BUSINESS INSIDER

GLOBAL TRENDS REPORT

TRENDS FOR '21 *AND BEYOND*

Business Insider Global Trends Report for 2021-23

Hello!

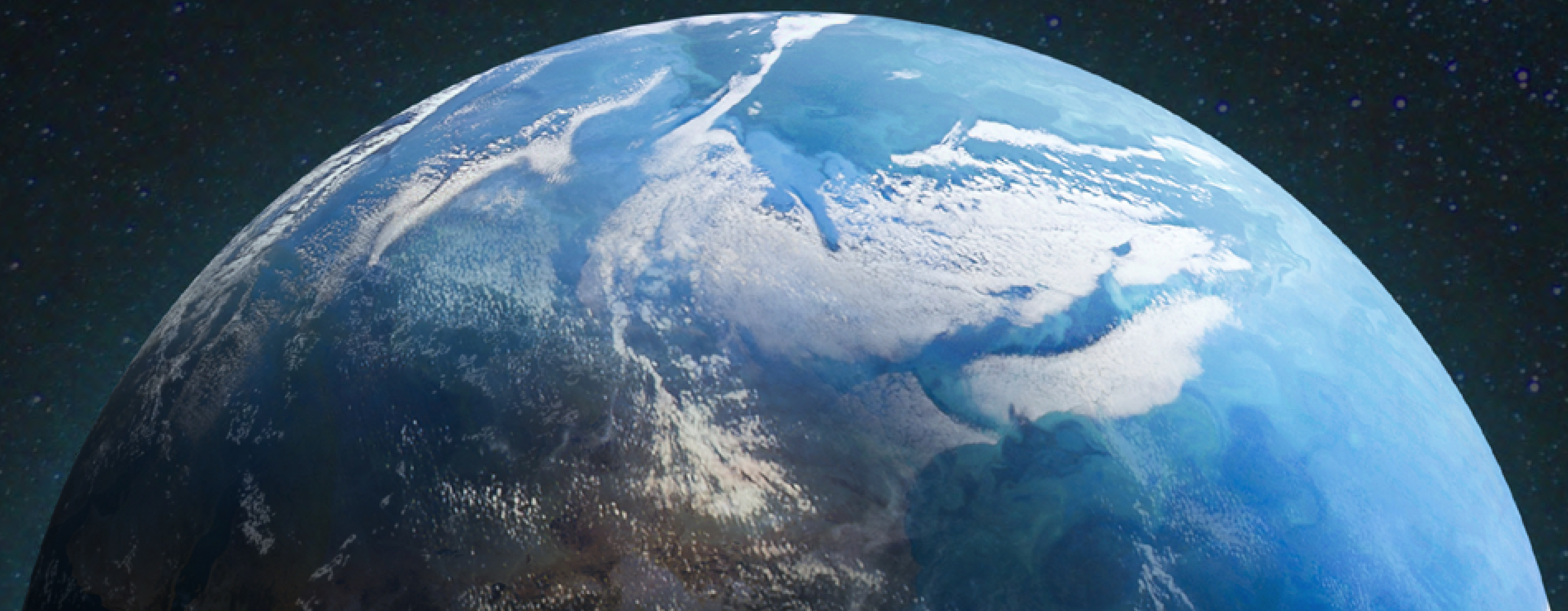
Thanks for reading.

To create this report, our newsrooms joined our research arm, Insider Intelligence, to select and analyze the most significant business trends for the years ahead. Alongside these insights, leaders of global companies explain how the trends are shaping their industries, and special sections explore local market nuances in countries around the world.

This past year has been tough for most of us — and tragic for some. We still have challenges to face and a changing world to navigate, but I'm optimistic that life will get a lot better soon.

Henry Blodget
CEO and co-founder, Insider Inc.

