

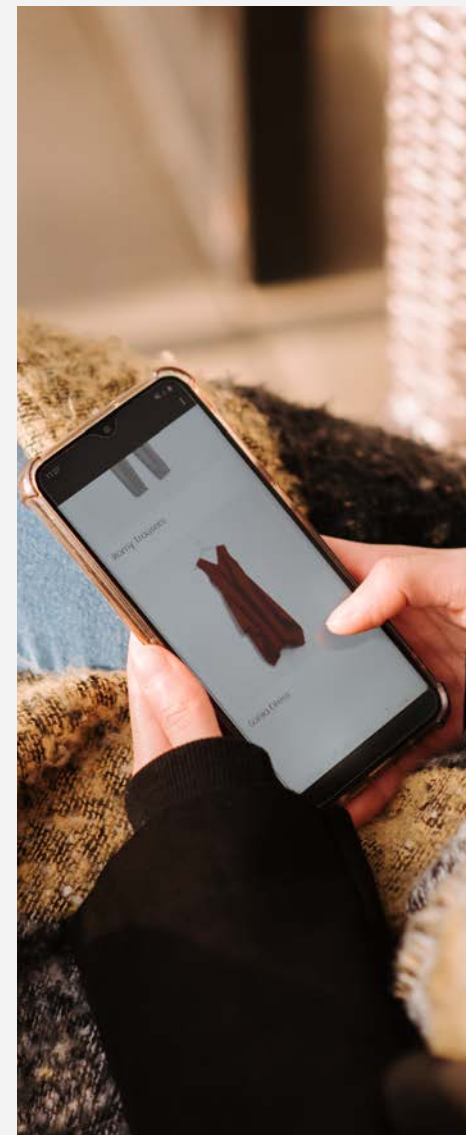
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Worldcom Confidence Index Special Report:

**The role of technology in responding to
the challenges of global inflation and recession,
and the implications for technology companies**



JANUARY 2023

Last week, CES - the most influential tech event in the world - took place in Las Vegas. Hundreds of vendors showcased their latest innovations with the promise of delivering transformational value. And a number of our Partners were helping to deliver business momentum for their clients at the show.

So, we thought we'd see how the global C Suite views technology, in the context of global inflation and recession, by analysing what the topics of discussion were between June and December 2022.

Our analysis is drawn from a sample of almost 80,000 global CEOs and other C Suite executives. It is compared with the analysis of conversations about the same topics in ASI's consumer sample.

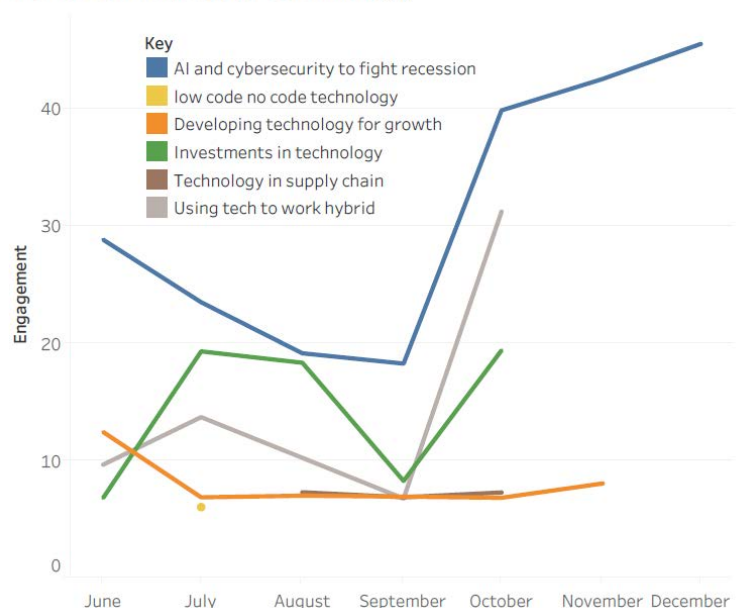


The view from the C Suite

Investing in technology, and in AI in particular, sees significant increase in engagement from September 2022

One important use of technology to fight off recession is investing in Artificial Intelligence. The C Suite leaders have not paused on investing in technology and boosting tech budgets because they believe that the right technology is the way to drive growth and lead in unprecedented times, be it a pandemic or Ukraine-Russia war. Many senior executives are calling AI a technology wildcard.

