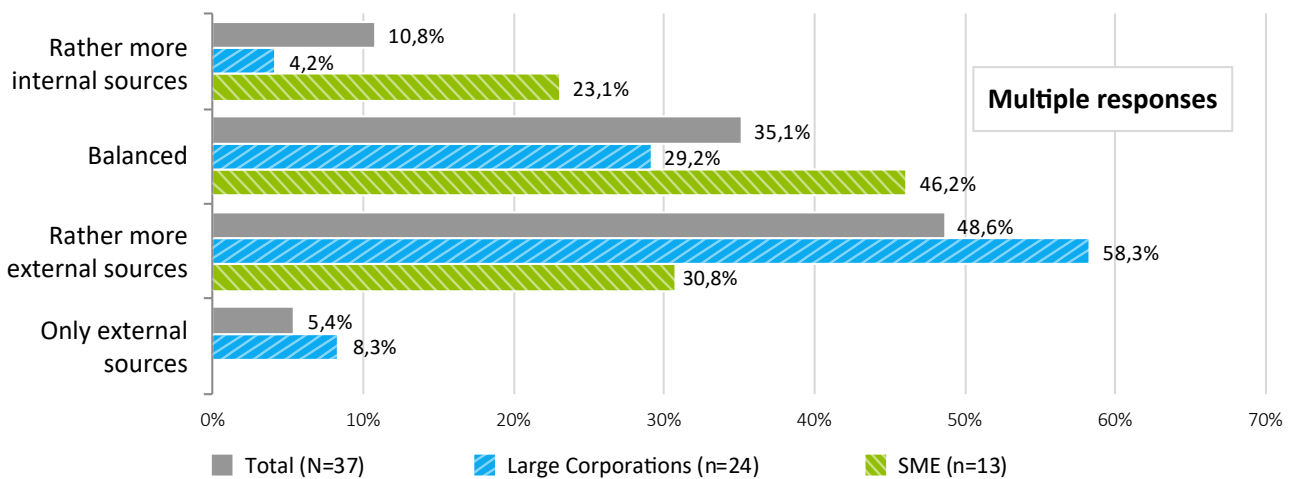

Figure 4: Use of internal versus external data sources

"Internal sources often only reflect customer opinions", says one respondent. Another respondent explains:

"Internal sources tend to favor incremental innovation, i.e. the optimization of existing processes. The external perspective shows trends and technologies which we currently not yet or not fully have on our radar."

This statement also explains the low percentage (4.2%) of large corporations who see a benefit in using internal data sources. It is quite obvious that SMEs tend to rely more on internal sources of information than large corporations. This is in particular justified with the argument that every employee has future knowledge which can be easily tapped when required. Moreover, exploring external sources requires a great deal of (financial) effort.

3.2   Methods for trend research

In practice, a broad range of methods for trend research is generally applied. On average, structured and resource-intensive methods such as Delphi, bibliometrics or mathematical methods are rarely used for trend research. Around 20% of the respondents stated that they were using "own methods" for trend research. These mostly include own studies, text mining, cognitive computing, trend radar or trend portfolio, knowledge management systems and corporate foresight systems.

Three research methods were most frequently cited by the respondents: informal and formal exchange as well as expert interviews.

These rather unstructured methods are applied by more than 80% of the companies interviewed. Together with the research method applied, the respondents could also state whether the mentioned methods were used for the scanning, scouting or monitoring of trends. According to the information provided, the method of informal exchange is mostly used to scan internal information (82.9%).

Formal exchange, by contrast, is used to monitor trends (42.9%) while expert interviews are used for a targeted scouting in dedicated search fields (65.7%).

When comparing large corporations and SMEs, it shows that methods such as think tanks, external scouting or patent analysis are more frequently used by large corporations. SMEs rather rely on the top 3 of the mentioned research methods as well as on internal trend scouting and social media for trend research and identification. Here, the survey results (see Figure 5) give the impression that trends are actively researched, but rather using internal "hands-on" methods with a lower level of complexity. One respondent commented this as follows: "We exclusively use internal trend scouting because, with external trend scouting, you get too much coverage waste with information that is irrelevant for our industry. That is why the internal approach is better because you get the relevant information with the same research quality and adequate level of detail."
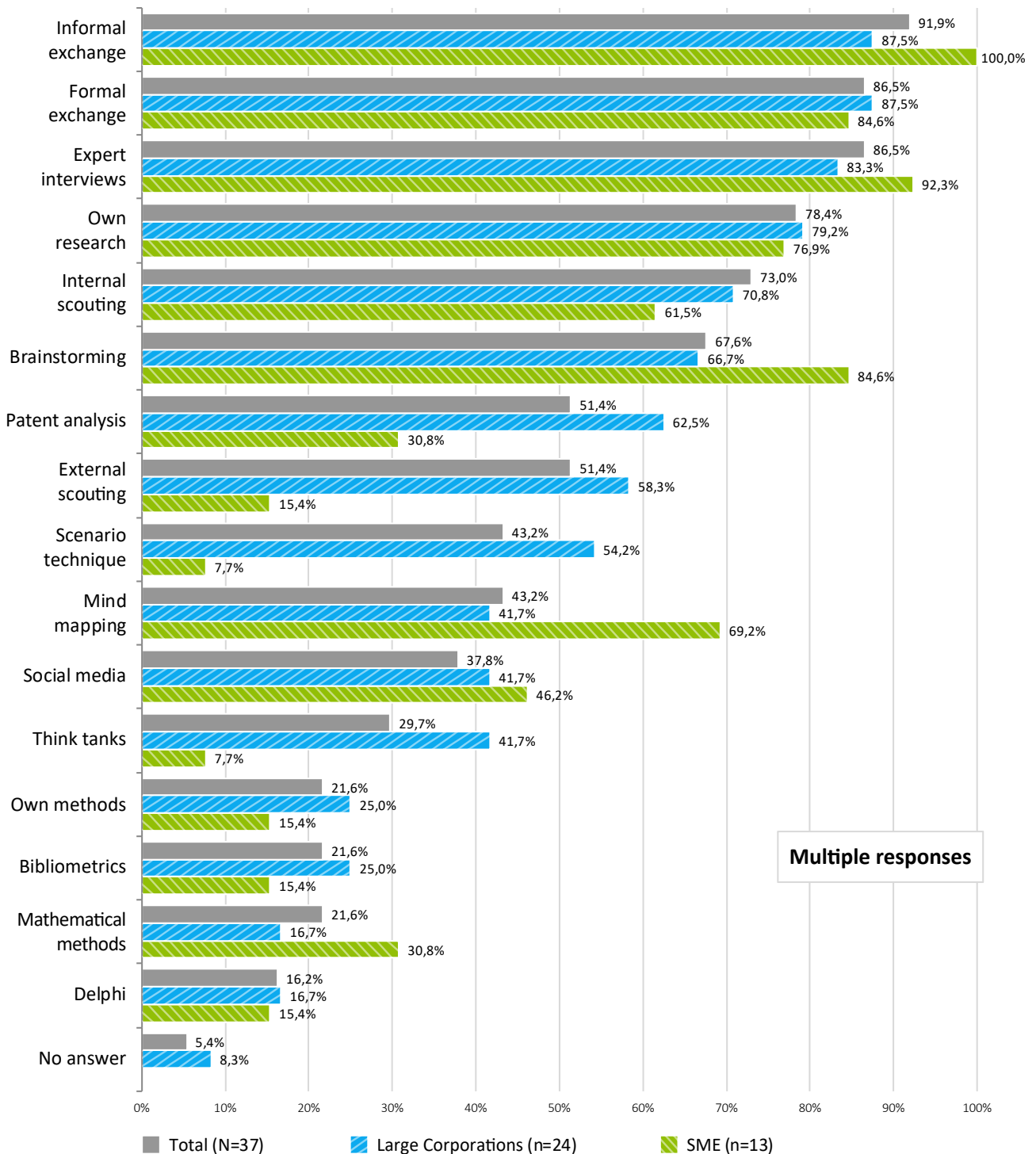
Figure 5: Methods for trend research

