Consumers
Whatever Next?

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Foreword

Beyond the immediate challenges of the pandemic, CEOs have the opportunity to reimagine and ‘future-proof’ their business and organisational models. Indeed, 90 percent of executives agree that the crisis will fundamentally change the way they do business over the next five years. The main driver of this? 85 percent foresee major changes to their customers’ needs and wants.\(^i\)

The confluence of unprecedented economic and health challenges, with accelerated technological adoption and the erosion of barriers between consumers and businesses, ensures that organisations need to develop a new approach to consumer centricity. The changing nature of consumer demand is one of the key five forces set to impact organisations. The other four all have consumer implications, however indirectly – with the shifting workforce, changes in resiliency expectations, regulatory uncertainty and the unknowable evolution of the virus itself all influencing consumer fluidity.

This paper is a compilation of twelve brief, sectoral analyses, written for two audiences:

1. Those involved in consumer facing industries who need to consider how consumer change could alter their imminent and evolving value proposition. Some will see significant short and mid-term challenges, while others sense opportunities – even within the same industry. With the economic damage potentially without equal in our lifetimes, standing still is not an option. Even in a pre-Covid environment, slipping into irrelevance was all too common among many past sector leaders who refused to acknowledge or act-upon the reality that the world and consumer attitudes and needs change.

2. For Agencies and advisers to help their clients, including such organisations mentioned above, not just grasp that times may be changing but that they need to lead the sectors they serve into that change, its consequences and potential responses. This is a time for confident firms and brands to prepare their markets to not just meet these new challenges but renew themselves in the process and share their thought leadership with their target markets.

Every one of the following short illustrations on how consumer trends may impact various sectors post-pandemic can be expanded and personalised to produce comprehensive illustrations of the changes and challenges faced by their participants in the years ahead.

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Introduction

It has been noted that 'pandemics change history by transforming populations, states, societies, economies, norms, and governing structures.' While the digital era saw an acceleration of change for consumers, businesses and societies more generally, the weight of the combined economic, social and political change that the pandemic compels ensures that COVID-19 will define the start of an era of continuous, rapid change. Change itself is not new, yet the number of vectors it is set to come from and the speed of it, are. The adoption of foresight at the centre of an organisation can help redress the imbalance in our thinking and models biased towards the short-term and based on the past. An important segment within this is to move beyond mere lip-service to the creation of truly consumer-centric business.

The assumptions, mental models, points of reference, not to mention consumer segmentation models that companies have been operating on and periodically revisiting have largely been broken by the pandemic. This imperils the entire organisation. ‘If the core business is marching toward oblivion, there is no sense in trying to improve it.’ That core must now become consumer-focused like never before. The nature of the crisis is likely to completely change consumer thinking, which in turn should change brands’ thinking. The desire to return to something approaching normalcy is both strong and understandable, for both consumers and businesses, yet new behaviours, patterns, and practices are being established that will outlast the pandemic itself. Deutsche Bank's post COVID outlook: there is a 33 percent chance at least one of four COVID eclipsing scenarios could occur in the next 10 years. These are; a far more deadly pandemic than COVID-19, a volcanic eruption, a solar flare and global war.

If there was one persistent myth of the pre-COVID world, it was the narrow view that technology was the greatest vector of change. Then, as now, it was people – consumers – that were, and remain, the principle driver of change. Only now, the forces impacting the consumer are infinitely more complex than they were even in January 2020. Accelerated digital is a key part of this: 86 percent of first-time customers are either satisfied or very satisfied with digital adoption and 75 percent plan to continue using digital post-COVID.

Accordingly, the post-normal may demand that different products or services be offered to different demographic groups or through different distribution channels, for example. Since the crisis has accelerated both public and corporate use of tech, the nature of these channels is changing. The omnichannel is no longer just an app or online access to traditional services. For now, we are copying previous processes into digital or even intelligent versions. In time, as with all previous technologies, we will start to use these emerging technologies to do different things. Applications of AI and machine learning to datasets, for example, could result in new and unexpected forms of interconnectedness between services, organisations and consumers. Broader change is all but guaranteed: the winners of tomorrow will start preparing now for consumers’ shifting wants, needs and concerns.
Automotive and Transport

The changing consumer

The mobility ecosystem, hitherto touted as the future transport ecosystem set to eclipse the age of the automobile, has hit a COVID induced speedbump. Even so, global consumer demand for autos for the remainder of 2020 is set to drop at an equivalent loss as the annual markets of a combined U.S, Japan and UK\textsuperscript{viii}. Even more mixed consumer trends portend a highly uncertain short to mid-term outlook.

On the one hand, 69 percent of British consumers suggest that vehicle ownership is important to them given the need to maintain physical distancing. Concurrently, 45 percent of Brits are planning to keep their current vehicle for longer than originally expected\textsuperscript{ix}, meaning new purchases are less likely. This, and a gradual if currently paused shift towards a broader transport ecosystem mean that ‘it could well be that we passed the peak in global automotive production\textsuperscript{x}.’ Prior to the pandemic, consumer trends were leading to forecasts that green transport was set to overtake cars in world’s major cities by 2030\textsuperscript{xi}. This may still occur, albeit with a different mix of alternative options, with electric vehicles (EVs) ‘in’ and shared autonomous vehicles less attractive in the short-term at least. Indeed, the net present value loss expected over a 10 year period, as a percentage of annual EBITDA (for one year), is forecast to equal 56.1 percent in the auto industry\textsuperscript{xii}. The lowered long-term rate of growth implies an even greater need to develop consumer-centric solutions.

