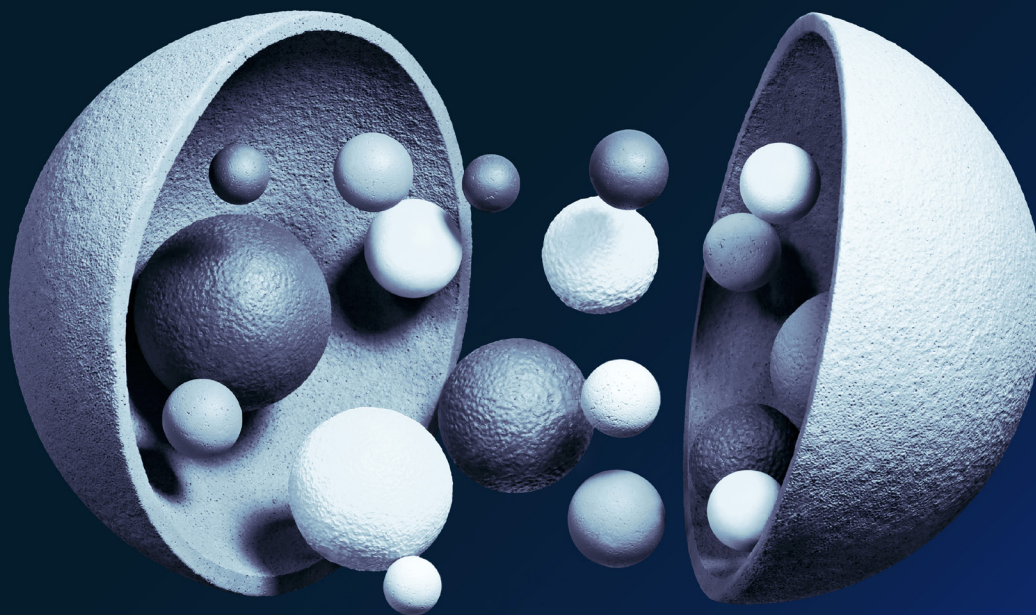


Risk Practice

# COVID-19: Briefing note #56, May 26, 2021

How can we prepare better for next time?



**When a crisis turns into a recovery**, or vice versa, leaders must toggle between managing for the present and the future. This week, McKinsey examined how sectors including health, air travel, consumer retail, and wealth management can plan for the long term even as they cope with the immediate disruptions of the pandemic. The bottom line: modeling, predicting, and planning are all important, but investing with courage is essential.

Five dollars a person. That’s how much McKinsey’s experts project it will cost to prevent another pandemic like COVID-19, which has caused what may become a \$16 trillion global economic disruption (exhibit). By spending a total of \$357 billion over the next decade on preparations including pathogen surveillance, global immunization, and medical supply stockpiles, countries can reduce the likelihood of a repeat.

Other health concerns need preventative action too. Europe can improve the medical conditions that erode roughly 15 percent of its GDP by investing in solutions for mental health, obesity, back pain, diabetes, and smoking, among other problems. The pandemic’s devastating consequences—a half-million lives and 7.5 percent of GDP lost in 2020 alone—have created a unique moment for Europe to rethink health-resource allocation, funding, and delivery models.

On *The McKinsey Podcast*, the firm’s air-travel experts Alex Dichter and Robin Riedel discuss the near- and long-term concerns of the air-travel industry, which suffered roughly half a trillion dollars in revenue loss in 2020. Airlines are thinking about safety, recovering business, and how to bring back employees and equipment. In the future, sustainability, cargo by drone, and customer experience will be among the top priorities.