3.3   Trend evaluation

The results of our study show that all participating companies are evaluating trends. For this trend evaluation, the majority of the respondents rely on standard criteria (see Figure 6).
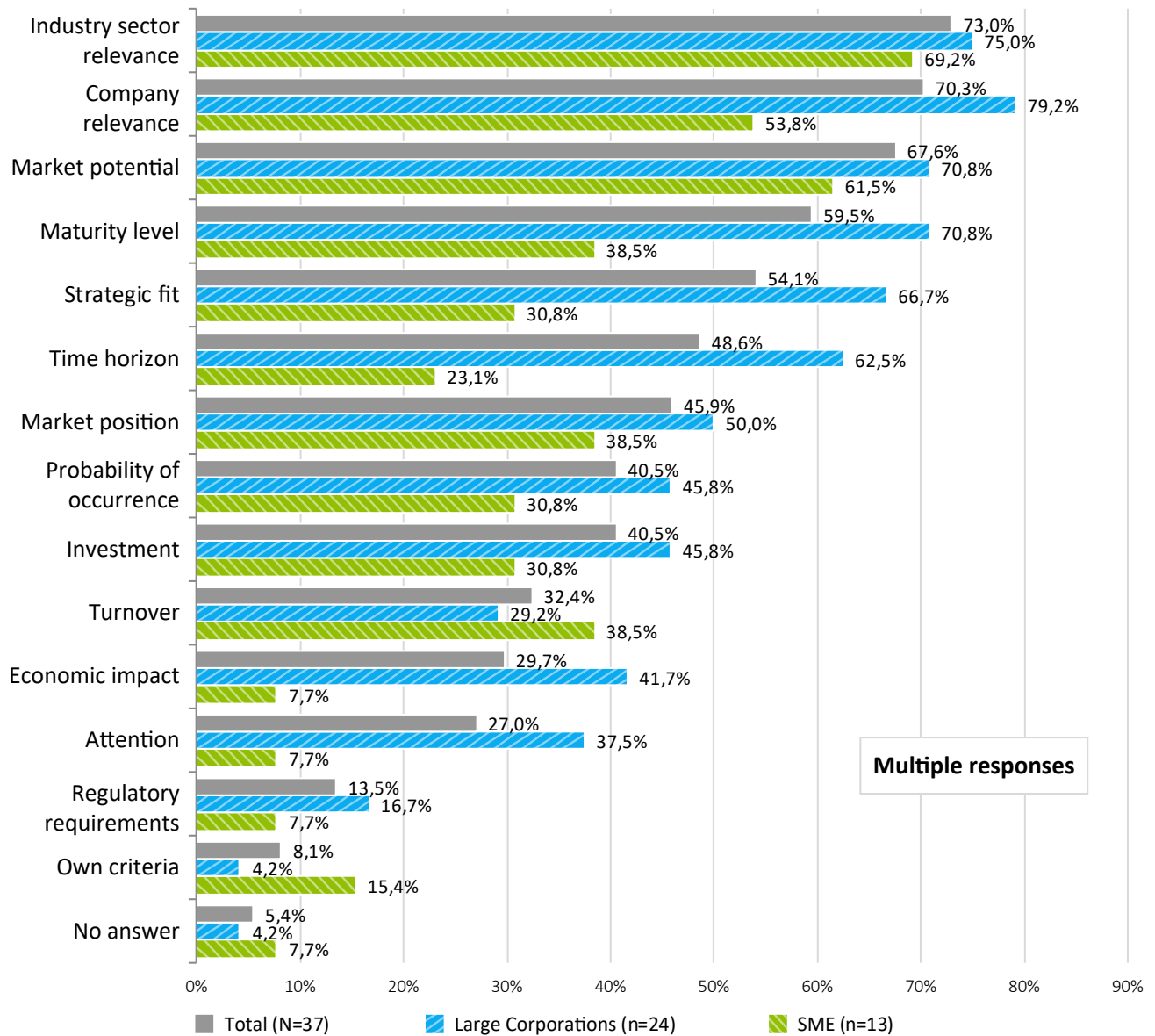

Figure 6: Criteria for trend evaluation

More than 70% of the respondents answered that trends are most frequently evaluated in terms of their relevance (for the company and the industry sector). Criteria such as market potential, maturity level and strategic fit are used by more than 50% of the participants for trend evaluation whereas proprietary criteria are not very common. Only three respondents stated that they were using own criteria. One of these participants gave "technology readiness level" and "compatibility" as criteria. Another one mentioned "dependency of the trend from an industry, a sector or a product". However, the results clearly showed that large corporations have a more differentiated approach for trend evaluation than SMEs. In large corporations criteria such as strategic fit, time horizon, turnover and economic impact play a major role in trend evaluation. When looking at the frequency of trend evaluations it shows that, in 37.8% of all cases, no specific time for the evaluation has been defined (see Figure 7).