Around 68 percent of British consumers between the ages of 18-34 believe EVs are the only cars that should be sold after 2035, while people in the 35-54 and 55+ categories, support the transition at 55 percent and 51 percent respectively\textsuperscript{xiii}. As of September 2019, two thirds of Brits were said to be ‘uncomfortable,’ with the idea of travelling in an autonomous car, the same level as in 2017\textsuperscript{xiv}. This may rise rather than fall in 2020 and the aftermath of the pandemic, with 62 percent planning to steer clear of trains and buses in the wake of the coronavirus crisis\textsuperscript{xv}.

Lastly, as with most other industries, the lockdown driven uptake of digital options will have a significant impact on the industry. A reasonable expectation might be for digital purchasing to extend unto larger purchases, such as automobiles.
Opportunities and **challenges** for the CEO

- **M&A:** More distressed assets, inside and external to the industry, could result in purchasing opportunities for those looking to consolidate supply chain vulnerabilities or acquire new CX related capabilities.
- **New interests:** Far beyond automakers and transit, numerous industries from entertainment and insurance and energy to healthcare have stakes in the future of the industry.
- **Collaboration:** There is a need for a wide range of industry stakeholders to understand, and plan for, the complex set of issues facing the industry. **Collaboration is essential.**
- **Shared future?** In what is both an opportunity and a threat, COVID is likely to impart a significant effect on current and embryonic shared mobility business models for both incumbents and startups.
- **Endurance:** A full demand recovery may take years. The stress on the ecosystem may result in a rise of corporate bankruptcies.

What does consumer-centrism look like in Auto in the post-normal?

- **Addressing key questions:** ‘Should leaders look to manage mobility to maximise individual consumers’ freedom, flexibility, and diversity of choice, or should individual behaviours and outcomes be actively shaped to benefit the overall network? ’
- **Safety first:** Increased emphasis on vehicle sanitation in cars or other transport forms will prompt the research into and use of, new self-cleaning materials, HVAC systems and even certification programmes.
- **New models:** Consumers are tending towards long-term leasing, subscription, and rent-to-own models, as economic circumstances lead to a pull back from major purchases.
- **Build around the consumer:** New consumer preferences, new use cases, and new business models are likely to emerge.
Aviation

The changing consumer

As of July 2020, the Airport Operators Association noted that passenger traffic is down 98-99 percent on this time in 2019. The net present value loss expected over a 10 year period, as a percentage of annual EBITDA (for one year), is forecast to equal 66.8 percent in commercial aviation. What would it take to get passengers back, once the ability to travel as before is restored, or something close to it? What does consumer centrism look like for aviation?

In one survey, four out of five UK respondents identified airport health and cleaning practices as ‘significant’ in their decision to fly, but a higher amount - 83 percent - cited ‘attractive prices.’ Indeed, some 85 percent suggest they intend to travel abroad in the next twelve months, even if some 42 percent of this group suggest they only intend to travel by air once – a significant reduction of pre-COVID norms. This is most likely tied to ongoing health related anxiety and the prospects of financial damage across most socio-economic groups. Environmental concerns are also worth considering. A 2020 study of European consumers found that 62 percent advocated banning short-haul flights for the sake of the environment. 34 percent of UK holidaymakers, meanwhile, admit to feeling ashamed when they fly to destinations that can be reached via more sustainable transport methods such as trains.

Overcoming this relative demand deficit will likely take organisational and business model innovation. PwC suggests that new models ‘...that could boost revenues, lower costs, improve efficiencies, and enhance the customer experience’ should be explored. In fact, ‘...even after accounting for profit-sharing, joint sales channels could boost airport commercial sales by 10 to 20 percent, while airlines could increase their commercial sales by more than 50 percent.’ What do consumer expectations look like in this regard? 44 percent of passengers would be interested in booking holiday excursions or activities while on board a flight. The effort to improve CX should not stop there. 45 percent of flyers believe virtual reality headsets could improve in-flight entertainment programmes and the viewing of excursions etc. There is also room to customise passenger experiences using technology for the 50 percent of British 25-34s who would prefer not to engage in conversation with airline staff during the flight. In addition, we should expect market and route changes as certain destinations prosper in the new normal and some older, more established markets either flatline or contract in popularity.
Opportunities and challenges for the CEO

- **New offers**: CX oriented, but also mashup models and ownership structures.
- **Electric aircraft**: Norwegian authorities are aiming to debut electric aircraft by 2030\(^{xxvi}\).
- **New partnerships**: Digitised aviation ecosystems.
- **Systemic risk**: Risk is becoming more systemic and complex. Aviation stakeholders may need to embrace ‘...a broader strategy of enterprise-risk management across their organisation\(^{xxvii}\).’
- **Climate change**: Preparing for climate-change, sustainability and business model diversification.

What does consumer-centrism look like in Aviation in the post-normal?

- **New models**: In China, airlines have introduced an 'all you can fly' deal to stimulate demand\(^{xxviii}\). Similar deals may appear in western markets.
- **New governance**: Consumer behaviour will almost certainly shift, while there is an opportunity to revisit some foundations of the industry that remain little changed since the end of the Second World War. Were the Chicago Convention to be revisited, cross-border ownership of airlines could be reexamined, truly global airlines could in turn emerge that better match consumer demand.
- **Individualised experience**: Chance to customise consumers in-person communication preferences.
- **In-flight tech**: Various technologies can help provide superior entertainment and boost value chain spend with links to the destination.
Banking and Financial Services

The changing consumer

While 56 percent of UK consumers used online banking before COVID, this has now risen to 79 percent. The old adage that short-term changes can become long-term trends is seemingly borne out by the 69 percent who say they’ll continue to bank online in the future. This 23 percent rise in online banking will lead to a shift in expectations of what digital can do, what it can become and ultimately, how it delivers better value.

However, stats show that the extent of digital transformation thus far is insufficiently consumer-centric. 20 percent of consumers report frustration with not being able to do what they want online, and 40 percent of UK consumers would like their bank to invest in a better online experience, especially for cohorts in the 25 to 34 and 35 to 44 age groups.

