

THE FIVE MEGATRENDS THAT WILL PREVAIL IN 2023

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IT IS NOT EASY TO SINGLE OUT TRENDS IN A WORLD OF RAPID CHANGE. MANY TOP EXECUTIVES MAY HAVE EVEN GIVEN UP ON THIS CHALLENGE IN THE PAST THREE YEARS, CONSIDERING THE EVER-GROWING LIST OF URGENT PROJECTS ON THEIR AGENDA.

From digital transformation, geopolitical risks, and supply chain challenges, to energy prices and hybrid work, CEOs have had a really tough period of time. **In this context of changing**



priorities and challenging adaptations, scenario-based projections, and huge instability, there are megatrends at work shaping the future of companies all over the world.

The fact that there is a lot going on now in the business environment does not make these megatrends less important, but more difficult to observe, understand, and act upon. The CEOs who will take the time to discover these megatrends, reflect on the impact they will



have on the specific industry sector of the company, and design specific approaches will benefit from the opportunities. The naysayers will struggle to cope with the added risks and the negative impact of these megatrends on their businesses.

1. ECONOMIC POWER SHIFT

The world economy is set to shift as Asia will become the most important trading region. Many research reports concur that currently, a diffusion of state

power from the “West” to the “Rest” is in progress. It is assessed that by 2030, China’s economy will surpass that of the US as the world’s largest economy.

In this context, Goldman Sachs predicts that the so-called “Next Eleven” including Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey, and Vietnam will overtake the collective global power of the EU member states by 2030.

By 2030, China and India will account for 35% of the world’s population and 25% of the global GDP, whilst the non-OECD economies are expected to represent 57% of the GDP by the same year.

This means that a restructuring of the world’s economic landscape is taking place, with two coexisting trends: the power shift from West to East and the dissolution of power of the large economies. These trends overlap with rising protectionism, “trade wars” and supply chain breakdowns.

By 2040 the E7 economies of Brazil, China, India, Indonesia, Mexico, Russia, and Turkey will be double that of the G7, comprising Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States, as well as the European Union.

How is that relevant for Romanian companies? Although these rising economies are not traditional trading places for Romanian companies, the opportunities are considerable. Companies in agribusiness, industrial production, IT&C, and many others, will find these markets full of opportunities, once they learn how to tap into

the business opportunities generated by the economic power shift.

2. HYPER-CONNECTEDNESS

It is a fact that the world has entered the 4th industrial revolution. From artificial intelligence to machine learning, from hyper-digitalization to quantum computing, the impactful technology changes the business, social and political realms of our world.

The Internet of Things, autonomous vehicles, drones, robots, and virtual/augmented realities are no longer stories in a science-fiction novel, but the day-to-day reality.

■ No less than 90% of the world’s data has been created in the past two years. In the last five years, the number of people using the Internet grew by 83% worldwide. ■ Almost 60% of the world’s population is now connected and almost 50% uses social media. There are 22 billion connected devices all over the world and the number will reach 50 billion by 2030.

In a hyper-connected world, cyber-security is a critical issue at all levels, from the individual to the nation-state. The same connectivity that enables developed nations to harness technologies in advanced ways also increases those same nations’ vulnerability to cyber-attacks. The most connected societies are also those that offer the greatest attack “surface”.

The area of greatest concern for a hyperconnected world is privacy, as the era of big data and digital surveillance has arrived. So, companies, institutions, governments, and regulatory organizations need to enforce

effective policies regarding data management and privacy.

Robots in the hyperconnected world will not be limited to work settings. In homes, restaurants, and entertainment, robots will be doing many tasks, commanded by the conversational computing infrastructure, communicating with each other and collaborating. The aging population will be aided by robots for health care and daily life, easing demands on the medical sector.

In the coming years, many professions will experience a merging with the digital world. Typical work will involve working together with digital intelligence that has the capability to perform instant analysis and simulations. These tightly knit person-machine pairs will become the norm, with the human part providing swift judgment, emotional intelligence, and intuition.

How is that relevant for Romanian companies? The hyperconnected world will bring a sea change altering how people work, play, learn, eat, shop, get around, get fit, stay healthy, and entertain themselves and each other. The opportunities are everywhere and will be accessed only by the companies that understand this “new brave world”. The faster the CEOs get the proper understanding of what’s necessary, what’s possible, and what’s available in the hyperconnected economy, the higher the chances for success.

3. ECONOMY OF MEANING

The economy of meaning links goods production and consumption to the question of why and for whom. This

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megatrend, which has put a focus on sustainability and ESG, is also becoming more important in this context.

