Leveraging the Power of Micro-Macro Trends in Contemporary Organizations

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The paper seeks to explore the purpose and meaning to organizational members, of trends, trend analysis, and the application of the outcomes of trend analysis. It also seeks to examine the relevance and importance of trends to the growing reliance on AI and other predictive technologies, in decision making in organizations. Finally, it sets out a research program to highlight the relevance and perceived salience of significant marketplace trends, and explore the impact of the willingness and ability of organizational members to apply trend analysis and thinking, on organizational outcomes.

INTRODUCTION

Nostradamus may be thought of as one of the greatest, not necessarily the most accurate, predictors and prognosticators of all time. 21st century marketing strategists and trend users may not have access to such famous figures; however, the value and importance of predictions, forecasts and 'future focus', have not abated. The business of discovering, interpreting and applying trends, is huge. Euromonitor International (2019a) provides global coverage of almost every industry, consumer group, country, natural resource and other major measurable economic and social trends; in many cases with projections, or 'predictions', to 2030 and beyond.

In fact, Euromonitor International even has a publication named, "Understanding the Five Drivers Shaping Megatrends' (Euromonitor International, 2019a). As well, there are significant developments; technological, social and political, among others; that increasingly rely on trends and forecasting as their foundation.

A recent article proposes two powerful forces that are simultaneously contradictory in nature, and likely shapers of marketing practice (Fountaine, McCarthy and Salah, 2019). The authors, positing the power and impact of AI in organizations and decision-making, propose that AI, when strategically implemented, will drive 'data-driven decision making at the front line', and will support 'agile, experimental, and adaptable' practices (Page 65). At the same time, organizations will likely run up against cultural issues, forces and barriers, that require fundamentally human foresight and the application of 'some art', another human skill.

Here is the rub. Trends and predictions rely on human intelligence, set up, monitoring and ultimately guidance, that Fountaine et al, (2019) suggest would be humans and machines working together. More prosaic and traditional tools rely on trend analysis and human interaction, including strategy models such

as Porter's Five forces analysis, SWOT Analysis and the PESTEL analysis, three related and interacting models and tools (Johnson *et al.*, 2014).

What are the inputs to these tools and models? Where do they come from and how relevant are they to the specific context? What relevance and meaning do they have to the strategists, users and those who are impacted by the decisions and outcomes? Indeed, do those who apply the tools and use the trend data inputs, really know what they are, what they mean, and have confidence in their veracity and efficacy?

On a more basic level, what do we even mean when we say 'trends', let alone 'micro-trends', 'macro-trends' and 'mega-trends'! The choice of this research and the potential managerial implications, is important because as change becomes almost a cliché, and change resistance is almost a given, mechanisms and processes that support ambidexterity and systems thinking, are likely to be highly valued within organizations (Jackson, 2003; O'Reilly and Tushman, 2004).

Overall the paper seeks to explore the purpose and meaning to organizational members, of trends, trend analysis, and the application of the outcomes of trend analysis. It also seeks to examine the relevance and importance of trends to the growing reliance on AI and other predictive technologies, in decision making in organizations. And finally, it sets out a research program to highlight the relevance and perceived salience of significant marketplace trends, and explore the impact of the willingness and ability of organizational members to apply trend analysis and thinking, on organizational outcomes.

RESEARCH PROPOSAL

The purpose of this manuscript is to: outline a research program designed to increase the relevance to, inputs from, and overall meaning to decision-makers and users of trend data and insights; propose and explore the meaning and purpose of trends and trend analysis in the burgeoning domain of AI in decision making and predictive models; highlight the importance of reflective practice when engaging with trends, trend analysis and trend-related outcomes; examine the relationship between 'macro' and 'micro' trends, and the applicability and usage of these two categories.

