



18 TRENDS FOR 2022

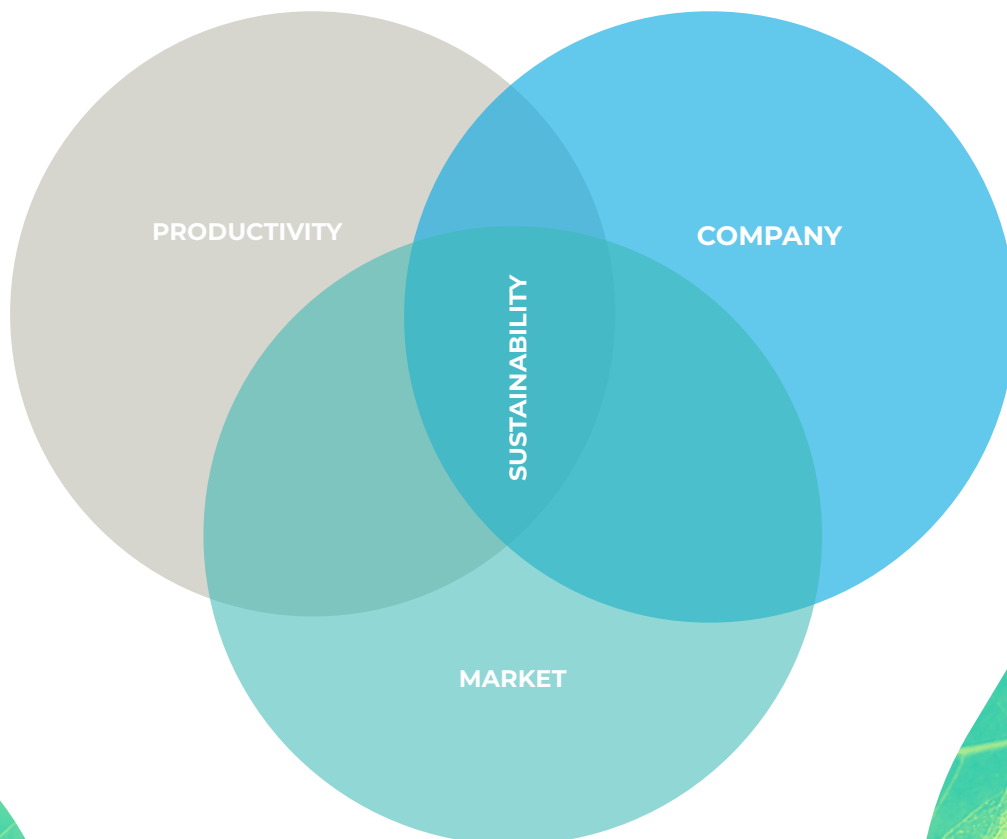
Eighteen trends in 2022
for a more sustainable
(and profitable) company



Sustainability at the core

For years now, **sustainability** has been one of the key elements of any strategic plan:

- Investors are more inclined to invest in sustainable companies
- Consumers are more aware and conscious of the sustainability policies of the products they buy
- People are more inclined to work in organisations that show greater concern for sustainability issues

However, to be something concrete, credible and meaningful, **sustainability must be understood as a process of transformation** that affects the entire company, from production to communication, including the corporate structure.





2022 will be a year full of challenges and opportunities that will allow companies to change with a view to both **sustainability** (reducing their environmental impact) and **profitability** (*increasing their ROI*).

Let's take a look at some of the trends that will define 2022 and how they can be harnessed.


Production:

- Energy crisis and reduced cost of renewable energy
- Circular supply chain
- Spread of alternative raw materials
- Blockchain-based certifications
- Crisis in the global supply network
- Big Tech regulation
- Everything-as-a-Service and No-code Technology

Company:

- Environmental Social Governance (ESG).
- Flexible work and the Great Resignation.
- Climate Positive goal.
- B Corporations.
- Companies with no physical assets.
- Smart working and remote work

Market:

- Direct-to-consumer
 - Conscious consumers and brand activism
 - Customisation of products and services
 - Emphasis on local brands and products
 - Transition from possession to access
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Energy crisis and reduced cost of renewable energy

We are now heading into a new global energy crisis due, in part, to another major crisis we'll soon have to deal with: the climate crisis. The good news is that **this situation could boost the production and spread of renewable energy sources, which are not only increasingly accessible** (you can now even buy solar panels at Ikea...¹) but also cheaper than any new fossil fuel-based electricity capacity.²

- **Sustainability:** Transitioning to renewable energy sources reduces the environmental impact of energy production.
- **Profitability:** In the medium-to-long term, the use of renewable energy enables fixed costs to be reduced and profitability to be increased. What's more, if you generate more energy than you consume from your own photovoltaic system, you have the option of selling part of this energy back to the grid.