Ergo, in practice trends are often evaluated at very irregular intervals and only if necessary.

Nevertheless, 66.7% of the large corporations and 46.2% of the SMEs evaluate trends at least once every year. In 81.1% of the cases this evaluation is performed as a cross-functional task by selected staff or groups. Furthermore, the respondents stated that trends are also evaluated by dedicated innovation managers (59.9%) and by the corporate management (45.9%).
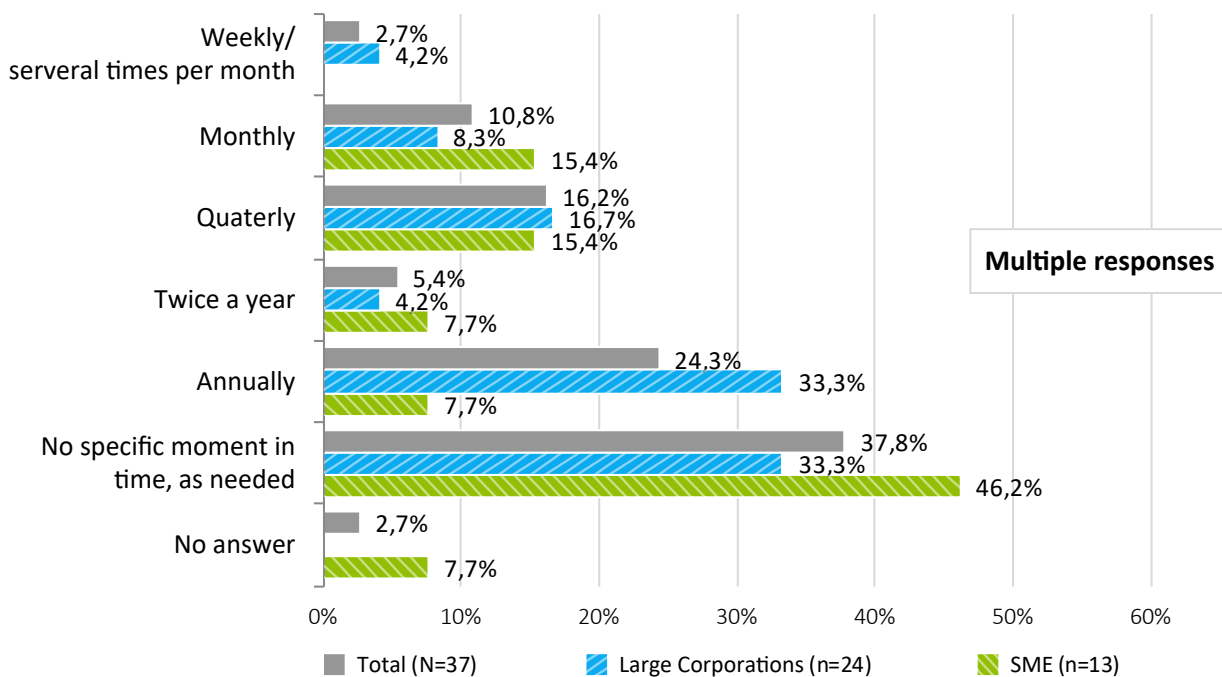