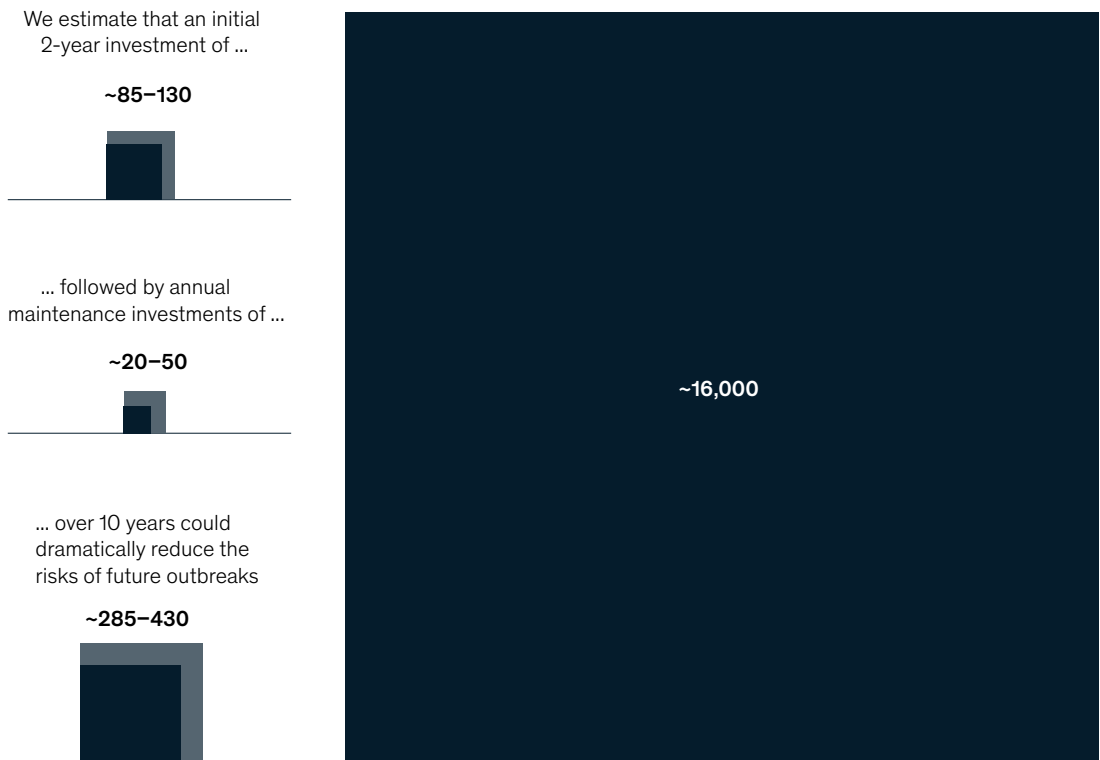
Exhibit

**Assuming a COVID-19-scale epidemic is a 50-year event, the return on preparedness investment is clear, even if it only partly mitigates the damage.**

**Estimated costs, \$ billion**

Epidemic preparedness

Minimum economic loss from COVID-19 pandemic



Let there be no doubt: top executives confirm that their organizations are switching to hybrid for work that isn't essential to perform on site. The Five Fifty, a quick look accompanied by a deep dive, illustrates that while leaders know hybrid is the future, they and their employees are mired in doubt and anxiety about what it all means.

It was a year of big percentages for European grocers: in 2020, the online grocery channel grew by 55 percent, 60 percent of customers changed their shopping behaviors, and the industry sold 8 percent more groceries by volume. Looking ahead, European grocers should expect grocery spending to decrease slightly, some of the behavioral changes to stick, and healthy and sustainable food preferences to grow.

An April McKinsey survey of 29,000 respondents in 24 countries found that while the pandemic drove rapid adoption of digital channels, growth has plateaued in the past six months and may begin to slip back as the virus retreats. Companies can hold onto new digital customers by gaining their trust, investing in “phygital,” and innovating to provide excellent experiences, particularly in education, grocery, and healthcare.

COVID-19 underscored how important it is to have tools that improve decision making in a crisis. One such tool is “nowcasting,” a prediction model that uses complex econometric techniques and contemporaneous data to provide a timely view of economic indicators. McKinsey experts suggest a new approach to nowcasting that involves improving the quality and reducing the number of variables.

Last year was a wild ride for financial advisors, who steered clients through turmoil and saw 9 percent growth—a record—in median assets per advisor compared to the year prior. McKinsey's annual report on *The state of North American retail wealth management* collected data from roughly 70,000 North American financial advisors. Among findings: fee-based revenues grew but were offset by a decline in fee pricing.

*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.*