Consequently, the threat posed by digital-only banks now seems enhanced. One in four under 37s are using digital-only challenger banks and 61 percent of UK bank account customers are thinking about opening an account with a new provider in the next three years, more so among Millennials and Gen Z. What is meant by digital is far from static, however, with apps fast becoming table stakes in a field likely to soon feature augmented reality, IoT, and ambient embedded finance. Given the acceleration of societal tech adoption thanks to COVID, consumer expectations will rise in-line with new possibilities. The digital aspect is but one consumer issue to consider, and it should not be done so in isolation. Instead ‘digital’ should be seen as a tool used as part of addressing consumers’ and communities’ real time needs at a time of unprecedented economic, health and personal crises.
Opportunities and challenges for the CEO

- **Demonstrate value and spirit**: In the short term, risk leaders need to take emergency action to ensure continuity and compassion in customer assistance.
- **Help solve real customer issues**: Actions taken in this period are likely to inform customer – and public – perception in the long-term.
- **Develop community stickiness**: The banking industry occupies an almost unique position among private sector entities to play a driving role in restoring communities ravaged by COVID-19.
- **Create value with digital, not just me-too**: Digital is now table-stakes and using it to deliver on the triple bottom line will take careful consideration.
- **Regaining trust** among younger cohorts. Digital alone cannot do this; a greater look at corporate practice, community involvement and ethics is also needed.

What does consumer-centrism look like in FS in the post-normal?

- **Personalised**: Banks and other FS providers should consider creating a recovery team that customises efforts to help customers meet obligations, and extend aspects of debt relief where plausible. Such short term solutions could evolve into a more integrated and personalised ‘partnership,’ in the long term.
- **Replacing segmentation**: In many markets, the economic crisis is likely to render segment-specific segmentations obsolete. This could extend unto risk segmentations and underlying methodologies, requiring a whole new basis – not to mention use of machine learning and so on - from which to engage customers.
- **Local**: Consumers are increasingly locally minded, from the food they buy to volunteering. Community action that goes above raising money for local causes is likely to form a key part of banks’ future relationship with individual customers.
- **Ambient**: The range of technologies the pandemic has propelled into the mainstream range from the smart home to IoT linked wearables, suggesting finance could become an ambient and embedded service quicker than was previously envisaged.
- **Beyond finance**: Banks and FS providers have the opportunity, given the range of consumer data they have access to, to ‘do more.’ The potential is there for adding value by interrogating spending and finding ways of saving money. There is money in consumers’ data – giving this back to them is a key step.
Consumer Tech

The changing consumer

The COVID-19 crisis has pushed the world five to ten years into the digital future. Horizon 2, and some Horizon 3 technologies will become Horizon 1 technologies. For groceries, education, banking, security, media, healthcare and even the home-environment, the heightened use of consumer tech is evident. 20 percent of consumers are investing in home automation systems as a result of the pandemic. Systems encompassing voice technology – and other contactless (zero UI) interfaces - will likely become increasingly popular among consumers.

69 percent point to a propensity to try voice search and virtual reality, 63 percent geolocation services and 60 percent social shopping. Such consumer solutions join with a range of other technologies. Around 75 percent of consumers expect retailers to offer an augmented reality (AR) experience, which will fast expand into other sectors. For example, 60 percent of UK consumers believe that experientialism – where holograms, VR or AR are used – will become the future of events. In total, consumer demand is likely to help fuel the AR market to $1 trillion by 2030. The broader consumer tech spend is forecast to reach $2 trillion as soon as 2023, with smart home devices and on-demand services prominent.

Increasingly, consumers are expecting their tech to do more, with 56 percent of global consumers saying they expect telecom service providers to anticipate their needs even before they know themselves. AI is central to such efforts, with consumers ‘expecting interactions with brands to be on their terms and full of personalised experiences.’

Automated algorithms will compel brands to compete against each other electronically, but even within this space, such systems could completely block out brands that don’t meet the individual consumers’ ‘search’ and filtering criteria. This could be along a range of existing and emerging inputs, from environmental impact to social sustainability – all of which could be ranked and increasingly automated in real-time. Engaging the consumer will become a problem once automated systems are employed by both consumers and businesses. Algorithms will increasingly be making the offers and deciding if they are beneficial for (or even seen by) individual users too.
Opportunities and *challenges* for the CEO

- **Doing different things**: Consumer tech will propel new working, health, entertainment and shopping practices that will probably become permanent fixtures, to various degree, in the next normal.
- **Reimagining**: Companies with the technology and imagination to design great consumer tech mediated experiences in the home — or in third spaces — will have a huge advantage, at least in the near term.
- **New executive leadership**: For many organisations, an infusion of digital talent into high c-suite positions is a must. Business models predicated on an emerging suite of technology will require new approaches.
- **Workforces**: Creating digital and CX focused workforces.
- **Agility**: Develop the agility to switch between technologies, platforms and ecosystems as needed.

What does consumer-centrism look like in Consumer Tech in the post-normal?

- **Tech central**: Consumer use of technology is no longer an addendum to strategy; it must be aligned strategically with organisational and market change.
- **Anywhere. Anytime**: A wider range of services will be predictive, geo-located and personalised.
- **Omnichannel becomes ‘ambient’**: The range of technologies folded under the omnichannel tag will expand, potentially exponentially as biotech and machine learning define the post-digital era.
- **Zero UI**: The user interface, especially in public places, will likely diminish in line with consumer demands and concerns.
- **Personal assistant**: We are likely to see an enhanced version of existing virtual assistants, able to interrogate a wider range of web-based information, deals and so on while also becoming key adjuncts of our professional experiences.
Groceries

The changing consumer

Pre-COVID, the online grocery market stood at 8 percent of the total market, while that figure is likely to reach around 15 percent as a direct result of COVID\textsuperscript{xii}. Consumers in the UK, Italy, and Japan intend to increase their share of online grocery shopping, driving a market that could reach $975bn by 2027 (annual growth rate of 22.7 percent per year\textsuperscript{xiii}) Furthermore, 38 percent of Brits\textsuperscript{xiii} are cooking more meals from scratch since the government imposed lockdown while 66 percent of consumers intend to cook more from scratch in the future\textsuperscript{xiii}. 78 percent of Brits believe that cooking food and sharing meals brings people together, no matter what’s going on in the world\textsuperscript{xiv}.

