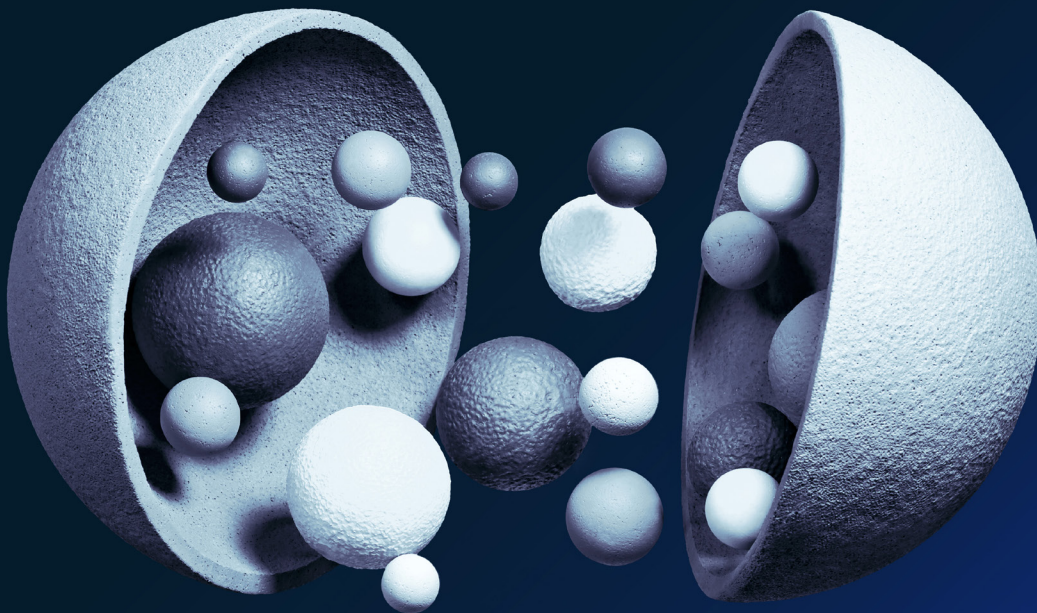


Risk Practice

# COVID-19: Briefing note #69, August 25, 2021

The Delta variant has moved the goalposts.



**Some parts of the world** felt a surge of optimism in the spring, as vaccination rates were climbing and COVID-19 cases dropping. Those regions now face the disappointment of a reversal, thanks to the spread of the Delta variant. Such whiplash is starting to feel like a way of life for people everywhere, as well as for industries including shipping, retail, and healthcare. This week, McKinsey published updated research examining when the pandemic might end and attempted to estimate when some pandemic-related disruptions could return to what we used to call normal.

Among high-income countries, cases caused by the Delta variant reversed the transition toward normalcy first in the United Kingdom, during June and July of 2021, and subsequently in the

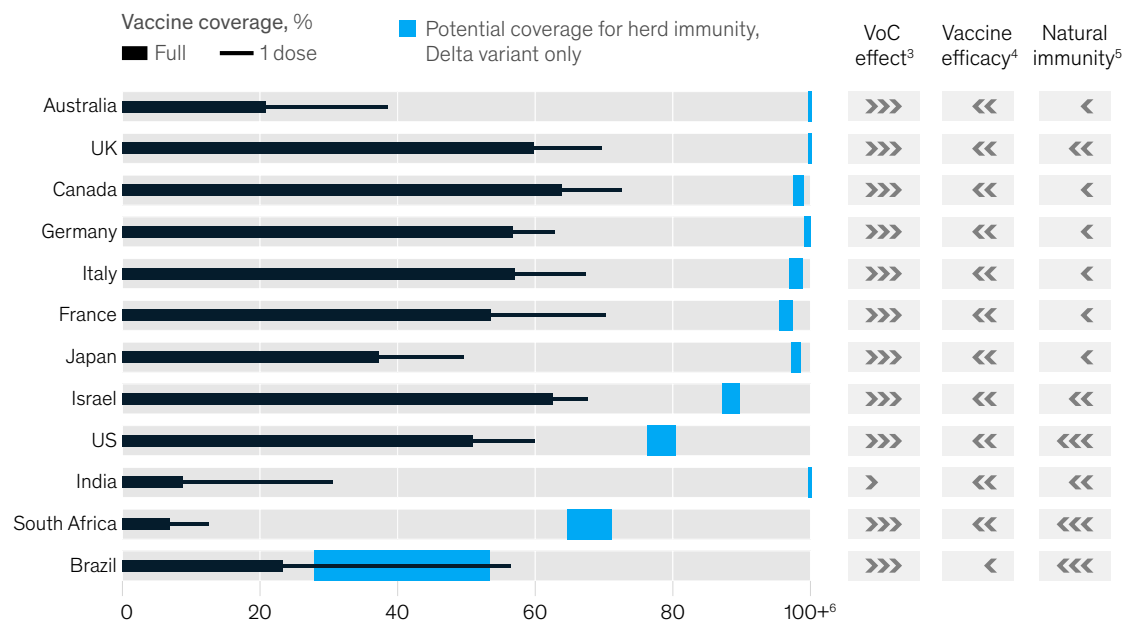
United States and elsewhere. McKinsey's analysis supports the view of others that the Delta variant has effectively moved overall herd immunity out of reach in most countries for the time being (exhibit). The United Kingdom's experience nevertheless suggests that once a country has weathered a wave of Delta-driven cases, it may be able to resume the transition toward normalcy. Beyond that, a more realistic epidemiological endpoint might arrive not when herd immunity is achieved but when COVID-19 can be managed as an endemic disease. The biggest overall risk would likely then be the emergence of a significant new variant.