BUSINESS INSIDER GLOBAL TRENDS REPORT



CONTRIBUTORS: *C-LEVEL EXECUTIVES*

Michael Miebach
CEO of Mastercard
LinkedIn

Markus Duesmann
CEO of Audi

Kamila Chytil
Former COO of MoneyGram
LinkedIn

Alain Dehaze
CEO of The Adecco Group
LinkedIn

Blake Chandlee
President, Global Business Solutions of TikTok
LinkedIn

Phil Graves
Former VP Corporate Development of Patagonia
LinkedIn

Sten Garmark
Vice President Product of Spotify
LinkedIn

Poppy Gustafsson
CEO of Darktrace
LinkedIn

Sebastian Siemiatkowski
CEO of Klarna
LinkedIn

Jayshree Ullal
CEO of Arista Networks
LinkedIn

Tarek Müller
Cofounder & Managing Director of ABOUT YOU
LinkedIn

Carlos Nueno
President of Teladoc Health International
LinkedIn

Stuart Kronauge
Former CMO of Beyond Meat
LinkedIn

Dennis Woodside
President of Impossible Foods
LinkedIn

Nadia Rawlinson
Chief People Officer of Snack
LinkedIn

CONTRIBUTORS: *C-LEVEL EXECUTIVES*

Niklas Östberg
Co-founder & CEO of Delivery Hero
LinkedIn

Yoni Assia
Co-founder and CEO of eToro
LinkedIn

Annabella Bassler
CFO of Ringier AG
LinkedIn

Jennifer Jordan
Professor of Leadership and Organizational Behavior at IMD
LinkedIn

Nicholas Bloom
Professor of Economics at Stanford University
LinkedIn

Mark Dekan
CEO of Ringier Axel Springer Media
LinkedIn

Friedrich von Bohlen
CEO of Molecular Health, Supervisory Board member of CureVac
LinkedIn

Luvleen Sidhu
CEO and Founder of BM Technologies
LinkedIn

Philip Vanhoutte
Founder of Ozadi
LinkedIn

CONTRIBUTING *EDITORS-IN-CHIEF OF BUSINESS INSIDER / INSIDER*

Henry Blodget
CEO and cofounder,
Insider
LinkedIn

Jeroen de Boer
Editor-in-Chief,
Business Insider Netherlands
LinkedIn

Jim Edwards
Editor-in-Chief, Insider
News / UK
LinkedIn

Verónica Galán
Editor-in-Chief,
Business Insider Mexico
LinkedIn

Sriram Iyer
Editor-in-Chief,
Business Insider India
LinkedIn

Mikołaj Kunica
Editor-in-Chief,
Business Insider Poland
LinkedIn

Melissa Matheson
Editor-in-Chief,
Business Insider Australia
LinkedIn

Victor Oluwole
Editor-in-Chief,
Business Insider Africa
LinkedIn

Emanuele Orlando
Editor-in-Chief,
Business Insider Italy
LinkedIn

Yovanna Blanco Reinosa
Editor-in-Chief,
Business Insider Spain
LinkedIn

Gilles Tanguy
Editor-in-Chief,
Business Insider France
LinkedIn

Matthew Turner
Co-Editor-in-Chief for Business,
Insider USA
LinkedIn

Jakob Wais
Editor-in-Chief and General Manager,
Business Insider Germany
LinkedIn

Helena Wasserman
Former Editor-in-Chief,
Business Insider South Africa
LinkedIn

REPORT *AUTHORS AND COORDINATORS*

Andrzej Lokaj
Lead Author and Manager of Business Insider Global Trends Report, Programming Manager, Ringier Axel Springer Polska
LinkedIn

Aleksandra Brzozowska
Head of Business Insider Global Trends Report, Head of Knowledge Network, Ringier Axel Springer Polska
LinkedIn

Hayley Hudson
Lead Editor for the report, International Managing Editor, Insider
LinkedIn

Roosa Kivistö
Lead Coordinator for the report, International Partner Manager, Insider
LinkedIn

Roddy Salazar
International Lead, Insider
LinkedIn

Michał Wąsowski
Editor, Business Insider Poland
LinkedIn

Jennifer Wu
Lead Coordinator for Insider Intelligence, VP, Head of Partnerships and International Growth, Insider Intelligence
LinkedIn

Technical Crew: Adrian Adamczyk LinkedIn Tadeusz Nowakowski LinkedIn Graphic design: Paweł Oświęcimski LinkedIn Marzena Oświęcimska LinkedIn