Figure 7: Frequency of trend evaluations

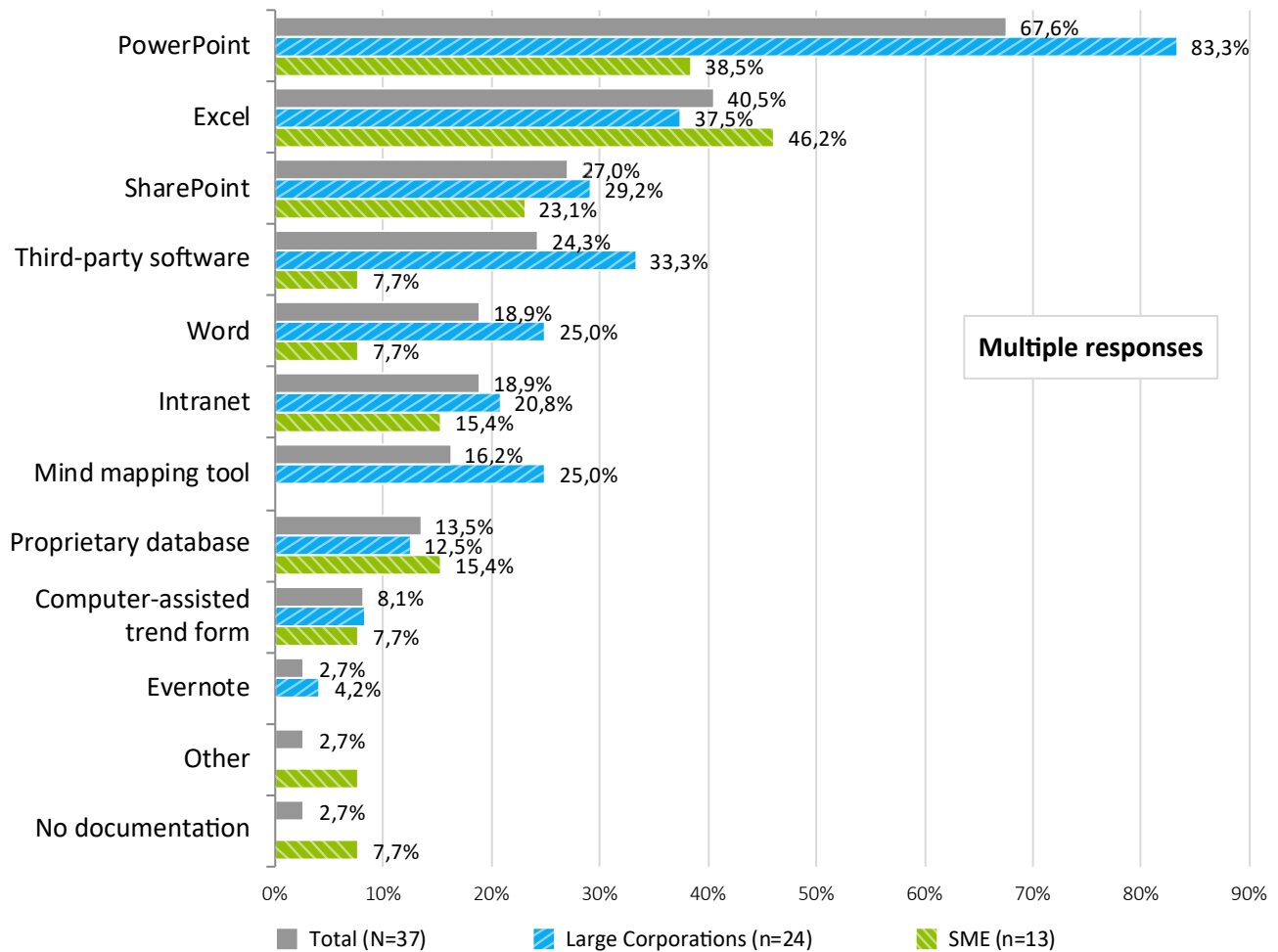## 3.4   Trend documentation

Figure 8: Types of trend documentation used

Companies often use Microsoft Office software for the systematic documentation and saving of trend knowhow: PowerPoint (67.6%), Excel (40.5%) or SharePoint (27%) (see Figure 8). Specific documentation types, by contrast, are not used with such frequency. Only few respondents indicated that they were using computer-assisted trend forms (8.1%) or proprietary databases (13.5%) for trend documentation. Although large corporations use third-party software more frequently (33.3%) than SMEs, compared to Microsoft

Office software such third-party software is not widely used.

PowerPoint and Excel continue to be the software of choice when it comes to the documentation of trends.

One of the respondents wrote: "We use Excel spreadsheets for collecting ideas and for status reports. In addition, we have a Power-Point profile and/ or form listing the so-called short facts (who, what, how, why) to describe a trend in more detail."

When it comes to the format for saving trend knowledge, most companies rely on trend profiles (66.7%), reports (36.1%) or portfolio/ matrix (36.1%) (see Figure 9). Answering the question how trend knowledge is documented and who has access to such documentation, 52.9% of the respondents stated that the trend knowledge is documented locally and only accessible for specific employees. Only three companies (8.8%) save trend knowledge centrally and accessible for everyone.
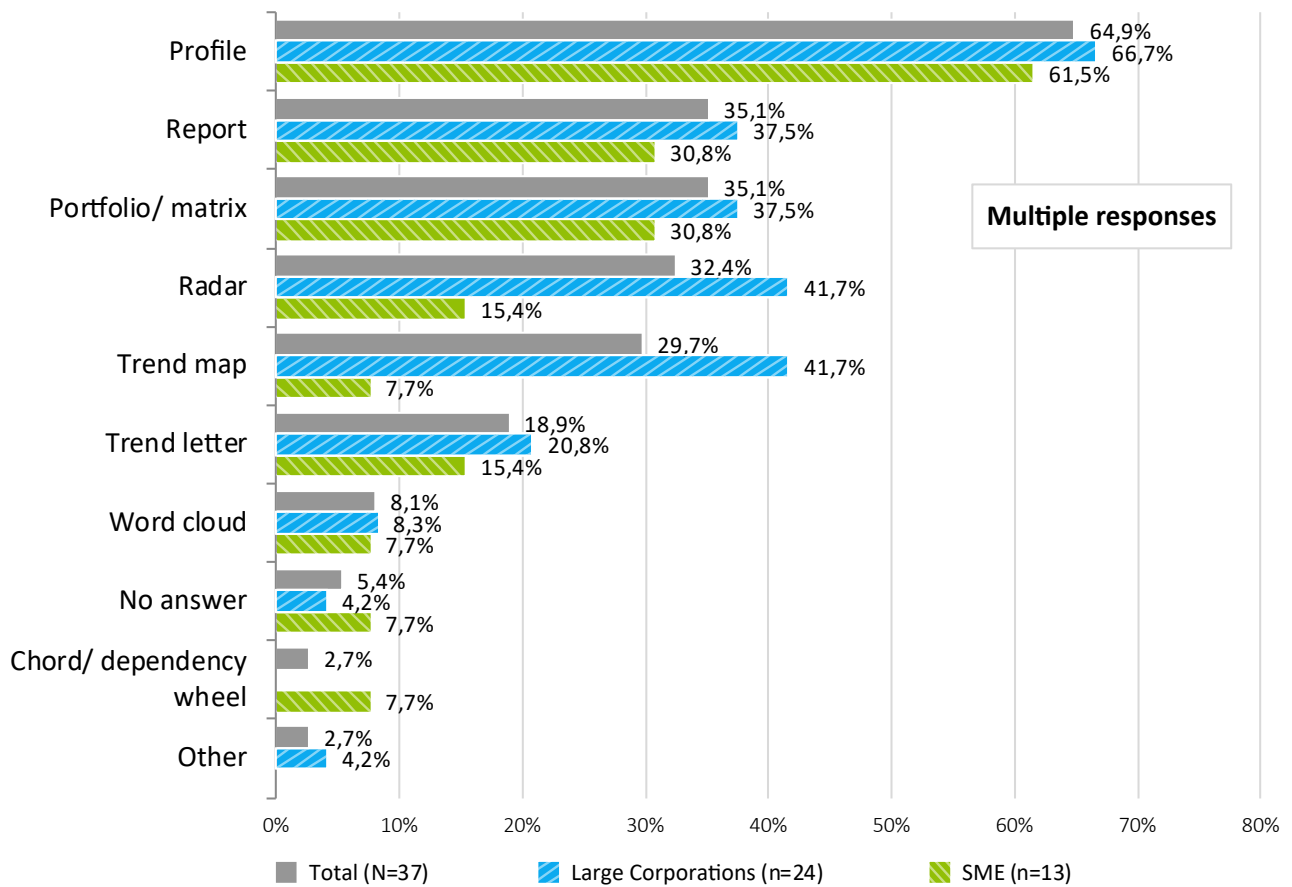

Figure 9: Trend documentation formats used

3.5 Organization

The organizational set-up provides insights on how well trend management is institutionalized and implemented in the companies. Besides the organizational embeddedness (see Figure 10) this notably reflects in the participation culture (see Figure 11) and in the level of maturity of the implemented trend management process (see Figure 12).

At the majority of the companies who participated in the survey the trend management has not (yet) been institutionalized.