The pandemic could also accelerate other emergent trends. Perhaps most visibly, 'Just Walk Out' shopping and other smart checkout tech pioneered by the likes of AmazonGo that minimise queuing could create a $45 billion market by 2023\textsuperscript{xv}, while 40 percent of consumers would buy a brand they’d never heard of if it was recommended by Siri, Alexa et al\textsuperscript{xvi}. What consumers buy is also changing. The concepts of nutraceuticals and a personalised diet hold significant growth potential. Globally, around 70 percent of consumers are actively making dietary choices to help prevent conditions such as obesity, diabetes and high cholesterol\textsuperscript{xvi}. By 2025 nutrition is likely to incorporate more into how customers manage their health. Exploring such areas is critical since the net present value loss expected over a 10 year period, as a percentage of annual EBITDA (for one year), is forecast to equal 30 percent in food and beverages\textsuperscript{xvii}.

The health of the planet will also remain prominent. 75 percent of UK shoppers want supermarkets to only stock food from sustainable and ethical sources. Adding even more pressure for retailers already on the frontline of heightened consumer demands, 72 percent of UK shoppers also expect their supermarket, shop or restaurant to know the precise ingredients of all food products sold despite complex supply chains that may span several countries of origin\textsuperscript{xvii}. New technologies able to verify this, on-demand, will be called on to ascertain that produce is indeed local, and provide wider transparency in the food supply chain\textsuperscript{1}.
Opportunities and challenges for the CEO

- **Keep it fresh**: For 54 percent of British consumers, the most important reason for choosing a supermarket is the quality of its fresh food: meat, fish, fruit, vegetables, bakery, cheese, and ready meals. 73 percent of British consumers return regularly to the store they consider best for fresh products, and 43 percent are willing to change store if they are not satisfied with the fresh products.

- **Help me get healthy**: In England, obesity in adults is anticipated to increase from 29 percent (NHS, 2019) to 40 percent by 2025, if current lifestyle and food production/consumption patterns persist. Biofortification as a method is predicted to become widespread by 2025, at a time when nutrition could be a recognised tool used to proactively prevent chronic diseases.

- **Home is where work is**: By 2022, up to 30 percent of workers could be working from home multiple days per week, shifting food spend to grocery stores and food delivery services.

- **From workaround to habit**: While some habits – from ecommerce, other digital and contactless services - are seen as work-arounds to the crisis, many at-home solutions to regular activities will likely be adopted for the long-term.

- **Fresh vs convenient**: 38 percent of consumers have already tried online shopping with home delivery for fresh groceries. However, 55 percent say either that they wouldn’t buy fresh food online again or they are not interested in doing so because they want to see, smell, and touch fresh products before buying them.

What does consumer-centrism look like in Groceries in the post-normal?

- **Tell me a story**: 56 percent of global consumers say that stories around a brand influence their purchase decision. 90 percent of millennials profess a desire to buy from a brand whose social and environmental practices they trust.

- **Personalised nutrition**: Could be the next plant-based meat, worth $64 billion by 2040, says UBS. In an embryonic form, it is likely to appear before 2025 however. The future of food might be very different than we have now with meat and seafood produced in labs or even by 3D printers and nutritionally optimised for every individual. By 2025, the personalised nutrition market could reach $11.5 billion.

- **Quicker than real-time**: 'Background shopping will be so convenient, sophisticated and attuned to our lives that we’ll barely have to think about it. Products and services will arrive almost as soon as we know we need them and maybe even before,' notes SAP.

- **Eco friendly**: The global eco-friendly food packaging market is estimated to be valued at $174.7 billion in 2020 and is projected to reach $249 billion by 2025. Factors such as the increasing demand for convenience foods and increasing awareness about sustainability are pushing it.

- **New formats**: 'Crisp, an app-only grocery service based in the Netherlands, has positioned itself as enabling healthy living. It focuses on quality products by sourcing directly from producers and offering recipes and suggestions online to go beyond just product delivery.'
Healthcare

The changing consumer

Even though the prioritisation of health and wellness during the pandemic is understandably acute, this emphasis will likely last for many consumers. In the UK, 6 in 10 suggest they will still want the government to pursue health and wellbeing ahead of growth after the pandemic has subsided\(^{lxiv}\).

COVID is not the only driver of consumer health trends that will manifest itself in the new normal, even as 79 percent of consumers expect the pandemic to sharpen societal awareness of health issues\(^{lxv}\). 69 percent of global consumers already report an increased focus on mental health and well-being\(^{lxvi}\). This could help reframe what is often perceived as one of society’s biggest social challenge into an economic opportunity. In the UK, the number of over-60s is forecast to comprise around a quarter of the population by 2040, leading to the invention of many new products and services\(^{lxvii}\). This logic should underpin all sectors, but perhaps most evidently, healthcare itself.

During the initial outbreak, China moved at pace to shift half of all medical care online\(^{lxviii}\). Telemedicine was already reaching a turning point in Asia-Pacific. COVID has prompted the number of new users on Ping An Good Doctor, a Chinese healthcare services platform, to rise nearly 900 percent in January 2020, compared with a year prior\(^{lxix}\). Big tech is likely to feature in this emerging ecosystem - Apple’s healthcare plans now extends beyond adding features to AppleWatch, as it researches photomedicine techniques for use in ophthalmology and surgery\(^{lxx}\).