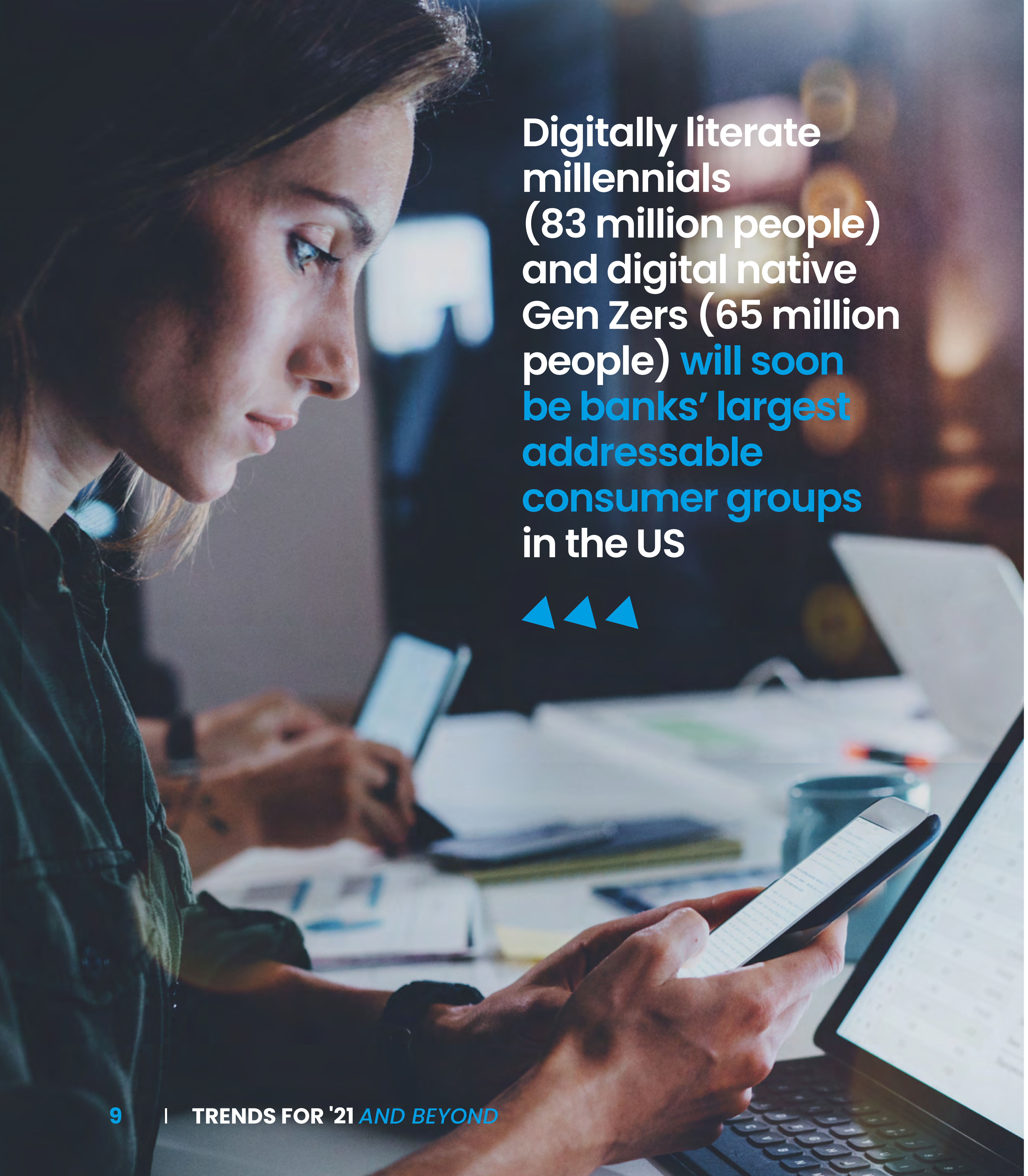
TREND CATEGORY

SHIFTING *SOCIETIES*

01

NEW FINANCE *CONSUMER* ON THE HORIZON

Impatient, no-hassle, price-sensitive, mobile. And coming in overwhelming numbers. New finance consumers demand digital services that will be on par with what they get from their tech providers. As they worked at home and were confined to their laptops during lockdowns, they finally had the time to compare their traditional banks with alternatives available online. Fintechs, neobanks, and tech companies can be happy about these encounters.