Circular Supply Chain

A circular supply chain is a closed-loop supply system whereby **the goods produced are designed from the outset not only to last longer but also to be reused, recycled or resold in the future**. Although this model can theoretically be applied to any sector, the technology to transform and recycle certain products has yet to be developed. However, for many other sectors, it is already possible to design circular supply chains. One interesting trend is emerging in the fashion world – particularly with second-hand products – as Patagonia is doing with its ReCrafted project.³

- **Sustainability:** Products that have a longer lifespan and can be resold or recycled reduce the amount of waste released into the environment as well as the use of raw materials and the environmental impact of their production.
- **Profitability:** By selling products that have a longer lifespan, you can command higher prices, and you can also increase your profitability by offering services in addition to products.

1. <https://www.ikea.com/it/it/clean-energy/solar-systems/>

2. https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Jun/IRENA_Costs_2019_EN.pdf

3. <https://wornwear.patagonia.com/recrafted>

Spread of alternative raw materials

Besides the circular supply chain, there are a number of other models designed to reduce the effects of producing goods. **These include the use of alternative raw materials, created in the laboratory and designed to have similar properties to the original raw materials while minimising their environmental impact.**

One of the most interesting examples is the production of alternative meats. Take products from companies such as Beyond Meat or Impossible Foods, whose burgers can now be found in many supermarkets and even some fast-food chains. Or the startup SuperMeat, which produces “cultured” chicken meat, i.e., chicken meat artificially created in the lab from real chicken cells, or Aleph Farms, which produces steaks derived from cow cells that have the taste and texture of a real traditional beef steak.

- **Sustainability:** Products made from alternative raw materials significantly reduce their environmental impact and dependence on natural raw materials.
- **Profitability:** With the ever-increasing cost of certain natural raw materials, using alternative or synthetic raw materials can significantly reduce procurement costs.

Blockchain-based certifications

Blockchain is a technology that enables the creation of shared, immutable records to keep track of tangible and intangible assets and record transactions. Today, Blockchain is an increasingly popular system that can be applied to any sector. From finance (e.g., cryptocurrencies) to healthcare (e.g., storage and management of patient data) and from security to art (e.g., the increasingly popular NFTs). One of the most interesting examples of its application relates to supply chain traceability in the food industry, i.e., **using Blockchain to track where and how food is produced, picked up, shipped and processed, while protecting data about network participants.**⁴

- **Sustainability:** The use of Blockchain makes it possible to optimise procurement processes, reduce waste and monitor the impact of production.
- **Profitability:** By guaranteeing a certified, transparent and controlled production chain, you can increase your market share and meet the needs of consumers who are increasingly aware of the impact of the products they buy.

4. <https://www.ibm.com/it-it/topics/what-is-blockchain>

Crisis in the global supply network

As a result of the pandemic, the cost and lead times for the delivery of products and raw materials have skyrocketed. Whereas in 2020, it cost \$2000 to send a container of around 12 metres from China, this can now cost as much as \$8000 ⁵. While this situation is undermining the entire distribution system on which world trade has been based for years, **it is also an excellent opportunity to review the production of goods, moving away from globalisation based on quantity towards localisation based on quality.** In other words, producing fewer but higher quality goods by enhancing local production.

- **Sustainability:** Educating remote production (often in very remote locations...) can reduce waste and the environmental impact of transporting goods and improve working conditions.
- **Profitability:** By gearing your offering to the quality of your products, you can command higher prices, thereby increasing both your profitability and your positioning and, in turn, the value of your brand.