One of the most economically pervasive pandemic effects is a boom in shipping costs. In a video explaining why container shipping prices have

Exhibit

## Because of the highly transmissible Delta variant, countries may have to reach higher COVID-19-vaccination rates to achieve herd immunity.

**Vaccine coverage<sup>1</sup> and potential level for herd immunity,<sup>2</sup>**  
% of population



<sup>1</sup>Population that has received vaccine, independent of vaccine efficacy.

<sup>2</sup>Key assumptions for simplicity: no additional cases of natural infection occur, natural immunity is close to 100% effective and lasts long enough to reach herd immunity, and no new variants of concern emerge. Herd-immunity threshold calculated as  $1 - (1/R_0)$ . Modeled estimates also assume that each member of a population mixes randomly with all other population members (in reality, people mix mostly with others whose patterns of interaction are similar to their own). Subpopulations with fewer interactions have lower thresholds for herd immunity than do those with more interactions. Potential range required to reach herd immunity based upon range of estimated natural immunity; this is based on available data and actual ranges may be higher or lower. Some individuals who already have natural immunity will also receive vaccinations.

<sup>3</sup>Variant of concern effect, based on reported mix of variants of concern in the past 28 days and published estimates of their increased transmissibility.

<sup>4</sup>Effective population-level vaccine immunity, based on type(s) and volume of vaccines distributed.

<sup>5</sup>Natural immunity estimates based on reported age-stratified deaths and age-stratified infection mortality rates.

<sup>6</sup>Mathematical estimates of potential vaccine-coverage levels for herd immunity may exceed 100%, because vaccines are not 100% effective.

Source: Census data; Centers for Disease Control and Prevention; Moderna; Our World in Data; Outbreak.info; Pfizer; SeroTracker; web searches

surged, McKinsey partners say that sending a container from Asia to Europe or North America cost roughly \$2,000 before the pandemic and \$12,000 or more today. Though demand should remain high in the coming months as retailers prepare for the holiday season, prices should begin to come down by the end of the year.

While many of consumers' pandemic-inspired digital habits are sticking, the acceleration into digital channels now seems to be leveling off in both Europe and the United States. Companies can build on their digital surge by creating strategies based on long-term value, investing aggressively in tech talent, and being smarter about how they work with data.

McKinsey's July survey of 100 large private-sector US hospitals revealed that amid returning patient volumes and continuing COVID-19 hospitalizations, challenges in clinical-support staffing remain high. Eighty-four percent of survey respondents report trouble with turnover and vacancies in their nursing staffs. This may only be the start of greater challenges, as 22 percent of the nursing workforce reported in our Spring 2021 Future of Work in Nursing Survey that they may leave their roles providing direct patient care in the next year.

US consumer spending recovered in the second quarter of 2021, driven by increasing vaccination rates, stimulus payments in March 2021, and the general reopening of the economy. Consumers' pent-up demand and willingness to spend in some discretionary categories caused spending to grow at 20 to 30 percent year over year, reaching 4 to 7 percent above pre-COVID-19 levels.

Here are some of this week's other key findings from our sector research:

- The COVID-19 pandemic has triggered an acceleration of digital-payment adoption in the

Middle East, as it has in other regions. Payments players with the right strategies can capitalize on this revolution in a region that is traditionally heavily dependent on cash.

- Amid increased consolidation, digitization, and specialization in the insurance industry, private equity is investing in specialty-insurance carriers and brokers and benefiting from the long-term capital insurance companies provide.
- Between September and November of 2020 alone, 178,000 women in the United Kingdom lost their jobs. In an interview with McKinsey, Smart Works CEO Kate Stephens said that the UK charity, which provides support to women who are job hunting, saw a corresponding 21 percent rise in the number of women seeking its services, many of which are now offered remotely.

*Our new edition of McKinsey for Kids is designed to help 18-year-olds (or so) explore automation and the future of work (heads-up: there could be robots involved). Our "find your fit" mini quiz suggests a few occupations that a kid might consider. McKinsey's annual reading list is back, with 100-plus book recommendations shared by more than 40 leaders and personalities. Be sure to download McKinsey's 124-page collection Author Talks and read some of our best interviews with authors of recently published books on business and beyond. Finally, check out McKinsey on Books for our monthly business best-seller rankings—prepared exclusively for McKinsey Global Publishing by NPD BookScan—as well as a collection of books by McKinsey authors on the management issues that matter. Next up in books: peruse the long list for the annual Financial Times and McKinsey Business Book of the Year Award (the winner will be announced December 1), and register now for the digital shortlist-announcement event on September 23.*