Digitally literate millennials (83 million people) and digital native Gen Zers (65 million people) will soon be banks' largest addressable consumer groups in the US

KEY DRIVERS OF THE TREND

Demand for digital banking from younger consumers. Millennials and Gen Zers will soon be banks' largest addressable consumer groups: Millennials are estimated to be the largest living generation in the US, numbering just shy of 83 million people, per US Census data, and Gen Z isn't far behind at about 65 million. Both generations have grown up expecting to conduct most of their interactions and transactions via digital channels, and banking is no exception. The highest account holder share (as a percent of total UK digital-only bank account holders) in the UK as of 2019 was among consumers ages 25-34 (28.3%) and 18-24 (22.6%), per eMarketer, with this number dropping off to 3.2% among consumers ages 65 and older. Similarly, in the US 25-34 year-olds constituted the highest share of digital-only bank account holders as of 2019 (32.9%), tapering off to 4.1% among those ages 65 and older. Moreover, these younger age brackets will constitute an ever-higher proportion of digital-only bank account holders through the forecast period. Consequently, as more millennials and Gen Zers achieve economic independence and open their own bank accounts, we expect these generations to drive further digital bank account growth. This will especially be the case for neobanks, as they are more popular with younger consumers, per Ipsos Mori data cited by Money Saving Expert.

Growing use of digital banking under lockdown. For years, banks have been closing their branches at a growing pace. The pandemic has accelerated this trend, as lockdown measures have made branch banking unviable. As a result, digital banking has become the only option for many people. We expect that as more consumers try digital banking for the first time, a significant proportion of them will choose to stick with digital: Per J.D. Power, 25% of US consumers say they're going to use mobile banking more often (with 20% saying the same of online banking) as a direct result of the pandemic. While some will stay with their existing bank's website and app, many will explore other digital banking options to find the best offers and perks. Therefore, we expect the number of digital-only bank account holders to rise across the board.

Increasing willingness among consumers of all ages to use digital-only banks as their primary banks. Digital-only banks, and neobanks in particular, have struggled to become their users' primary bank (i.e., the bank into which a user's salary is paid every month) due to low brand awareness and a trust disadvantage compared with incumbents. In the UK, for instance, many consumers are signing up for digital-only bank accounts, but fewer than half maintain an average balance of more than £1,000 (USD 1,285) in them, per Interactive Investor. However, there are indications that the tide is turning: Per Ipsos Mori, the top three banks consumers are likeliest to recommend are either neobanks or direct banks. Consumers may warm up further as neobanks harness troves of usage and spending data to improve their personal finance management (PFM) tools, which are in high demand among younger users and will act as a strong lure. Moreover, neobanks are increasingly requiring users to have set up paycheck or other recurring deposits into their accounts to unlock the most attractive perks, thereby elevating themselves to primary bank status.

25% of US consumers say they're going to use mobile banking more often as a direct result of the pandemic.