Big Tech regulation

On the one hand, **consumers are increasingly conscious and aware of the value of their data**; on the other, BigTech (including FAMGA, the five biggest American tech companies – Facebook, Amazon, Microsoft, Google and Apple) is increasingly regulated. Take the now famous GDPR and the global minimum tax rate approved just a few days ago during the G20 summit. This situation entails multiple changes that will affect both people as consumers and companies as producers..

- **Sustainability:** Even though we can't see it, the environmental impact of the internet is constantly increasing. Every time we watch a film or a photo, we consume a small amount of energy, which often comes from non-renewable sources. A more conscious and less frivolous use of the internet can, therefore, greatly reduce our environmental impact.
- **Profitability:** Increased awareness of the value of data enables companies to launch new services or reach new targets by providing products that protect their privacy.

1. <https://www.economist.com/graphic-detail/2021/02/11/container-shipping-costs-have-surged-in-recent-months>

Everything-as-a-Service and No-code Technology

Tools such as SaaS (Software-as-a-Service – software that can be used on a subscription or consumption basis), No-code Technology (technology that allows software to be developed without the ability to write code) and cloud computing services have speeded up the digitisation and innovation process for many companies and made it more accessible. **This model can now be applied to many other sectors and assets, both tangible and intangible.** Take the catering world and the phenomenon of virtual kitchens, an example of which is Virtual Dining Concepts ⁶, service kitchens that allow you to launch restaurant chains without necessarily having to bear the costs of a kitchen or restaurant.

- **Sustainability:** his technology optimises costs by making economies of scale to reduce waste.
- **Profitability:** As-a-Service technologies make it possible to reduce fixed costs and market entry costs, allowing greater flexibility (essential in times of high volatility such as the one we're experiencing) and the possibility of experimenting with new products or services while reducing the necessary investment.



6. <https://www.virtualdiningconcepts.com/>



Environmental Social Governance (ESG)

As early as the 1990s, John Elkington argued that the sustainability of a company depends on three Ps: Profit, Planet and People. Today, **this concept is still very much in vogue, and more and more investors are taking into account ESG criteria when evaluating their investments.** ESG stands for Environmental, i.e., the impact a company has on the environment; Social, i.e., the social impact of an initiative; and Governance, i.e., aspects related to the company and its management.

- **Sustainability:** The emphasis placed by investment funds on metrics, including environmental and social factors, will prompt companies to rethink their business models with a view to greater sustainability.
- **Profitability:** A strategy based on Elkington's three Ps makes it more attractive to calls for tenders and investment funds.

Flexible work and the Great Resignation

The "Great Resignation" or "Big Quit" refers to the trend whereby many employees are voluntarily leaving their jobs in response to the pandemic and current working conditions. Although still a small-scale phenomenon, mostly confined to the US, the "Great Resignation" is one of many manifestations of the radical change that the labour market has been experiencing in recent years. **We are moving towards an increasingly flexible and dynamic way of working, in which both companies and professionals have to continually reinvent themselves.**

- **Sustainability:** The current situation in the labour market is a great opportunity to rethink working methods and dynamics with the aim of creating professional ecosystems where people can express themselves and fulfil their potential through their work.
- **Profitability:** Creating stimulating professional ecosystems makes it possible to attract and retain the talent that underpins the success, and ultimately the profitability, of any company.



Climate Positive goal

In recent decades, we have been moving rapidly from a Climate Negative perspective (companies have a negative impact on the environment through their emissions) to a Climate Neutrality perspective (companies offset their emissions by aiming for climate neutrality). **We are now experiencing a further (and necessary) shift towards a Climate Positive perspective**, understood as the implementation of initiatives aimed at offsetting or neutralising more emissions than those generated by the company itself.

- **Sustainability:** Implementing a Climate Positive strategy allows a company to remove more greenhouse gases, such as carbon dioxide, than it generates.
- **Profitability:** Positioning your company as Climate Positive helps you attract more investment and broaden your pool of potential customers to include a growing share of environmentally conscious consumers.

B-Corporations and Benefit Corporations

B Corporations, also known as B Corps, **are for-profit companies that go beyond the pure profit motive (Profit) and maximise their positive impact also towards society (People) and the environment (Planet)**. Since 2016, it has also been possible to set up Benefit Corporations in Italy in order to pursue both profit and social benefits. Today, more and more companies around the world are opting for B Corp certification or a Benefit legal status. From large multinationals such as Danone to Italian companies such as Fratelli Carli, Alessi and Chiesi Farmaceutici.