Answering the question as to how trend management is organizationally embedded in the company, 56.8% of the respondents stated that, in their company, trend management is a task performed by individual persons. At 51.4% of the participating companies, trend management belongs to the marketing or strategy departments. Only 13.5% of the respondents stated that trend management is the responsibility of a dedicated (corporate) department. Especially major corporations often initiate independent project groups ad hoc in the form of task forces or think tanks (45.8%). The outsourcing of trend management currently plays only a minor role in practice (8.1%).
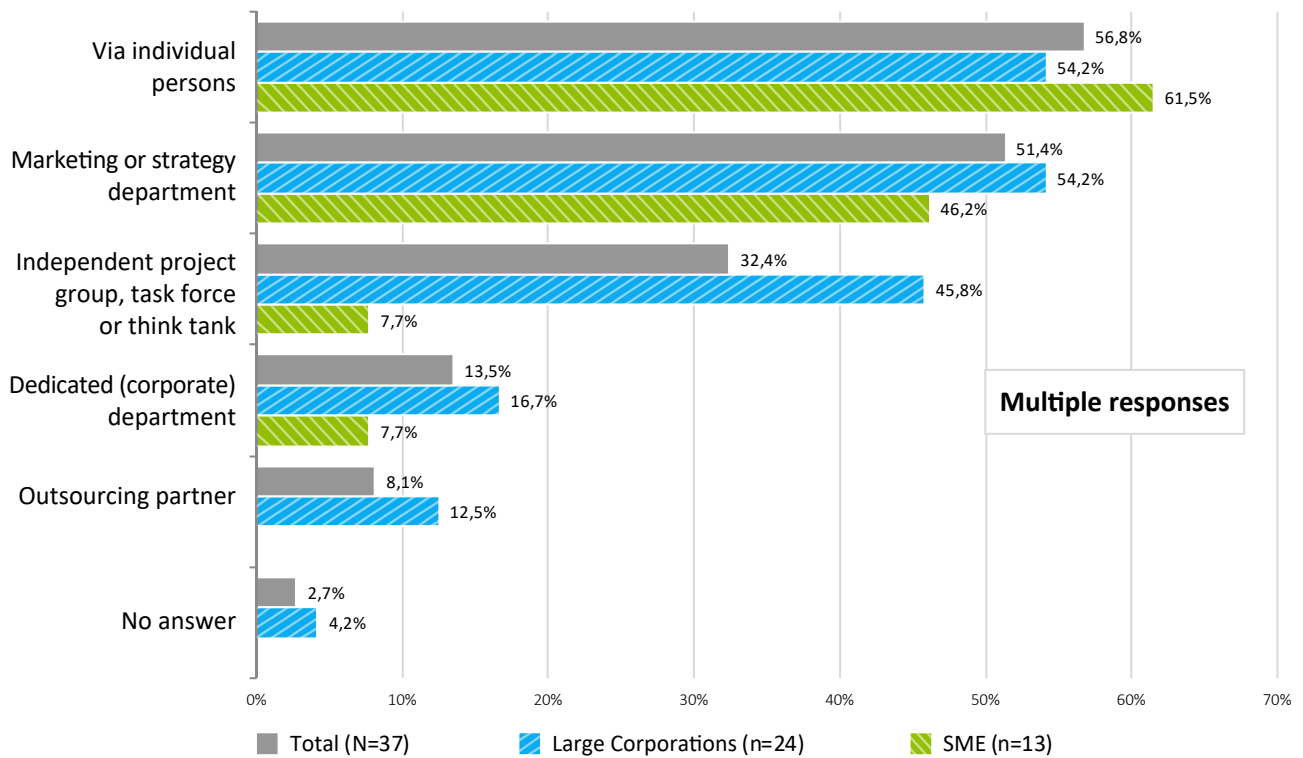

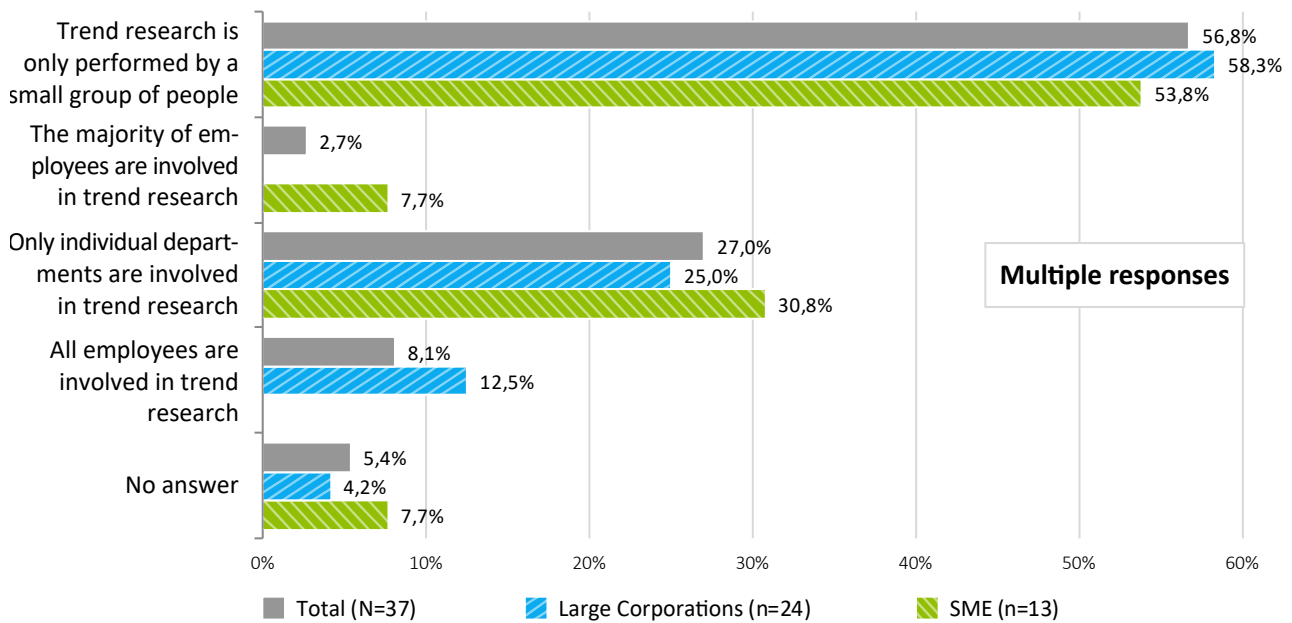Figure 10: Institutionalization of the trend management

Figure 11: Participation culture in trend management

Most respondents reported that, in their company, trend research is only performed by a small group of people (56.8%) or that only individual departments are involved in trend research (27%). This is consistent with the information provided on the organizational embeddedness, which for the most part involves single persons. Only 12.5% of the large corporations stated that they were involving all employees in trend research.