Overall, the purpose of this paper is to stimulate discussion around the meaning and scope of the concept of 'trends', encourage meaningful and objective consideration of the nature and impact of trends on businesses and the people in them, and increase the specificity of trend identification when trend-related variables are used as inputs to analytical models, product and service usage and design, and in business model development. The proposed research methodology is as follows:

Stage 1 includes an exhaustive literature review of relevant sources, both practitioner and researcher, to identify currently accepted macro and mega-trends, and to define to what degree these trends followed and internalized in organizations.

Stage 2 includes an 'awareness and salience' test in selected organizations. In brief, this entails providing relevant participants with a series of trends, driven by Stage 1 and selected by an expert panel. The participants are to be categorized by organizational sector, rank, function, longevity in role, and education level. The participants select the trends that they believe will most and least impact the success or otherwise of their organization's endeavors and product development. Participants are then instructed to categorize those trends into their perception of whether they are 'micro' or 'macro' trends, and to select those most and least likely to be salient in their context. Participants will be assigned the task of linking macro trend constructs to micro trend specificity.

The participants will also rate their perceptions of the organization's trend awareness and their perceptions of the degree to which the organization is 'future focused' and is likely to successfully navigate changes in the operating environment.

Finally, selected participants will participate in a series of depth interviews that are focused on the impact of a trend awareness 'climate' on measures of organizational outcomes. Does something akin to a 'climate for trend focus' exist, and does it exist within organizations that are both successful and continuous innovators, in the sense of an ambidextrous organization (O'Reilly & Tushman 2004)?

Here is a set of propositions that are central to this paper.

P1: Organizational meaning and shared understanding of trends, trend usage and trend analysis, will impact their use and efficacy in organizational decision making.

P2: The degree to which trend selection and assigned meaning is internal to the organization and its members, will impact the degree to which the analytical outcomes will be considered and implemented.

P3: The degree to which organizational members participate in the gathering and ranking of trends, will affect both: their ongoing belief in the importance of trend monitoring and its impact; and apply trends in their innovation and future-focused actions and decisions processes.

P4: Organizational members who differentiate between micro- and macro trends, and discern the actionable import of micro-trends, will be more likely to strategically apply 'trend thinking' to the ongoing strategic processes.

DISCUSSION

The word 'trend' is used continually in reports, academic papers, strategy analysis, and strategic plans, rarely however with specificity or consistency. For example a paper in a widely respected journal, The International Journal of Forecasting, uses the word 'trend' 54 times, noting approximately 21 differing types of trends, yet does not define or specify the meaning of trend, in that context (Aron and Muellbauer, 2012). However, a definition of trend management can be found, largely: a process that observes specific changes or developments and considers the general direction in which society is moving (Kjaer, 2014).

Here a 'trend' is defined as an ongoing, discernible and observable variable that progresses over time, that may or may not impact other factors and variables around it, but exists in the context within which an organization operates (Jackson, 2003). A 'macro-trend' is defined here as a trend that is enduring, significant, potentially impacting multiple elements of society, business and political environments, and is over time acknowledged as a potential or explicit major force for change. A 'micro-trend' is defined here as a trend that is immediate, can be readily understood and/or leveraged, be measured or made tangible in some way, and to some degree is a known input of a strategy analysis or design.

Sinek (2011) suggests that great leaders create an environment in which ideas happen, where the people inside the organization who are best informed, can make innovation happen. In the business world, decision-making is best thought to be effective when it is made using data, ideally 'rich' data, that is enhanced by technologies that analyze and leverage those data (Marr, 2015). This leads to the concept and practice of 'big data', the idea that a business begins by analyzing and leveraging what the company already has, adding as it goes, inputting additional external sources, and using these data to generate insights, that guide decisions and the decision-making process.

So, what does this discussion have to do with trends, either micro or macro? Competition that goes 'head to head' relies on businesses that are competing largely in the same product category with roughly similar products and services (Kotter, 2015; Mintzberg, 1994). Businesses that are actively creating environments where ideas are created and leveraged by people who are knowledgeable and have data-driven insights, are likely to be more able to create the future of the business, while enhancing the current business models and product offerings (O'Reilly and Tushman, 2004; Pfeffer and Sutton, 2000). New industries and great businesses within those industries, emerge when leaders and those they lead, leverage, understand and intuit the macro-trends around them, and figure out how to turn these into actionable micro-trends that can be direct inputs into a product or service idea (Pfeffer, 2007). Furthermore, when consumers understand the outcomes of these inputted micro-trends, they are more likely to 'buy in', and buy.