- **Sustainability:** Environmental and social sustainability is at the heart of Benefit Corporations and B Corps.
- **Profitability:** Being a Benefit Corporation or having B Corporation certification enables you to attract more investment, access funding, stand out from your competitors and, in turn, increase your pool of potential customers.



Companies with no physical assets

Back in 2015, journalist Tom Goodwin pointed out that Uber, the world's largest taxi company, does not own any cars; Facebook, the world's largest media owner, does not create any content; and Airbnb, the world's largest accommodation provider, does not own any real estate. **Today, more and more companies are moving towards divesting their physical assets and enhancing existing ones by connecting them through platforms or other technologies.**

- **Sustainability:** Having fewer physical assets, either by renting them out or connecting them through platforms, enables you to make economies of scale and reduces waste.
- **Profitability:** Reducing a company's physical assets allows it to reduce its marginal cost (defined as the cost of each additional unit produced) to zero or close to zero, thereby ensuring that the company's profitability increases over the long term and its ROI exceeds the industry average.

Smart working and remote work

In the last two years, millions of workers have experimented with different forms of smart working, which according to many studies, represents the future of work. **However, smart working does not just mean working remotely, but also working in a "smart" way, i.e., reviewing the entire production process with the aim of working less and increasing productivity.** To date, however, the situation seems to be going in the opposite direction. Over the last year ⁷, the average smart-working day has lasted 1 to 3 hours longer, workers feel more stressed and anxious, and they can no longer separate their professional and personal lives.

- **Sustainability:** Rethinking production processes from a smart perspective has a positive social impact on employees by reducing the risk of burnout and other work-related illnesses.
- **Profitability:** Rethinking production processes from a smart perspective allows you to optimise costs and increase productivity and, in turn, your company's profitability.

7. <https://willmedia.it/loop/smart-working/>

Direct-to-Consumer (D2C)

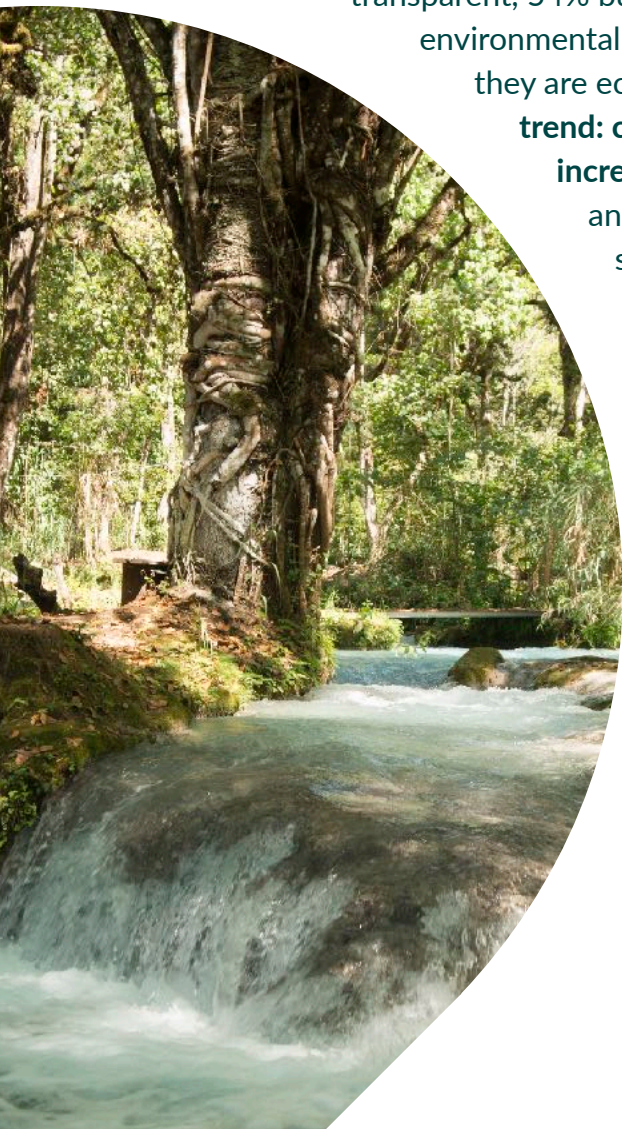
Thanks to the spread of increasingly accessible technologies (from eCommerce platforms to delivery and warehousing services), **in recent years, more and more brands are adding Direct-to-Consumer, or D2C, sales channels to their distribution strategy** in order to sell directly without going through wholesalers, retailers or third-party online platforms.