With regard to the level of maturity of the trend management process, a look at current practice gives a very differentiated picture (see Figure 12). 21.6% of the survey participants stated that the trend management process was currently in the conceptualization or implementation phase whereas 10.8% of the respondents stated that a trend management process had been fully implemented, but was not yet operational in all departments.

When analyzing the results under the aspect of company size it shows that, at 30.8% of the SMEs, the process has reached the conceptualization phase while at 23.1% of the respondents it is not available at all. Larger corporations show a higher level of maturity. In this group, 29.2% of the respondents are currently in the implementation phase while another 16.7% stated that they have already completed this phase.

One participant describes the current situation as follows: "The process and roles have been defined (...). The departments and functions are gradually informed, integrated and involved. The workflows have been defined with such degree of detail that they can be easily communicated and implemented". A surprisingly large number of SMU respondents (23.1%) indicated that the trend management process has already been fully implemented and established at their company.
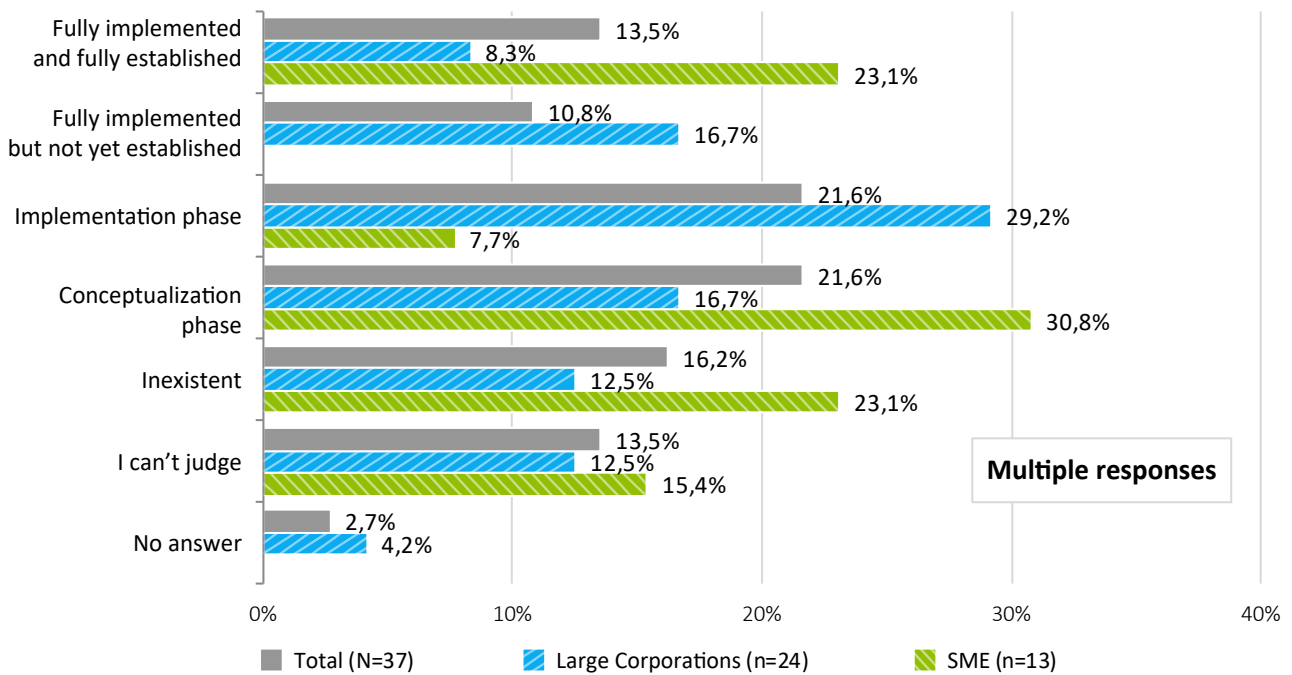
Figure 12: Availability of a trend management process

When asked whether the trend management approach used was systematic and holistic, more than 40% of the respondents answered that the approach used was neither systematic nor holistic (see Figure 13). One participant wrote: "The problem I see with the terms "consistent" and "holistic" is that we are still doing far too little in the field of trend management. What we do, is not based on a specific logic or even a process. This is all still very secondary and in its early days". Only 18.9% of the respondents view their approach as being a systematic and holistic trend management process. This is mainly attributable to the fact that the tasks, workflows and people involved are clearly defined – both at the strategic and at the operational level.
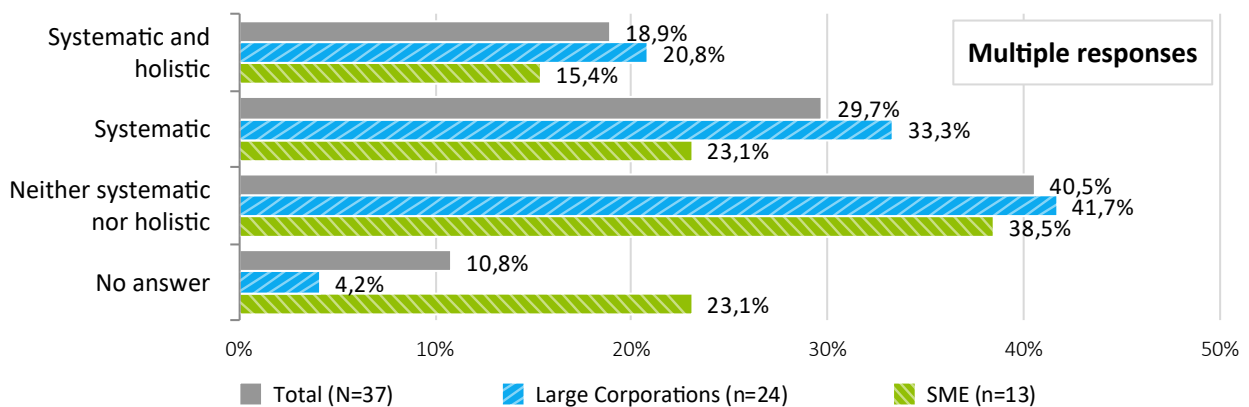