The broad decentralisation of healthcare and the concurrent shift of it into a more consumer-driven sector is not just tech driven. In a survey of 2,000 people managing chronic conditions, 88 percent say a ‘specialized remote health monitoring device’ would help them manage their health at home, and about 75 percent said they’d use such a device were it given to them by their doctor\(^{lxxi}\).
Opportunities and *challenges* for the CEO

- **Ageing**: Represents a significant market opportunity that cuts across multiple sectors, but requires reimagining propositions.
- **Platforms and ecosystems**: Provide new opportunities for partnerships and collaborations, not least with consumers themselves.
- **Leading by example**: Developing new approaches to the ‘health consumers’ closest to any business – their own employees.
- **Help me get healthy**: In England, obesity in adults is anticipated to increase from 29 percent (NHS, 2019) to 40 percent by 2025, if current lifestyle and food production/consumption patterns persist
- **Data privacy and guardianship**: These become key issues, as does cybersecurity.

What does consumer-centrism look like in Healthcare in the post-normal?

- **Data-driven**: Healthcare becomes a consumer driven and managed sector.
- **From patients to partners**: Access to consumer data will require a two-way relationship.
- **Decentralised**: The healthcare ecosystem decentralises, with the home becoming a key location.
- **Ambient health**: Every business has the potential to become a health business in the post-normal – or at least form part of its ecosystem, with appreciation of mental health factors especially prominent.
- **DIY**: Diagnostics and treatments become increasingly personalised.
Higher education

The changing consumer

There is little argument that COVID-19 represents a one-off shock to the education system that compels things to be done differently. Geopolitics, value-for-money, and a rapidly shifting economic backdrop all feature as reasons why but shifting consumer needs are paramount. The shift online has been accelerated but is not yet sufficient in depth and breadth to meet consumer demand. Fewer students in June (42 percent) were satisfied with the online learning that has replaced face-to-face teaching than in March (49 percent).\textsuperscript{lxxii}

Education is perhaps one of the few industries where consumer behaviour in one country can so readily impact consumer behaviour in another. For instance, the structural over-reliance on international students in the UK, predicted to decrease 47 percent in enrolment, could cost the sector £1.5 billion.\textsuperscript{lxxiii} This is not just from the dominant Chinese consumer; some 84 percent of prospective EU students – some 120,000 say they will ‘definitely not’ study in the UK if their tuition fees will indeed be doubled.\textsuperscript{lxxiv} Such a loss may impact price points for UK students.

58 percent of consumers say they have been doing more learning due to COVID, while 12 percent say they have been doing less.\textsuperscript{lxxv} Indeed, even before the COVID crisis hit, some 98 percent of educators anticipated the rise of self-paced curriculums.\textsuperscript{lxxvi} If this happens, learning,’ states WEF, ‘...could become a habit that is integrated into daily routines - a true lifestyle.’\textsuperscript{lxxvii}

This shift could enable a wider range of education consumers; only 41 percent of workers recognise they have the skills needed to thrive professionally for five or more years.\textsuperscript{lxxvii} As consumers need to reskill more often, education ceases being a ‘life-stage,’ altering its very composition, length and student base.
Opportunities and challenges for the CEO

- **Short term priorities**: 75 percent of students expect increased hygiene; 71 percent expected some learning online and 71 percent expected social distancing measures\textsuperscript{1xxix}.
- **Broaden the consumer base**: Look into new markets, new services and new partnerships.
- **Ensure a complete digital transformation that goes beyond online**: Online is only the first step in reimagining educational delivery; investigating new technologies is a must.
- **Ensuring short term viability** given rapidly reconfiguring markets.
- **Create niches** in a globalising marketplace.

What does consumer-centrism look like in Higher Ed in the post-normal?

- **B2B models**: 'Universities must bet on micro-sized, modular content, instead of content that comes in big packets.' Digital plus COVID nudges universities towards a B2B model\textsuperscript{lxxx}.
- **New customers**: The whole notion of consumer-centrism is rewritten if organisations open-up B2B models, partnerships and networks. Higher education could become a key part of daily life for a much wider range of adults.
- **Personalised content**: Whether for traditional B2C markets, or emerging B2B markets, customisation will be central to value prospects.
- **Flexibility**: 30 percent of current prospective students, globally, are prepared to modify their pre-COVID education plans\textsuperscript{lxxi}. Higher education organisations must adapt to these needs and wants and present value-adding propositions.
- **Tech-driven**: Whether on campus or online, new technologies that allow for different learning pedagogies and styles are key, from mixed reality and machine learning generated courses to holograms.
Insurance

The changing consumer

Demand is rapidly changing. In the United States, over 20 percent of consumers have purchased event or single-item insurance, indicating interest in pay-as-you-need insurance products. Nearly 50 percent of millennials and Gen Z express a desire for personalised pricing that could help replace ‘one size fits all’ products. It is this desire for personalisation among consumers, and not technology per se, that requires the industry to do new things, not just do things differently.

Some 89 percent of insurers expect that, within five years, personalised insurance will be expected as a standard practice. This more consumer-centric approach may help overcome one troubling trend, with only 16 percent of millennials deeming insurance as necessary. Pay-as-you-go policies are set to ‘transform the insurance industry as data enables a technological revolution.’

As consumers become more digital, market demands will shift. The forecast decrease in demand for auto policies in the event of widespread autonomous vehicles has been well covered, but other sectors are emerging. More than half of people have suggested they would be interested in purchasing personal cyberinsurance to protect themselves from the impact of fraud, data loss or identity theft. The personal cyber cover market could be worth $3 billion by 2025.