For example, confronted with the idea that a significant mega-trend (macro-trend in the language of this paper), is the 'development of technologies that empower consumers and communities' (McKinsey and Co, p. 4), a city strategist or urban planner may not immediately comprehend how to leverage or mitigate that trend. A related micro-trend might be that cities of similar size and industry composition, are turning to systems and tools that are linking citizens with the city infrastructure and local businesses. In turn, workers within the city might then be empowered to incorporate that micro-trend into future

planning, and devise networks that link citizens, their cell phones, city light poles, cell phone towers, local businesses and parking stations, to facilitate easy parking apps and Google directions, with local business directories, to enhance local growth and community stability (Dixon, 2016).

Understanding the likely, or indeed unlikely, impact of trends is a key function of leadership and strategists. In his provocative text, Silver (2012) explores the nature of extrapolation, prediction, forecasting, signals and uncertainty. Overall, his premise is that extrapolation, predicting the future from the past, is a basic and limited form of input into decision-making. He suggests that addressing uncertainly is key to forecasting expertise; that it is rare, even in scientific models, to have access to all the necessary data, and that signals in complex systems vary in strength over time. The signals in Silver's world equate to the concept of trends that we ascribe to in marketing and business domains.

Following Silver's idea that signals are an indication of the truth behind issues and problems (Silver, 2012, p. 416), both the absence of signals and an abundance of signals, can have meaning. Discerning the meaning is key. Two final points resonate: it is essential to differentiate between what we know, and what we think we know or don't know; and the overall benefits of group knowledge and forecasts. To the latter point, Silver suggests that there is strong evidence that aggregating different and independently ascertained forecasts, and then averaging, yields better outcomes, ones that are often better than the best individual forecasts.

What does this mean to the business of trends? Investigating trends, or 'signals', assigning meaning, assessing what we do know, rather than what we think we know, and finally instituting processes that gather individual observations and predictions, which are then aggregated, is likely to yield stronger outcomes and more reliable predictions and decisions. Incorporating these insights into scenario models, especially when we consider the unlikely and the implausible, adds power to the use of trend analysis (Van der Heijden et al., 2002).

On this point, predicting the future has always been a goal of humans, from empirical to mythical (Venkataraman, 2019). Her take is that over time prediction has become possibly more effective, and that with the use of AI and machine learning, there is possibly more reliance on learning from the past to project future trends. The power however is value in use – what is being done with the projections, and what is the general climate within the organization for using potential future trend projections in strategy and decision making.

Value in use is a powerful concept, especially if the decision makers and users are involved in the gathering and exploration component of prediction using trend insights (Venkataraman, 2019; Weick and Sutton, 2007). This participation encourages persistence and adoption. Importantly a belief that these insights will impact the future, tends to encourage action (Mintzberg, 1994).

As well at the more traditional trend analysis and application models such as Porter's Five Forces (Porter, 1985), PESTEL analysis (Johnson et al., 2014), powerful strategy sense-testing models such as the 'loop model' (Casadesus-Masanell and Ricart, 2010) rely heavily on efficacious inputs. Other applied action and outcome tools such as priority mapping (Harnish, 2002) and structured 'timing and review' models (Watkins, 2013), are built on the premise of shared input, insights, and commitments.

RESEARCH IMPLICATIONS

Firstly, the research potentially encourages discussion and awareness of the importance of defining 'trend' and related terms, when considering trend analysis and predictive models. Next, it outlines a set of propositions that would encourage the development of a 'trend awareness and insight' climate within organizations. The paper then highlights for leaders and researchers the importance of awareness of the implications of the increasing use of AI and machine learning in predictive models and trend analysis.