Figure 13: Systematic and holistic approach in trend management
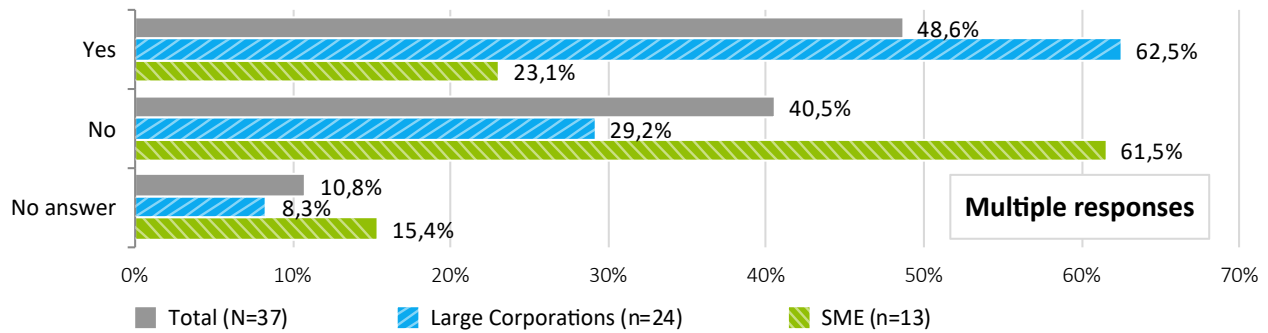
3.6   Software support in trend management

Figure 14: Use of trend management software

Specifically in trend management where the task is to capture, process, evaluate, document and re-process large data volumes, software can deliver benefits in terms of both, efficiency and effectiveness.

At the same time, a dedicated trend management software also opens up new possibilities: continuous trend communication, location-independent and collaborative trend evaluation as well as automatic scanning of databases and topic mining.

According to our research results, 62.5% of the large corporations and 23.1% of the SMEs

have deployed a special trend management software (see Figure 14). Among those respondents who use trend management software, this tool is mainly used for collecting trend information (77.8%) and for documentation purposes (72.2%) (see Figure 15). In addition, half of the survey participants who stated that they are using a trend management software also use the software to evaluate and share trends (50% each). "Only with the use of the trend management software it was possible for us to cope with the tasks of trend management and purposefully process the results", said one survey participant.
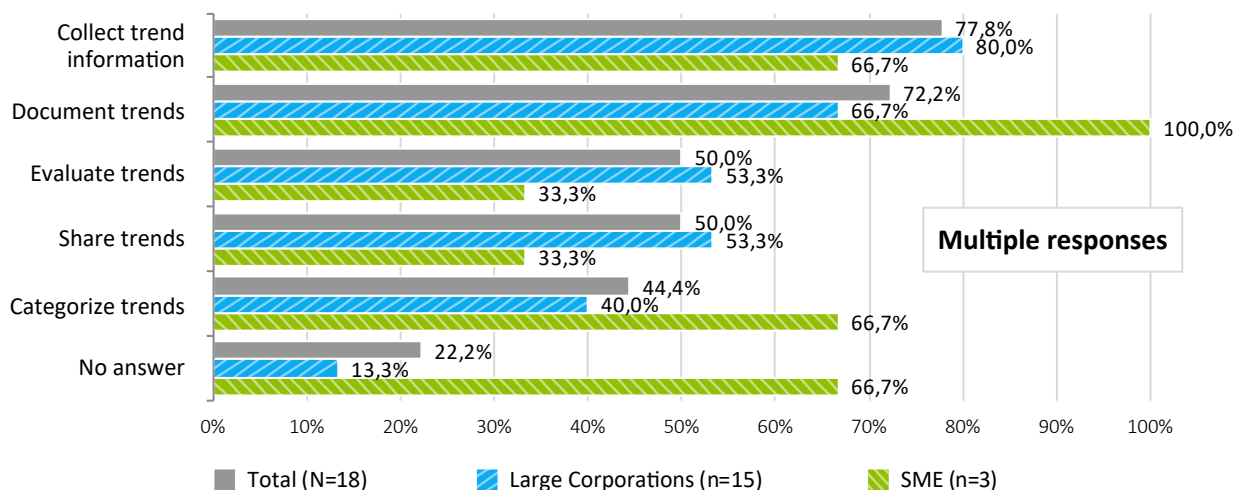

*Figure 15: Current use of trend management software*

4 Conclusion

4.1   Data sources

In practice, a broad range of data sources are used for trend research. Among the external sources, both primary data (e.g. conferences, trade fairs and congresses) and also secondary data (e.g. start-ups, competitors, web research, print media, trend databases or agencies) are captured. Compared to large corporations the SMEs rather tend to rely on primary data such as exchanges with colleagues or customer opinions. That way, SMEs also avoid coverage wastage due to irrelevant information. Internal data sources are particularly suited for incremental innovation.

However, if the task is to identify new trends early on in order to align new business models to them, a comprehensive scanning of the external business environment is essential.