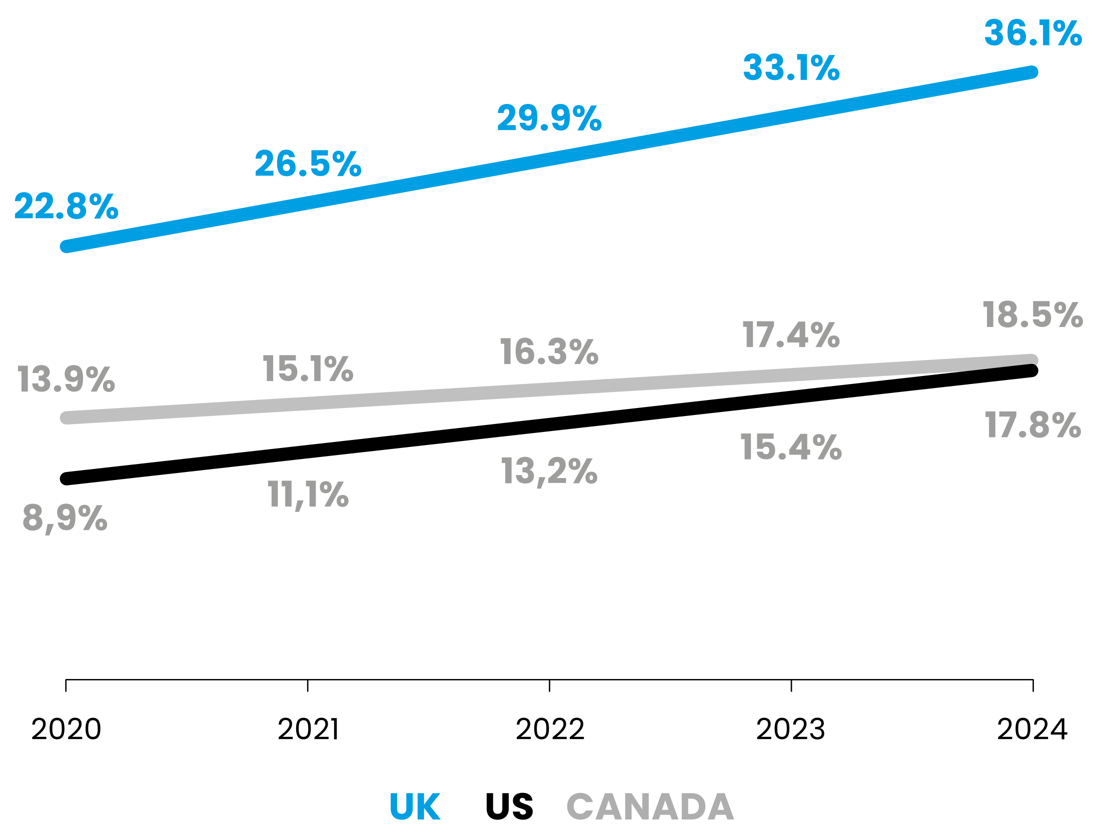
01 *NEW FINANCE CONSUMER ON THE HORIZON*

OUTLOOK FOR 2021–23

Digital-only banks are set to increase in popularity as digital-native generations become their largest addressable audience and as the pandemic forces digital banking holdouts into digital channels.

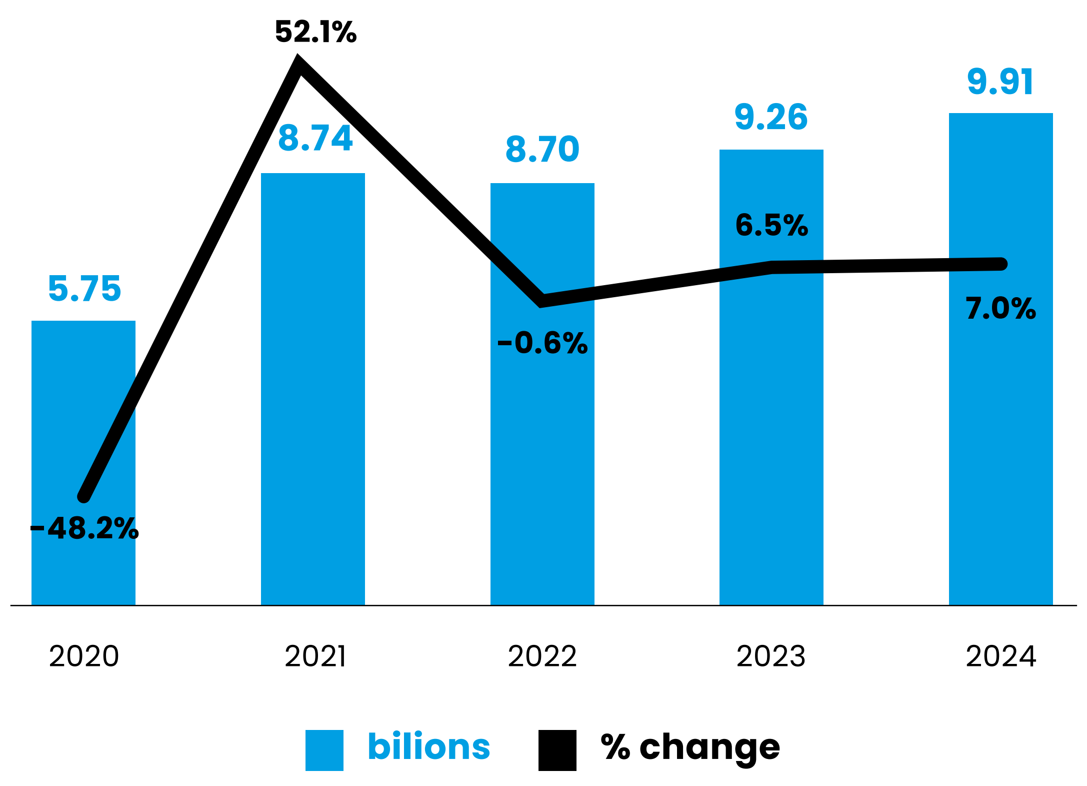
Digital-only bank account holder numbers and penetration are both set on a clear upward trajectory through the forecast period in the UK, US, and Canada. The digital-only banks are forecast to account for a significantly higher proportion of the population over time, rising from 22.8% in 2020 to 36.1% in 2024 in the UK and from 8.9% to 17.8% in the US, respectively.