- **Sustainability:** Shortening the supply chain optimises processes, reduces emissions and minimises waste.
- **Profitability:** By opting for D2C sales strategies, you can eliminate any intermediary between the producer and the consumer, so you can directly involve the target audience, collect data and increase profitability up to tenfold (as in the case of pumpkins ⁸...).

Conscious consumers and brand activism

According to PwC's 2021 global survey ⁹ of nearly 9,000 respondents, 54% of consumers favour products with more sustainable packaging and buy more biodegradable products, 55% choose products whose provenance is traceable and transparent, 54% buy from brands that support and promote environmental initiatives and, more generally, 50% of consumers say they are eco-friendly. **All these data point to a rapidly growing trend: consumers, especially Millennials and Generation Z, are increasingly aware of the impact of their purchasing habits** and, as a result, prefer companies that are committed to social and environmental sustainability (brand activism).

- **Sostenibilità:** Through brand activism initiatives, companies can drive change towards more sustainable business policies in both environmental and social terms.
- **Profitability:** Committing to a political, environmental or social cause allows a company to stand out, improve its positioning and, as a result, increase potential customers and retain current ones.



8. <https://thehustle.co/the-economics-of-pumpkin-patches/>

9. <https://www.pwc.com/gx/en/industries/consumer-markets/consumer-insights-survey.html>



Customisation of products and services

We now have a wealth of technologies at our disposal, enabling us, on the one hand, **to get to know our customers better** and build more direct and personal relationships with them, and on the other hand, **to customise our products or services at a lower cost than before**. This translates into a trend that is bound to grow over the next few years in all sectors – from fashion to automotive and from food to healthcare (where there has been talk of personalised medicine for many years). ¹⁰

- **Sustainability:** Customised products or services can reduce waste and thus reduce their environmental impact.
- **Profitability:** Offering personalised products or services allows you to reach new potential customers and retain existing ones, while also expanding your offering with premium services.

Emphasis on local brands and products

The term “Guochao” could be translated as “national trend” and refers to the growing interest of young Chinese people in local products and brands. Phenomena like Guochao are also found in many other cultures and are intertwined with more **consolidated trends such as the rediscovery of national traditions and the spread of services and platforms offering zero-mile products**. In the coming years, this trend is likely to see increasing growth, partly due to wider consumer awareness of the environmental impact of the products they buy, and partly due to rising costs associated with the crisis in the global supply network.

- **Sustainability:** Buying local products or food reduces greenhouse gas emissions and improves working conditions.
- **Profitability:** Focusing on local products or food enables you to command a higher market price and consequently increase your profitability while optimising transport and distribution costs.

10. <https://www.weforum.org/agenda/2021/10/top-emerging-technologies-10-years/>

Transition from possession to access

As the economist Jeremy Rifkin has pointed out, in the last twenty years, we have been moving from a seller-buyer relationship to a supplier-user relationship and from the exchange of property in the market to temporary access to the service in the network. **The younger generation in particular is placing less and less emphasis on possession (I buy a product to use it) and more emphasis on access (I only pay for a product when I use it).** This is a radical paradigm shift that is affecting many sectors, such as the automotive industry, where companies such as Daimler (with Ca2Go, now ShareNow) or BMW (with the 'Why Buy' campaign) are rethinking the concept of using their products, especially in view of the fact that the cars we buy are parked outside our homes 90% of the time.

- **Sustainability:** Using shared products allows you to make economies of scale and reduces the environmental impact of a single product.
- **Profitability:** Shifting from ownership to access makes it possible to develop and offer new services by increasing profitability and reaching new potential customers. As a company, being able to access services or products through subscriptions instead of purchases also reduces fixed costs and, in turn, operational risk.