The blurred lines between personal and business lines use will also feature. Consumers are interested in a simple endpoint, not the complexities of processing or insurance industry structures. From the consumer perspective, the result of the product is key, not the details. Furthermore, since 40 percent of consumers would buy a brand they’d never heard of if it was recommended by Siri or Alexa, the use of new channels, including personal bots and virtual assistants, could become key conduits of consumer change that insurers need to adapt to. This includes the use of product aggregators.
Opportunities and challenges for the CEO

- **Build networks**: For insurers, ‘tapping into an ecosystem offers the opportunity to embed their insurance products into seamless customer journeys’.
- **Develop trust**: Build your reputation for trustworthiness and ESG now. Your responses during this crisis will likely shape your image for decades.
- **Create digitally conversant, consumer focused workforces.**
- **Develop new propositions**: The IoT, blockchain, cyber and other technologies allow new ways of doing things, and consumer-centric new services and products that ultimately change what it is the industry does. *However, moving from compensation to prevention is a huge cultural, technological and mental process.*
- **Change at pace**: Building digital infrastructures and cultures that service customers first and foremost.

What does consumer-centrism look like in Insurance in the post-normal?

- **Cultural shifts**: The U.S and Eurozone’s economies could take until 2023 to fully recover from the impact of the COVID-19 crisis, while the industries hardest hit by COVID-19, including insurance, may see a slower recovery. Customer-centrism is no longer optional.
- **Personalisation**: This will require greater levels of trust, real-time data analytics ability and an organisation structure able to respond in real-time, all of which further evolve the role of insurance towards being protectors. This goal will take a new commitment to digital transformation not just for the acute phase of the crisis, but the period afterwards.
- **Help your customers**: Look for coming changes in how big tech treats consumer data. Pre-empt future demands for insurers to share data and consider how to help customers own/benefit from their data.
- **Outside-in organisation**: Build customer-centric propositions that go beyond silos and verticals.
- **Ecosystem involvement**: Appropriately, some 80 percent of incumbents are involved with at least one partnership ecosystem while 86 percent agree that ‘being easy to partner with from a technological perspective should now be a critical aspect of every insurer’s strategy.’
Leisure and Entertainment

The changing consumer

Many people are likely to remain deeply cautious about returning to activities that involve close human proximity, especially if a second wave emerges or else cases flare. This period has been dubbed as ‘the great reluctance’. Perhaps more concerning, although the phrase used is somewhat ambiguous, is the finding that just 6 percent of UK public ‘want a return to pre-pandemic economy.’ The question remains whether we will we look back at the pandemic as an isolated period of upheaval, or a moment of cultural transformation?

83 percent of British consumers suggest they would like to be more creative in post pandemic life, with 82 percent expressing a desire for a fuller life. Habits formed now may stick. To this end, 10 million UK adults (19 percent of total) have been using their spare time to volunteer in their community during the coronavirus crisis. 78 percent of those volunteering say they will carry on after the lockdown ends.

32 percent of Brits expect to spend more on having meals out than they did before lockdown, while 15 percent believe they will spend less. 58 percent of consumers state that they will want new food and beverage products immediately after the COVID-19 crisis. Against this backdrop is a forecast closure for 22 percent of all hospitality outlets closing by the end of 2020.

Likewise, while 82 percent profess a COVID inspired wish to become healthier, half of all public leisure facilities in the UK could close by the end of the year without more government support. 44 percent of consumers plan to return to cinemas, live music concerts, sports events, and the theatre as soon as possible. Stats from the Independent Theatre Council and the Music Venue Trust reveal how hard hit the entertainment industry is however - with 97.5 percent of venues and companies surveyed saying they were facing permanent closure due to the pandemic.
Opportunities and *challenges* for the CEO

- **Locally rooted**: 81 percent suggest they’d like to work on strengthening their relationships, while 79 percent wish to connect with their community more\(^\text{civ}\).
- **Renewed F2F**? Vivendi’s Maria Garrido predicts that digital natives, and Gen Z consumers, will be ‘hungry’ for more live, face-to-face interaction post lockdown\(^\text{cv}\).
- **Provide alternatives**: 62 percent want to radically change their life after lockdown ends\(^\text{cv}\).
- **Disposable income risk**: Around 7.6 million British jobs are at risk - a term encompassing permanent layoffs, temporary furloughs, and reductions in hours and pay\(^\text{cvi}\).
- **Short term survival**: Ensuring short term survival often delays implementing long-term plans. Developing resiliency is critical for L&E concerns.

What does consumer-centrism look like in L&E in the post-normal?

- **Safety first**: Actions designed to ensure safety for participants will likely become a given.
- **Co-creation**: Customer participation in aspects of the experience.
- **Space for relationships**: COVID-19 may change the meaning of normalcy but the basic human desire for connections and relationships will remain.
- **Digital**: Digital augmentation of physical experiences, to the point where the two are almost converge is likely in some sectors of entertainment, perhaps most notably sports or live music.
- **The new value**\(^\text{cviii}\): The new normal consumer wants to feel less anxious and are more mindful of their spending, reflecting on what is essential and what is frivolous.
Media

The changing consumer

In 2018 UK millennials were spending 8.5 hours consuming content across all their devices, with Generation Z spending 10.6 hours. The national average was somewhat lower but a still significant 6.9 hours. In 2020, total average media time is forecast to top 10 hours 33 minutes per day by the end of the year, with the additional 26 minutes a day over the previous forecast ostensibly prompted by the pandemic.

Digital is a dynamic environment, however. When asked how they would prefer to consume content in the next five years, 79 percent consumers suggested they’d like to engage with content via a home entertainment streaming device, 63 percent via a personal (voice) assistant, and 51 percent through connected home devices.