FORECAST: DIGITAL-ONLY BANK ACCOUNT HOLDERS AS PERCENTAGE OF TOTAL POPULATION*



*Note: Individuals who hold at least one account at a deposit insurance agency-backed, digital-only, full-service bank. Source: eMarketer, June 2020 Methodology: Estimates are based on the analysis of survey and traffic data from research firms and regulatory agencies, historical trends, country-specyfic data, and demographic and socioeconomics factors.

DIGITAL-ONLY BANK ACCOUNT OPENINGS US, 2020-2024



Source: eMarketer, October 2020

In the US, the age brackets that dominate digital banking clientele now will more than double within the next four years – US customers age 25-34 will increase from 7.7 million people in 2020 to 16.6 million people in 2024, while customers age 35-44 will grow from 7.0 million to 14.0 million, respectively. UK is following the same footsteps. By 2024, more than half of UK internet users under 45 will have an account at a digital-only bank, and account holders ages 25-44 will make up just over half of total digital-only bank users in the country, making younger generations UK digital-only banks' largest addressable audience. As a result, the number of digital-only bank accounts in the US is expected to grow by a whopping 65% over the next four years, with most of this growth (52.1%) coming in 2021.

Fintech-backed BNPL (Buy Now Pay Later) solutions are fast gaining popularity as a streamlined, flexible, and sometimes transparent alternative to credit cards.

Credit cards can leave consumers on the hook for payments and interest on a monthly basis, which may be intimidating to those who are concerned about accumulating debt. BNPL products offer a financing option for an individual purchase, potentially giving consumers more control of their finances.

These solutions offer a number of benefits when compared with credit cards, leading 37.65% of US consumers to use one, per a July 2020 survey from The Motley Fool.

39% of respondents use BNPL services to avoid paying credit card interest. Many BNPL solutions don't charge interest on a purchase — these products generally charge late fees instead — giving consumers a way to delay paying for a purchase without potentially paying interest on their credit card balance.

38% said they use BNPL services to make purchases that wouldn't otherwise fit in their budgets. Credit cards offer this benefit as well, but BNPL solutions that offer installment plans that last for more than a month give consumers a way to stretch out hefty purchases for longer periods without accruing interest.

Many respondents choose BNPL to avoid credit checks and because they can't get a credit card. Some BNPL solutions don't check a consumer's credit score before offering them financing, which should appeal to consumers with lackluster credit scores and those who don't want to risk impacting their scores with a credit check. BNPL providers do still consider consumers' creditworthiness—though many are protective of their exact processes for scoring credit—but they can be more lenient and accessible since they're only approving consumers for a single transaction.