Trends on impact of technology



Technology used in the right way can reduce the impact of recession

Most conversations around the global recession are about the impact of the Ukraine war on the global economy. The C Suite population believes that, although the IT and software sectors have been impacted by global recession, technology used in the right way can help minimise the impact of recession.

Technology to enable hybrid working improves productivity

This is particularly the case for leaders in medium sized firms of between 250 and 500 employees. They specifically talk about the importance of hybrid working for employees during times of exorbitant fuel prices and increased cost of living. For such firms, introducing the right technology to help employees work from home and save money on fuel, has improved productivity and assisted employee retention.



Minimising the impact of inflation by improving the way the supply chain is managed

Investment in technology to improve the Global Supply Chain also featured strongly. Many C Suite executives are discussing how the inflation in 70's was caused by the increase in oil prices and how using advanced technology in the global supply chain can help alleviate the impact of such disruptions and prevent increased transportation costs.

Closing the skills gap by embracing low code or no code technologies

Many smaller tech firms are addressing a skills shortage by turning to low code or no code technologies to develop software.

The view from consumers

We asked [ASI](#), the AI fuelled research company we use to provide the data for the [Worldcom Confidence Index](#), to see what consumers were thinking about the use of technology in response to inflation and the recession in the same six-month period. Consumers discussed many of the same topics, and their views raise some important communications implications for technology vendors. In this context, technology means everything from software to electric vehicles and other technologies that deliver disruptive solutions to today's challenges.



Embracing new technologies to minimise the risk of layoffs

The conversations about recession and the cost-of-living crisis are around using technologies to alleviate the impact of inflation. Consumers are talking about the use of new technologies such as Web3 and shifting IP strategies to manage risk and concerns surrounding recession layoffs. Many also believe that digital technology is important for companies to handle the impact of recession and protect them from future recessions - which in turn would prevent layoffs and help balance the economy.

An alternative view is also circulating - Technology is being used to enable layoffs

Just like the C Suite, consumers see the use of Artificial Intelligence as a positive move to help prevent recession. However, some conversations mention that companies were using technology to help employees work from home during the pandemic but are now using it to layoff the same employees.



Cost of living crisis causing anxiety

In terms of the increasing cost of living, many people are concerned about the increasing interest rates on loans and mortgages and increasing gasoline prices. They believe that the combination of steep increases in interest rates and high gasoline and grocery prices have led to an unmanageable cost of living.

Mixed views on the benefits of moving to electric vehicles

Many consumers believe that one way to tackle the high fuel prices is by using electric vehicles. But others feel that buying an electric car is costly and the lack of charging stations makes driving inconvenient.



Government interventions seen as a cause of inflation

Another probable cause of inflation being talked about among people is the government interventions during the pandemic. They feel that governments spent a lot more than they could afford, which has now led to the unequal distribution of wealth and high interest rates.

People are concerned about the Catch 22 of moving to low carbon technologies in a period of high inflation

Consumers believe that transitioning to low-carbon technologies can help in combatting the recession, but they also feel that such technologies can be costly to implement during a period of high inflation.

Communications advice from our Worldcom technology experts

While both the C Suite and consumers see technology having a role in addressing the recession and high inflation, it's clear the two groups have some differing views about why, how and when new technologies should be used. Consumers are particularly concerned about the cost of deploying these solutions.

So, we asked our experts, who specialise in the technology sector, for advice on how technology companies should convey the benefits of their technology, so they achieve both business and consumer buy-in.

Here are 9 tips on what to look out for and how to get communication right in a world where hyper-transparency rules:

1

Consumers will welcome technology providers who appear to solve the problems created by government interventions

While people welcomed government interventions that limited the immediate impact of the pandemic, they are now less sanguine about the impact of the debt this created. This will present an opportunity to technology providers who can present a disruptive approach to living in a debt laden world.

