TRENDS

If the trend is for

   Shorter lines

      What might

         The end

           Result

              Be

                ?

Trends help us to make sense of the unknown. Charting the general direction in which things are developing or changing. Simplifying complexity by showing us where we have been and where we might be headed.

    While the future is always full of uncertainty, it is not entirely random and unpredictable. Whether it is the dawn of a new day every 24 hours or the annual 4,000 kilometre migration journey of the monarch butterfly,[1] the complex dynamics of the world around us are shaped by patterns of events and behavioural responses.

    Nature is filled with patterns – some static, some changing. Evolving. Trending in a particular direction.

Human society exists within this natural environment. Examining our own behaviour patterns and trends – such as how we source our food, construct shelter and migrate across the continents – can be likened to studying the patterns of other aspects of the living environment.

Market research involves studying data and trends that shape economic markets.[2] Anthropology broadens this view by studying humanity – including how we behave, adapt to different environments, communicate and socialise with one another.[3] With ethnographic research providing greater human insight into the trends that shape the different environments that we exist and operate within.[4]

There is far more to life than humanity.

We live within natural forces that are more powerful than the decisions that are within our control.

Ecology broadens our view of the world, by considering the relationships between all living organisms – including humans – and our physical environment. Seeking to better understand our vital connections with the world around us.[5]

Strategically viewing consumer and business trends within the context of this broader ecological perspective serves both short-term and long-term aims. Zoomed into the data at a micro level we can analyse patterns and in turn the resulting trends such as consumption and profitability. Zoomed out from the data we can better understand patterns and macro trends of evolution and sustainability.

For instance, in the construction industry a trend analysis of home buyer design preferences enables housing developers to anticipate and adapt to changes in the ways their customers live. From shifts in the mix of socialising and working from home, to evolutions in vehicle garaging and digital commuting, anticipating trends enables housing solutions to be designed that maximise profitability and market appeal.

Housing developments and the organisations that create them do not exist in isolation. They are both part of a broader ecosystem. From the transport networks that connect communities to the sustainability of the materials used to build the houses, the importance and impact of being aware of trends extend far beyond market dynamics.

Ultimately trends can highlight opportunities that might otherwise have been overlooked. They can indicate risks that can be avoided – or more knowingly taken. When choices need to be made and resources allocated, trends can help guide informed decision-making.

Notice that trends can guide and inform your decision-making. Trends alone should never determine it.

While facts provide certainty, trends inform probability.

Orientate Towards Trending Directions

Weather forecasts are a fascinating example of both the power and fallibility of using trends to see into the future. Since the dawn of human history, the weather has played a profound role in our lives. Impacting our day-to-day decisions and our very survival as a species.

For this reason it is an area of civilisation that has had considerable investment on a global scale, with the aim of developing technology that continuously increases the accuracy of trend analysis and reporting.[6] Yet despite this societal investment over centuries of many billions of hours and dollars, with all our scientific and technological advancements we have yet to be able to predict with 100% accuracy based on trends.

As the national meteorological service for the United Kingdom, for more than 150 years the Met Office has pioneered the science of meteorology and trend analysis since its foundation in 1854. The Met Office has been acknowledged as a leading operational provider for weather prediction accuracy, using the world's most powerful environmental supercomputer to process information from a data network of over 200 billion observations – received every day from satellites, radar, weather stations, ocean buoys, weather balloons and ships.[7]

By analysing literally billions of trend data points the Met Office achieves an impressive level of forecasting accuracy. The four-day forecast is now as accurate as the one-day forecast was 30 years ago. 92% of the next day temperature forecasts are accurate within two degrees Celsius and 91% of the next day wind speed forecasts are correct within five knots.

In other words, with the power of a supercomputer, projecting forward just one day into the future can be inaccurate almost 10% of the time. With the level of uncertainty increasing the further forward the trend is predicted.

On the one hand, trends are an invaluable tool for projecting forward into the unknown future based on the known past. On the other hand, they are just a guide.

Weather helps us understand the significance of this framing. If you had to predict the weather in the afternoon, would you prefer to spend the morning in a windowless room before making your prediction or to be able to gaze out the window?