These factors may be particularly important to Gen Zers and millennials because they're BNPL providers' core demographic. More than half of Affirm's consumers are Gen Zers or millennials, CFO Michael Linford told Insider Intelligence. Affirm believes its offerings resonate with younger consumers because many are skeptical of traditional credit cards in the wake of the 2008 recession and high credit card debt, and this appeal extends to other BNPL providers as well.

BNPL has been experiencing massive growth. Leading player Klarna saw app installs grow ninefold from Q1 2019 to Q4 2019, while monthly engagement also quadrupled from June to December 2019, for example, indicating deepening adoption and engagement. BNPL solutions grew on the backs of firms like Klarna,

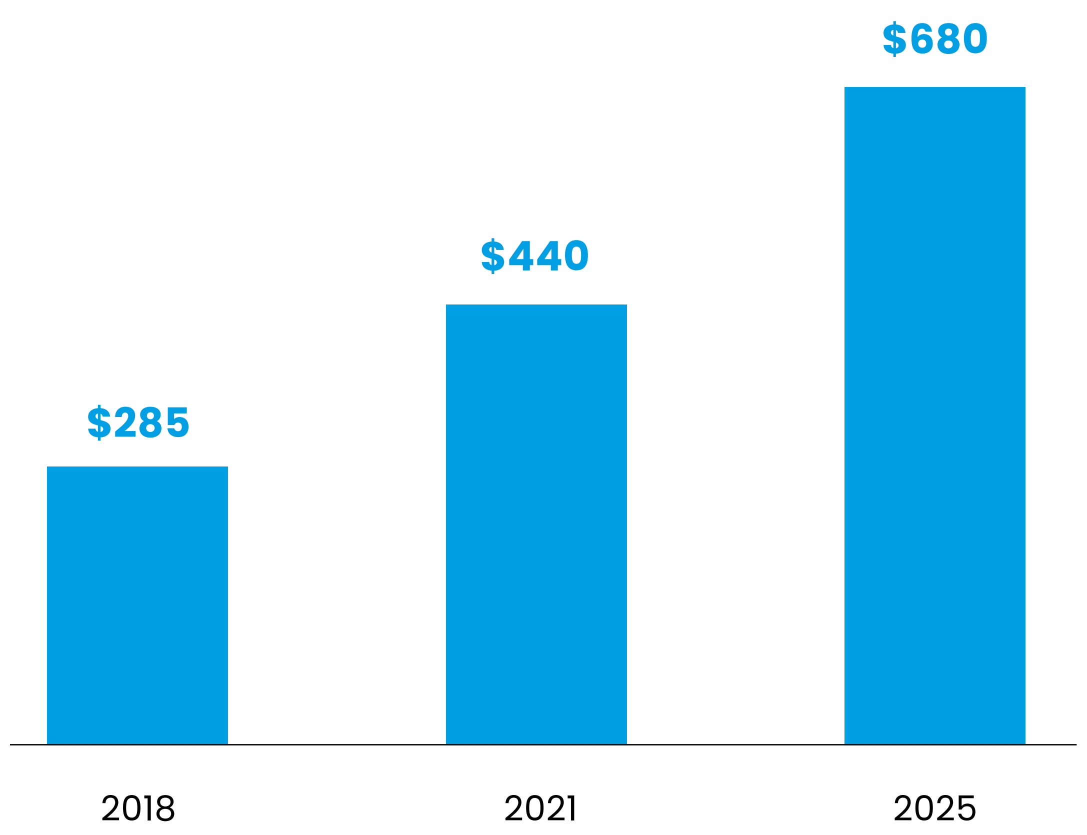
The BNPL industry is set to surge globally to over $680 billion in 2025 - up from about $285 billion in 2018

Afterpay, and Affirm launching apps, entering into high-profile retail partnerships, and investing big in advertising and marketing. That has created a vast landscape: Insider Intelligence estimated the market was worth between $30 billion and $100 billion in 2019.

