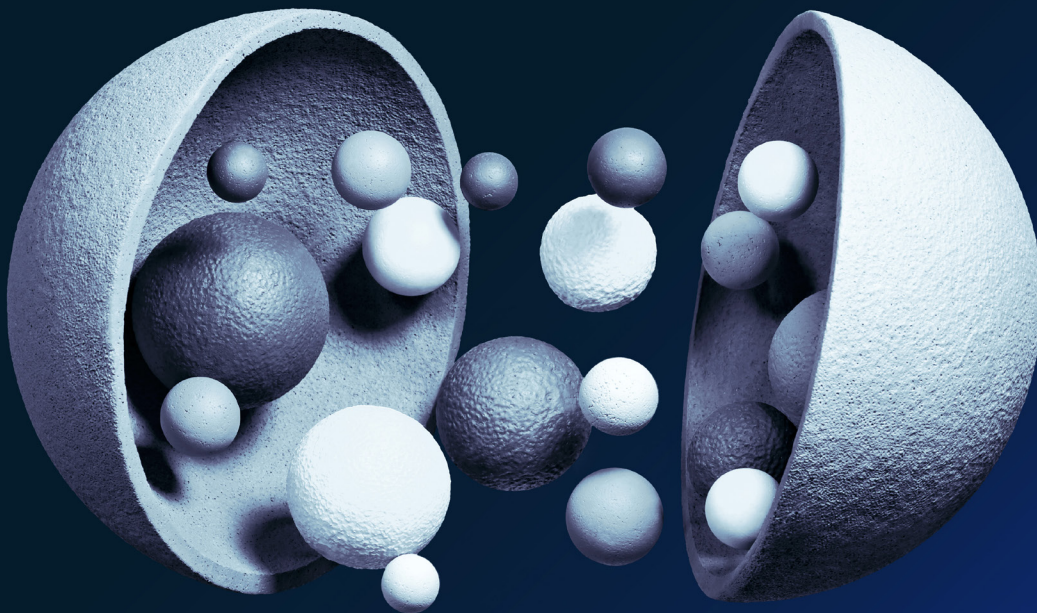


Risk Practice

COVID-19: Briefing note #58, June 9, 2021

Understanding who we have become.



Change accelerates under pressure, as illustrated by the last year and a quarter. This week, McKinsey drilled into numerous changes that have reset the context for companies, employees, and societies. McKinsey experts analyzed changes to consumer profiles in Asia, the consequences of women's exodus from the workforce, and why more than 70 HR leaders believe this is a new era for their profession. Our author interview this week suggests a way of getting a handle on the ever-morphing human landscape: we all need to become anthropologists, skilled in recognizing the cultural patterns around us (see more on our latest *Author Talks* below).

Half of global consumption growth over the next decade will come from Asia, according to research from the McKinsey Global Institute. Falling poverty rates, rising incomes, shrinking household size, aging populations, and more women earning more money are all factors reshaping Asian consumer trends. Those who wish to sell to these consumers need to understand factors including their growing interest in sustainability, Asian brands, and new forms of ownership. Another trend to keep in mind: inequality is growing and was likely exacerbated by the pandemic (exhibit).

HR leaders believe their profession has transformed in the wake of the COVID-19 pandemic. After years of pressure to digitize their roles and move employees into “self serve” solutions, McKinsey's interviews with more than 70 chief HR officers in Europe revealed an impulse to revive human interaction. These leaders believe they must engage personally to bring in and retain strategic talent and improve morale. One reason for the pivot: they learned during the pandemic, when decisions had to be made at lightning speed, that leadership talent is everywhere and just needs the right support to flourish.

Pressure can accelerate change, but sometimes reverses it. That's the sad story behind the 2.3 million US women who left the workforce in the first year of the pandemic. The latest US Bureau of Labor statistics show that recent employment gains dramatically favor men. A political scientist who studies this “shecession” and an HR executive who left her job to oversee her children's online schooling discuss the lost paychecks, stalled careers, and lower lifetime earning that could reverberate for decades to come.

Exhibit

Asia's consumers will be at the forefront of global consumption growth in the next decade.

■ Asia¹ ■ North America ■ Europe ■ Rest of world

Share of global consumption growth from 2020–30², %



Share of households with upper-middle income and above, %³



Share of global B2C and C2C transactions, offline and online in 2025, %



Note: Figures may not sum to 100%, because of rounding.

¹Includes Australia and New Zealand.

²McKinsey's Global Growth Model simulations indicate that 45 to 50 percent of global consumption growth could come from Asia over the next decade. This largely draws on McKinsey's baseline scenario that assumes the pandemic does not materially affect Asia's long-term growth trajectory, consistent with ten-year consensus prepandemic forecasts by, for instance, the Economist Intelligence Unit, the International Monetary Fund, Oxford Economics, and IHS Markit.

³Based on annual income greater than \$22,000 at 2005 purchasing power parity in international dollars.

Source: McKinsey CityScope v4.0; McKinsey Global Payments Map; McKinsey Global Institute analysis

Another thing women lose by leaving the workforce? Purpose. McKinsey organizational experts found that 70 percent of people say they derive their purpose in life through their work. On *The McKinsey Podcast*, partner Naina Dhingra and senior partner Bill Schaninger discuss why companies should serve as conduits for the unique purpose of each of their employees, rather than imposers of a collective purpose. The pandemic has made employees contemplate these questions more than ever, with millennials the most concerned that work provides a sense of meaning.

US healthcare consumers say they gained weight, exercised less, and delayed care throughout the pandemic. Their view of healthcare providers and what they want in the future changed too, according to McKinsey surveys. Healthcare providers should adapt to the post-COVID-19 environment by focusing on the “whole person” and offering incentives to both consumers and providers to research costs and options.

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

- Nordic companies, with their legacies of long-term focus on environmental issues, seem well-positioned to outperform while companies around the world catch up on sustainability. But a McKinsey analysis showed that many Nordic firms trail their global peers. Solutions for Nordic companies to return to growth and scale include making a deal a year, spending more, and setting ambitious productivity-improvement goals.
- Sales of battery-electric vehicles are expected to grow 25 percent annually through 2030. With costs and competition increasing for charge-point operators, growth will come from differentiation of location, charging speed, and partnerships.
- Companies can get the most out of their platform transformations if they decide whether to be orchestrators or providers, design incentives that attract the right participants, and improve technology with cloud infrastructure and a software-as-a-service approach.
- Banks can more efficiently combat money laundering by adopting end-to-end straight-through processing. Automating the “know your customer” process also makes things smoother for customers and less tedious for employees.
- The market for biosimilars is expected to double in size to more than \$30 billion by 2025 and more than \$60 billion by 2030. Biosimilars companies who accelerate development and tailor approaches to each country’s market will be best positioned to take advantage of this growth.

Our Author Talks series features Gillian Tett, the Financial Times markets and finance columnist and US managing editor, on her book Anthro-Vision: A New Way to See in Business and Life. Tett explores how anthropologists get inside the minds of people in order to understand other cultures and how leaders can do the same to appraise their own environments. Our most recent edition of McKinsey for Kids introduces younger audiences to mangrove forests and explains why building a “business case” for mangroves can help protect Bengal tigers and king cobras. For more perspectives, please see the full collection of our coronavirus-related content, visual insights from our “chart of the day,” a curated collection of our first 100 articles relating to the coronavirus, our suite of tools to help leaders respond to the pandemic, and how our editors choose images that help readers visualize the impact of an invisible threat.