Even if we cannot see the future ahead with absolute accuracy, seeing with greater clarity is vital nonetheless.

Find Signals in the Noise

So how do you make sense of all the available trend data? While you might not be having to process billions of data points, the volume of possible trends can be overwhelming.

Environment scanning frameworks such as PEST were developed with this challenge in mind – as a way of segmenting complex trends into more defined areas of study.[8] With each letter representing an aspect of the macro environment to be explored.

As is our evolutionary human nature, over time further iterations of the framework were developed, expanding the range of areas to be considered. As a result PEST became SLEPT – with neither acronym being particularly aspirational – continuing into PESTLE then STEEPLE and STEEPLED.

Which to use? It all depends on how much time is available to invest, which in turn depends on the scale of the potential opportunity or risk the trend analysis will inform. This then determines how detailed the analysis should be, while identifying if any areas are particularly relevant or critical to your industry, thereby requiring deeper analysis.

A classic STEEP exploration involves identifying trends across a range of factors:

- *Social* – Trends that impact on the demand for goods and services from the changing make-up of society and attitudes.
- *Technological* – Trends that change how goods and services are produced, sourced and distributed.
- *Economic* – Trends that affect the investment required to operate and the returns received as a result.
- *Environmental* – Trends that impact the physical environment that society exists within.
- *Political* – Trends that impact the governance of the society that organisations and their customers operate within.

Extended variations of the scanning framework isolate out further aspects such as Legal, Ethical and Demographical – which can alternatively be incorporated within the primary areas of exploration. When deciding how best to segment your trend scanning, keep in mind that frameworks are fallible human constructs – which categorise and simplify a far more nuanced and complex world. So exploring demographic trends as a distinct area or as part of a broader social trend analysis are both valid approaches.

Ultimately what matters most is to consider if the degree of categorisation helps guide and frame your resulting strategic deliberations.

Strategy in Action
TREND MAPPING

With the ever-increasing amount of data points available, data scientist evolved from a niche career choice to now being a critical role across a diverse range of industries.[9] While becoming a data scientist typically requires many years of specialist study, we can all benefit from approaching trend analysis from the considered perspective of a data scientist.

At the next planning meet or strategic conversation you are in, observe more closely what trends people reference – if any. This includes observing your own natural instincts.

Chances are you may hear a few wide sweeping assumptions without any substantive trends to validate the perspective. Which means the assumptions might be correct – or they might not be.

The aim is not to call people out, as this rarely makes for effective leadership. Instead try pausing the conversation and getting the group to go on a quick trend data hunt then and there. This is unnatural organisational behaviour – as typically groups are far more comfortable talking about their opinions, than pausing in the moment to check if their opinions hold up.

For example if talking about housing, someone might suggest that due to digital commuting and environmental shifts to public transport, fewer homes now require garages. With those reasons given, this might sound both compelling and believable – meaning it may well be true.

Or not. Who knows?

While no one knows for certain what the trend looking forward will be, it is easily possible to look backwards with far greater certainty. Better understanding current patterns of behaviour to project possible scenarios forward.

Data and trend searches also deepen understanding and expand possibilities. For instance in literally less than two minutes a search for 'homes built garages trend' uncovers a diverse range of data points. With a quick skim revealing that while three car garages were declining across certain markets, two car garages were an increasingly popular preference.[10]

As you read that fact, notice what happened to your thought patterns. Quite likely it prompted questions like "Why?" and "Is that correct?" Which then leads to a more strategic level of conversation and further exploration. Uncovering further insights, such as the discovery that 55% of homeowners use the garage as their house's main entryway, while 24% of homeowners are embarrassed to leave their garage doors open.[11]

With just the briefest of trend explorations leading to the realisation that designing a garage for the future is about so much more than the simple consideration of vehicle storage.

So where might a trend exploration lead you?

There is only one way to find out.

Trend

forward.

CHAPTER SUMMARY

- Complex dynamics are shaped by patterns of events along with behavioural responses.
- Trends chart the general direction of change occurring within developing patterns.
- Ecology considers living organisms' relationships with the physical environment.
- Trends can guide and inform decision-making but should not determine it.
- Environment scanning frameworks such as STEEP can structure trend explorations.