Companies implement ESG standards and triple-bottom-line reporting to meet the requirements of investors. They commit to focusing as much on social and environmental concerns as they do on profits. So, instead of one bottom line, there are three: profit, people, and the planet.

Many CEOs understand now that ESG is a corporate governance and investment framework. In practice, when companies adopt ESG principles they consider, measure, report, and work to improve the environmental, social, and governance aspects of their business alongside its financial considerations.

Likewise, ESG investors consider a company's environmental, social, and governance attributes alongside its financial attributes when deciding whether or not (and how) to invest in them. Sustainability, on the other hand, looks at the common good, instead of profit maximization and limitless growth. As an employer, this means creating jobs that meet this requirement and communicating the meaningfulness of work. By focusing on sustainability, topics such as conscious consumption, resource conservation, and GreenTech are moving into the focus of companies.

In conclusion, ESG looks at how the world impacts a company or investment, whereas sustainability focuses on how a company, or investment, impacts the world.

How is that relevant for Romanian companies? Both ESG and sustainability are "must-have" topics on the CEOs' agenda in 2023. Companies that plan their internationalization have to be at the forefront of this megatrend to be able to succeed. It is a fact that, in many markets, consumers are buying more consciously and companies need to align their products, services, and marketing accordingly can benefit.

4. MOBILITY

The megatrend of mobility describes the change in the way people get around and travel. From business travel to leisure, as well as from medical to entertainment tourism the demand for great travel experiences increases and diversifies. Post-fossil vehicles are evolving rapidly. More and more car brands launch electric vehicles, and consumers continue to explore the electrified mean of transportation as an alternative to conventional vehicles. In major cities, the role of the car is being rethought and parking spaces are being eliminated in favor of slow travel.

As consumers shift away from car

ownership to car sharing, there is a change in how people travel, especially locally and regionally. Development in shared services is expected to grow as an environmental and cost-saving alternative to conventional transportation.

In the post-CORONA world, travel is taking on a new meaning. Consciously experiencing countries, and immersing oneself in culture, culinary history, and local communities are shaping the travel industry. According to the EIU, global tourism arrivals are expected to rise by 30% in 2023, following 60% growth in 2022, but they will still not return to pre-pandemic levels.

In 2023, experts say that travelers will be looking for unique holidays that surprise and delight. With 73% of people looking forward to trips 'outside their comfort zone that push them to their limits, there will be an influx of niche experiences.

How is that relevant for Romanian companies? Romania has a huge potential to develop the tourism industry. Many destinations in the country fit the requirements for immersive cultural experiences that will delight all incoming travelers. A very important opportunity is the metaverse since travelers will be more adventurous in their travel choices in real life, having been able to visit them in the metaverse first via their avatars. For example, 46% of travelers are

more likely to travel to destinations they would not have previously considered after experiencing them virtually.

5. SILVER SOCIETY

All over the world, people are getting older and staying fit longer. The advances in technology and medical science contribute to this megatrend. Although such a demographic change poses major challenges for society, it also offers opportunities, but "being old" has to be rethought and lived in a new way.

It is becoming increasingly clear that "50 is the new 40". By 2050, the world's population of people aged 60 years and older will double (2.1 billion). The number of persons aged 80 years or older is expected to triple between 2020 and 2050 to reach 426 million. Europeans are living longer than ever before and the age profile of society is rapidly developing.

Demographic aging means the proportion of people of working age in the EU is shrinking, while

the number of older people is expanding; this pattern will continue in the next couple of decades.

Such developments are likely to have profound implications, not only for individuals but also for governments, businesses, and civil society. This demographic change will impact, among others: health and social care systems, labor markets, public finances, and pension entitlements. All these considered, the megatrend of the Silver Society is leading to a rethinking of anti-aging, growth, and performance. Older people's wisdom, life experience, and know-how offer companies the opportunity to evolve. The multi-generational workplace will become the norm with teams having

How is that relevant for Romanian companies? Apart from developing products and services for this market segment, companies must consciously think about employment opportunities for the 55+ age group and also beyond retirement age, knowing that

quality of life plays a major role for this age group. Therefore, those companies that will offer age-related part-time models will benefit from the potential of this age group.

IN CONCLUSION

To prosper in the future, companies must be able to adapt rapidly to the ever-changing environments in which they operate. The status quo management style of the past may deliver short-term results but will ultimately leave the team and the organization in a state of decay.

Better adaptability starts with leaders who have a growth mindset that drives them to constantly seek how to both "do things better" and to "do better things". CEOs are now called to demonstrate reflexive leadership practices, empathy, and humility. They need to be able to foster that level of authenticity that creates greater engagement for the team, greater satisfaction for the clients, and a greater positive impact on the community.