2

Vendors of 'disruptive' technologies will need to communicate about the impact on people, even if they are only selling to businesses

The data covered by the report shows that certain technologies are likely to be in demand such as AI driven products, enhancements to the supply chain, hybrid working tools, low skill software. However, vendors should not communicate the business benefits alone. They also will be expected to communicate about the impact on people, so they are not seen as solving one business problem only to create another.



3

Promoting features and benefits without addressing cost will not succeed

Vendors will need to address the cost of implementing their technology, in both the immediate and long term, to overcome any anxieties about deploying it now. They will need to be transparent about the cost of switching to the new technology and also the cost of not doing so. Consumers will expect to be presented this holistic view to feel confident about making the change. This need for the 'whole story' has been heightened by consumers feeling short-changed by high profile campaigns that did not present the full implications of a choice. Brexit is a good example, with the true impact of the decision to leave now being aired in the UK media.

4

Being a low carbon technology isn't a guarantee of success

It's accepted wisdom that Gen Y and Z welcome brands that demonstrably address the sustainability of the planet. However, it's also clear from this report that consumers are anxious about the cost of doing so. Low carbon vendors will need to explain the lifestyle impact of moving to a low carbon offering. And they will need to bring the future lifestyle impact of postponing the shift, on the people consumers care about, into focus now. Otherwise, decisions are likely to be made on short term financial grounds alone. This may cause resentment later, when the negative impact of delay is felt by the people who most matter to people who failed to act.

**5**

The cost-of-living crisis has made consumers very cost conscious

While the recession has made business buyers more focused on the certainty of the business value they will receive from a new technology, consumers are focusing more on the cost that will be incurred in the short term. Vendors will need to provide advice on lifestyle choices that can be made to afford the new technologies now. As with other recommendations, it will be important for vendors to explain the cost of not taking action now.

6

Vendors need to be careful not to overpromise on performance or environmental impact



The Dieselgate class action suit in Europe shows that vendors need to be very careful about performance claims and/or not pointing out limitations or environmental impact. The example of electric vehicles shows that technology vendors will need to be transparent about the full implications of a purchase or they risk storing up future problems. For example, vendors of electric vehicles will need to be transparent about the price performance of the vehicle which may be limited by the availability of charging points or the cost of a replacement battery. Other implications such as the cost of disposing of a battery that has been replaced (and the environmental implications of disposal) must be adequately explained at the point of sale.

7

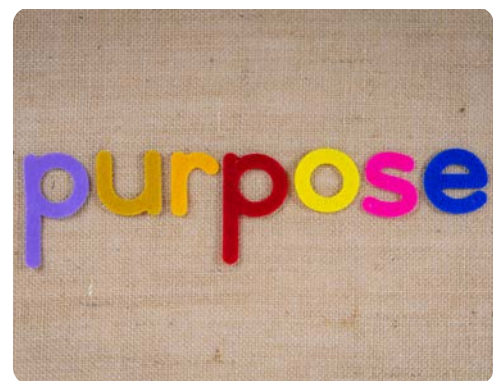
Vendors need to think through – and take positive steps to address – the lifestyle changes their technology creates

Technologies which create a behaviour change can have many positive benefits. But consumers will expect vendors to think through the implications of the change on lives and lifestyles. For example, remote communication technologies enabled effective working during the pandemic but are now associated with a breakdown in human connectedness between co-workers. Vendors will need to provide helpful advice on how to manage any significant implications so that the experience is sustainably positive.

8

Vendors should lead with their Purpose to give more than product reasons to engage

In the hyper competitive tech sector, vendors should lead with their WHY or Purpose to give customers/consumers more emotional reasons to engage than just the product benefits. Gen Y and Z in particular want to see a purpose behind a product. Promoting an authentic purpose is particularly important now, with cost featuring so high in the minds of consumers.



9

Being purpose-led will help technology vendors retain their best talent and survive the Great Reshuffle

Technology vendors need to hang on to their best talent now more than ever, as they try to deliver innovations to address today's challenges. Having an authentic purpose, that conveys the difference the organisation makes to people and the planet, will give employees who believe in the purpose powerful reasons to stay loyal and contribute positively.

If you'd like advice from our experts, either contact them **direct via the links below** or explain your needs on the contact form by clicking:

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