This allows to detect trends which had so far not yet appeared on the radar and to determine whether they are relevant for the company. There is thus a demand for giving SMEs fast and inexpensive access to relevant trend information. In this context, trade associations could for example play a key role by offering dedicated trend forums or platforms for SMEs.
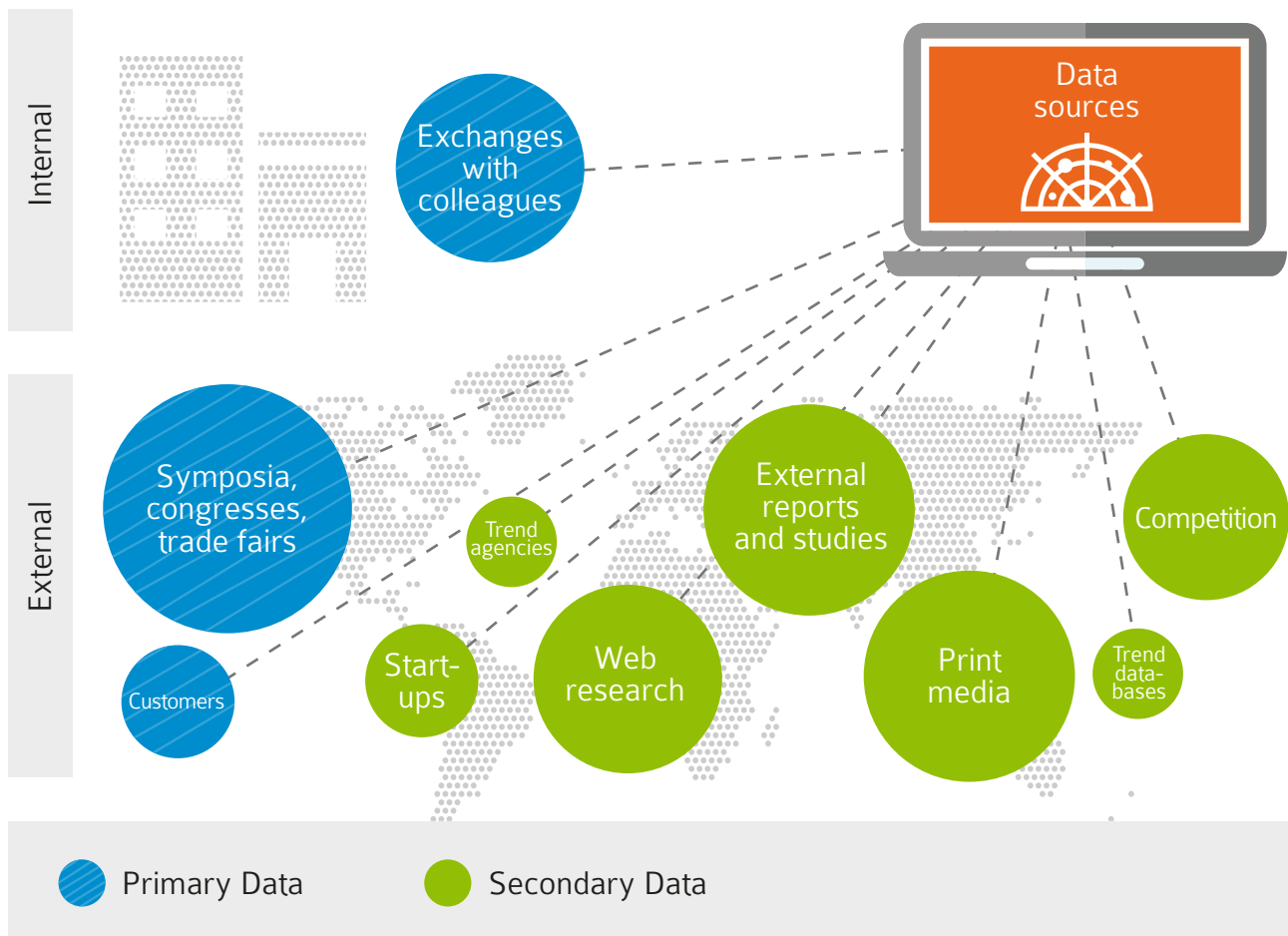
4.2   Methods for trend research and trend identification

The underlying database decisively influences the choice of methods to be used for trend research and trend identification. Qualitative methods are used in particular for the analysis of expert interviews or customer opinions whereas brainstorming, active own research, expert interviews as well as formal and informal exchange are mostly mentioned as methods used for trend identification.

Here, an automated data analysis offers the potential to identify trends faster and more purposefully.

Adequate cluster algorithms and machine learning methods are able to significantly improve the relevance of search results and minimize the use of resources.

For their extensive patent research, some companies are already relying on software solutions that are capable of analyzing huge document volumes. That way, technology experts can focus on the key aspects of their work instead of getting lost in the multitude of publications, patents and press releases.
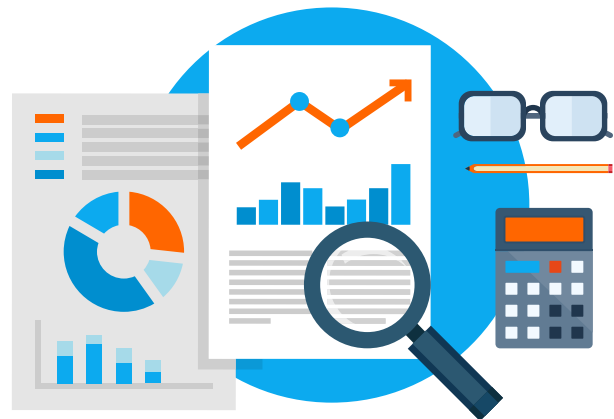
4.3   Trend evaluation and documentation

For trend evaluation, users rely on tried and tested standard criteria such as relevance for the sector and the company, market potential, level of maturity or strategic fit. Pent-up demand exists more in terms of a regular evaluation of trends. In most companies, the trend evaluation process is unclear and trends are evaluated when the need arises and not at a specified point in time. A demand-driven trend evaluation is of course purposeful in many cases, but if no regular interval for such evaluation is defined there is a risk that trends might quickly disappear from the radar.

Short-lived trends, in particular, need to be continuously monitored and reassessed time and again.

The continuous evaluation of trends is hindered by the way they are documented. In most cases a trend profile is created and documented in PowerPoint or other static tools. Here, updates of the trend data are only possible with a high degree of manual effort and the collaborative editing of trend data is next to impossible.

4.4   Organization

Trend management is most frequently embedded in the marketing or strategy department or organized as a task assigned to individual employees. Some large corporations also have dedicated departments dealing with trend management. There is nothing wrong with that because, depending on the company size, either one or the other setting is purposeful. Also with regard to the involvement of employees it cannot be said that involving a small circle of employees is not sufficient or that the involvement of all employees working for the company is good per se. The decisive factor here is the design of the underlying trend management process. Depending on the respective phase, it makes sense to purposefully involve certain groups of persons or departments.

For a functioning trend management, all process steps and the tasks and roles involved must be implemented and communicated.

4.5   Software

Generally, special trend management software is rather found in large corporations. They use such software for specific trend management tasks, in particular for the structured documentation of trend knowledge. Without continuous documentation it is not possible to save and update trend knowledge and to make it available for innovation management. Furthermore, software is used for data collection and for an active exchange about trends.

The majority of the respondents regards a dedicated trend management software to be key for a holistic, structured and purposeful trend management.

It allows to actively involve experts in different phases of trend management and creates a central communication platform for new trends and their effects.

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