More specifically, the research seeks to link trend thinking and macro-micro awareness, with specific measures of organizational success implied in the decision-making process. The premise is that trend awareness and attendant action are driven by a 'trend thinking' climate, and that climate would positively impact perceptual measures of decision efficacy.

In the exploit existence within organizations, the impact of micro-trend awareness and accommodation could be measured against product line extension successes (O'Reilly & Tushman 2004). Similarly, major product and service innovation propensity could be measured against the degree of adoption of a macro trend awareness and accommodation mindset.

Measures could be developed that indicate the degree and rate of translation of macro-trends into actionable micro-trends (Silver, 2011). This micro trend adoption rate would be of great interest to marketing researchers, as they seek to better understand how rapid onset of disruptive macro trends affect consumers' perceptions and decision processes (Marr, 2015; Fountaine, McCarthy and Salah, 2019).

MANAGERIAL IMPLICATIONS

Firstly, the paper seeks to build awareness of the importance of spotting, understanding and considering trends, in a wide variety of functions and levels of the organization. Too often, trends are only considered at specific times and for specific sets of strategic activities. However, the premise here is that at all levels of an organization, 'trend thinking' could positively impact outcomes. At senior levels of an organization, one would expect that members have an intuitive and heuristic appreciation of macro trends. By actively translating these macro trends into more specific influences on daily actions and thinking, the inference is that overall, an organization would become more change ready and flexible. This is because trend readiness and adoption prepare an organization more effectively to manage for the unexpected (Weick and Sutton, 2007; Venkataraman, 2019).

Furthermore, using the ambidexterity model, it is highly likely that those who operate in the explore existence within an organization would be likely to naturally embrace both macro and micro trend implications (O'Reilly & Tushman, 2004). By contrast, those in the exploit existence might on the one hand seek to resist and compensate for the effects of macro trends, but would be potentially more willing to embrace the power of micro trend impacts, if they could more directly visualize those micro-trends as useful to their purpose (Pfeffer and Sutton, 2000; Porter, 1985).

Logic also suggests that the sooner the implications of macro trends can be understood in terms of relevant micro trends, the sooner that these can be accommodated and/or leveraged in operational strategy. For example, early and clear understanding and accommodating of explicit micro-trends, might create effective and early product and service refinements that can be specified and tested.

Finally, over time, one would expect that deeply embedded macro-micro 'trend thinking' would develop into a discernible organizational capability that is both difficult for competitors to replicate (Kotter 2014) and would also become a foundational anchor of virtuous cycles within an organization (Casadesus-Masanell and Ricart, 2010).

LIMITATIONS

Clearly this manuscript is reflective and speculative in nature, built on the philosophies of the author, extant literature and the experiences of extensive teaching and consulting practice. There is no empirical support for the propositions, and the research program proposed here is in its initial stages of implementation. However, the issues raised here are of paramount importance to marketers and strategists as they seek to enhance their organizations' situational awareness and enable better inputs to their business models and operating frameworks.

Trend analysis and the impact of trends require complex measurement models. These models are inherently inferential and cannot be construed as predictive. As well, there is huge challenge in accurately translating macro trend constructs into micro trends definitions with sufficient specificity to be measured.

CONCLUSION

Finally, the paper proposes that the leaders in organizations use the power of reflective practice, including in the arena of trend awareness, as a model of discerning and learning what they and others in

the organization don't know, because it contributes to generative learning and more powerful inputs to decision-making processes (Seibart and Daudelin, 1999).

The purpose and outcome of the discussion section is to link the importance of trends and trend analysis as inputs to business decision-making and business models. It supports the premise that practitioners and researchers use the term 'trend' assuming its implied meaning is an accepted meaning in practice, whilst the nature and nuances in the trend concept will affect its usefulness.

The discussion seeks to support the notion that organizational members would benefit from having input to the trend identification and analysis processes, and that they should also have a key role in 'sense-making' practices of the organization.

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