These technologies, and perhaps especially augmented and virtual realities could introduce a more immersive, or spatial, form of media, which has been cited among other things as the potential future of reporting. In the more immediate time period, significant consumer change will still occur. In China and the US, upward of 60 percent of consumers who tried a new behaviour plan to stick with it post-crisis.

This ‘sticky’ behaviour could go two ways when it comes to trust. 70 percent of UK consumers claim they don’t trust much of the content they encounter on social media platforms. Perhaps for good reason, since a majority of people who do not believe there is hard evidence for COVID-19 cite Facebook as their key information source. Furthermore, 58 percent of UK ‘connected’ consumers indicate a concern that more tailored content could compromise their privacy while only 43 percent suggest they prefer to see personalised ads. This lack of trust is a major issue, since ‘advertising without trust is just noise.’ Private micro-networks could thus be the future of how we connect, with huge ramifications for brands.

The degree to which consumer demand broadens what it is that media ‘does’ could also be set for significant change. The wave of mental health issues confronting pandemic ravaged societies, coupled with ongoing needs for physical distancing could lead to an acceleration of alternative therapies. The United States’ FDA has just approved the first prescription video game for kids with ADHD. Once regulatory barriers are removed or lessened, consumer demand could propel a new era of media based therapies, involving VR, AR, video games, immersive environments and machine learning.
Opportunities and challenges for the CEO

- **New models**: For connecting people-to-people, for consuming a wider array of media, verifying truths, highlighting disinformation etc. will all likely appear before 2030.
- **New tech**: Use new technologies to rewrite the media and entertainment industries.
- **Overcoming**: Disinformation.
- **Rebuilding trust**: A Sky News poll revealed that 72 percent of the public does not trust newspapers with regards to the coronavirus, and 64 percent do not trust TV journalists\textsuperscript{cxxx}.
- **Legacy mindsets in incumbent organisations**.

What does consumer-centrism look like in Media in the post-normal?

- **Hybridisation** of sports coverage for viewers will see physical events complemented with digital offerings\textsuperscript{cxxi} and perhaps even change the in-stadium experience.
- **Immersive**: experiencing journalism, sports and other media at close quarters, even when distanced.
- **A wider omnichannel**: To include voice, smart home devices and more.
- **Straddling a narrow line**: Personalising content but retaining trust and carefully dealing with personalised ads.
- **Beyond ad-based models**: Room for developing new models that better cater to consumer taste is growing.
Retail

The changing consumer

The COVID-19 pandemic will redefine retail and consumption for the next decade. Yih-Choung Teh, Ofcom’s director of strategy and research, suggests that ‘...lockdown may leave a lasting digital legacy. Coronavirus has radically changed the way we live, work and communicate online, with millions of people using online services for the first time.’ Nearly half of UK consumers report discovering at least one new form of online shopping, such as a new brand app or website, during the lockdown. Overall an estimated 17.2 million consumers in the UK, nearly a quarter of the entire population, is forecast to permanently change the way they shop, with redirection of spending online prominent.

But what will that consumer spend constitute? Will it rebound and when? Economist and CEOforesight co-founder Graeme Leach attaches a probability of 10 percent to the Super V scenario, 25 percent to the V scenario, 15 percent to the W economic scenario and 10 percent chance to the L scenario. There is thus a 75 percent chance that worst case scenarios are avoided. Regardless of outcome, but perhaps especially under those scenarios that exacerbate online spend, a cashless society is on the horizon. The current rate of decline in cash use in the UK means physical money could end as soon as 2026.

One consumer trend running counter to the online shift is the preference for localism. 69 percent of UK consumers want to see their retail environments reflecting the local community. 62 percent of consumers also want companies to take a stand on issues like sustainability, transparency, and fair employment practices. In what feels like an impossible ‘to-do’ list for retailers, their own strategy and approach with regards to consumers needs to shift. 62 percent of consumers want to radically change their life post-pandemic, with 79 percent wanting to lead a simpler life. Somewhat counterintuitively this may mean more tech in more areas -- such as the IoT and machine learning allowing more automation of routine commerce, or personalised recommendation bots that reduce the time needed to look for goods and services.
Opportunities and challenges for the CEO

- **Experiences**: 75 percent expect more than half of all retail space to be given over to experiences by 2027\textsuperscript{cxxix}. A similar number of consumers expect retailers to offer an AR experience. The more retailers experiment with the technology, the sooner AR will become an integral part of the offline shopping experience\textsuperscript{cxxx}.

- **Female purchasing power**: More than 60 percent of the UK’s wealth is expected to be in female hands by 2025\textsuperscript{cxxxii}.

- **Prepare for automated commerce**: Bot led shopping will lead to a shift in marketing spend and direction.

- **Localism**: Localised, contained ecosystems could be in high demand.

- **Fluidity**: *There is no single change or direction. New segmentation models will be needed.*

What does consumer-centrism look like in Retail in the post-normal?

- **Co-creation**: People want to feel more connected with each other and able to influence the brand in many ways.

- **The new value\textsuperscript{cxxxii}**: The new normal consumer wants to feel less anxious and is more mindful of their spending, reflecting on what is essential and what is frivolous.

- **As you like it**: Payments types, an expanding omnichannel and tech interface will all need customising as the suite of technologies expands.

- **Changing habits**: Consumer habits will be lost, and others will be gained, for example Lazada Singapore’s CMO believes that the future of e-commerce is in combining livestreaming and entertainment.

- **Data-driven**: 52 percent of UK shoppers are happy to share their consumer data with retailers if they can save money, suggesting closer relationships are not only possible, but sought\textsuperscript{cxxxiii}. 
Travel and Tourism

The changing consumer

The structural damage to the industry dealt by the pandemic is as clear as it is severe. However, the consumer trends driving the future environment are far more nuanced and complex. While recovery of international travel to pre-crisis level could be pushed back to 2023\textsuperscript{cxxxiv}, there are indications that UK travellers display one of the lowest rates of intention to change their travel behaviour. While a significant 37 percent suggest they would be likely to change their choice of destination, this compares to 40 percent in Germany, 56 percent in the US and 77 percent in Italy\textsuperscript{cxxxv}. The latent desire for travel also endures. 73 percent of travellers across all countries report negative feelings as a result of not being able to travel, while 35 percent of consumers say that not travelling now makes them feel sad and/or depressed and 25 percent saying it makes them feel isolated and/or anxious\textsuperscript{cxxxvi}. Analogues, such as virtual tourism have emerged as interesting marketing propositions and in the coming years advances in immersive technology could rewrite what virtual tourism will be able to do.

The bigger question remains as to what tourism will look like in the coming months. Travel pioneers in the post COVID period are likely to be travellers in the 18-35 cohort, suggests Susan Deighan of Glasgow Life. As for types of travel, adventure travel could boom, with camping and hiking potentially more popular\textsuperscript{cxxxvii}. A more entrenched spell of price-sensitivity is likely to endure\textsuperscript{cxxxviii}, while the demand (and need) for more environmental and culturally sensitive tourism will likely rise. The environmental costs associated with industrial tourism were being questioned pre COVID. For example, a 2020 study of EU consumers found 62 percent advocated banning short-haul flights for the sake of the environment\textsuperscript{cxxxix}. Consumer preferences and priorities could significantly impact key points of the current travel industry supply-chain.
Opportunities and *challenges* for the CEO

- **New destinations**: Those places deemed less impacted may benefit from raised demand, with plausible redrawing of markets.
- **Local travel**: Shorter trips, perhaps over weekends, in regional or national locales may prosper.
- **Cultivating relationships**: Virtual tourism and other emerging technologies can enable more personalised travel experiences, potentially as an introduction to real tourism when the time is right.
- **Supply chains safety and sustainability**: Four out of five UK respondents identified airport health and cleaning as ‘significant’ to their decision to fly, but 83 percent cited ‘attractive prices.’
- **Delivering value**: Affordable travel experiences are not usually associated with culturally or environmentally sustainable solutions. New paradigms are needed.

What does consumer-centrism look like in Travel in the post-normal?

- **Payments**: 88 percent say ease of payment is important to their overall travel experience while 66 percent said that the payment experience impacts their choice of travel agent or tour operator\(^\text{ct}1\).
- **Personalisation**: Price sensitivity no longer means mass-tourism.
- **Market shifts**: Host and supplier markets will likely shift, with significant cultural and professional ramifications for industry operators.
- **Flexibility**: Adapting to the new consumer norms that will likely emerge in the post COVID world will mean tourism related interests need to plan for a range of scenarios.
- **Host countries/locations**: There is an opportunity to reimagine the host as the consumer. In this world, aligning tourism with sustainability, health and the needs of the local community becomes central to the industry.
Summary

In the post-normal, three core practices will help guide success: the ability to rewire ways of working, reimagining organisational structure, and readapt talent. Not only does this require a careful consideration of how a range of new technologies are grafted into overall structures and strategies, but what principle these practices are organised around. The ‘consumer’ cannot simply be an adjunct to these changes, or an afterthought. The consumer must be the centre around which greater organisational, technological and business model shifts are structured.

Indeed, if anything can be certain, it is that this the pandemic and its aftermath will compel incumbents to redefine themselves as consumer-centric businesses. The need for resiliency in the face of a number of potentially overlapping challenges will be a driving force behind this. Whether or not the type of this risk assessment provided by Deutsche Bank proves correct, the need to continuously adapt to new consumer and market circumstances should be regarded as part of our new operating environment.

Processes and systems, especially in the intelligent age, must be based around people first. Customers, first and foremost, want problems solved – something that often goes beyond individual business silos or indeed, even an app. New data infrastructures will be required. Real-time, multidirectional data will deliver contextual information and insight, demanding a unified view of the customer and appropriate data flows across the organisation. Regaining consumer trust is a prerequisite in the coming era, that could see consumers treat their data as the asset it is.

As traditional boundaries blur and collapse, the need to focus on higher purpose is pressing. Doing what has always been done, no matter how hitherto successful, will unlikely result in sustainable success. Examining what it is that you provide, at its core, will not only allow new ways of satisfying shifting demand. What does consumer-centricity look like in our industry, what does it mean for how we engage, service and target customers? Other questions that should be asked include;

- Do we have the tech capability to engage with our customer's emerging use?
- How can we use technology to change what it is that we do?
- Where will our customers ‘be’ in the future?
- At what times is it appropriate to engage customers?
- Within a consequence-free space, consider ‘what is it we actually do?’ and ‘where could we play in the future?’

*For an outside-in perspective on where your consumer markets are headed, how to engage with them and use technologies to build superior ways of servicing demand, call us for a personalised outlook and more in-depth analytical foresight, replete with your own branding.*
About the author

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David Smith is recognised as a leading strategic futurist who combines the experience gained from a 35-year IT, marketing and business career with strategic visioning to help organisations better prepare for the future. His career has spanned European and US corporations. He is a much sought-after keynote speaker and is the author of many works on embracing change and the drivers of change. Before establishing Global Futures and Foresight, an independent futures research firm, he created and ran the Unisys internal Think Tank, The Global Future Forum. Prior to this he was head of strategic marketing for their $2bn global financial services business.

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About Global Futures and Foresight

Global Futures and Foresight is a research and consulting firm that helps organisations be better prepared to embrace change, innovate and develop new strategies and solutions and helps clients to avoid the risk of being blindsided by external disruptive change.

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The GFF is a Futures Framework supplier of futures methods and insights to the UK government via the Department for Business, Energy and Industrial Strategy.

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