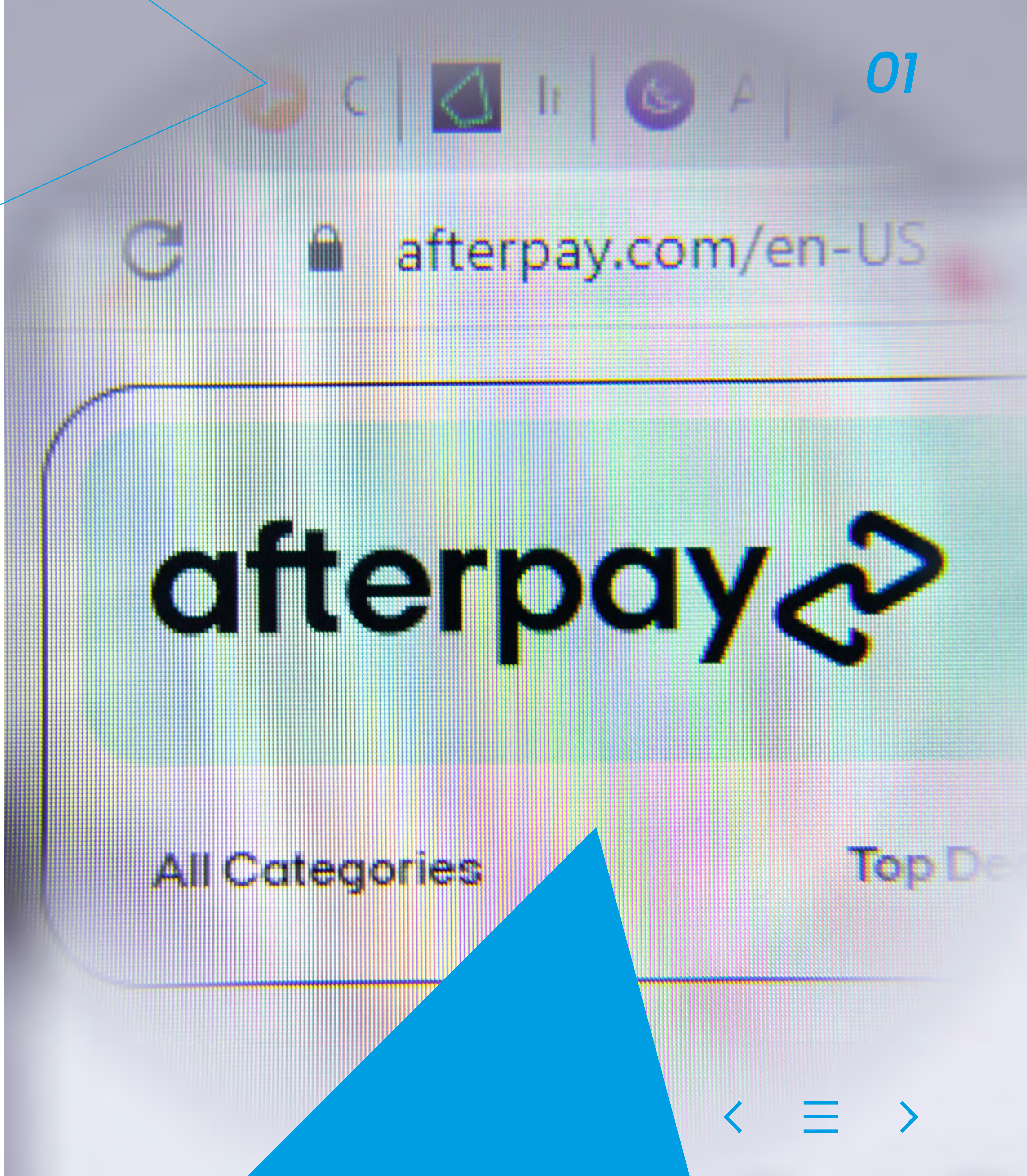
The pandemic has only accelerated that popularity, which is set to further shift consumer payment habits and expand the BNPL sector in the years to come. Almost 4 in 10 US adults (37.7%) had used a BNPL product as of July 2020, per The Motley Fool. And as customers begin to step up usage frequency, the online industry is set to surge globally to over $680 billion in 2025—up from about $285 billion in 2018, per Kaleido Intelligence. This growth is driven predominantly by accessibility: As market leaders have moved into brick-and-mortar commerce and ramped up partnership initiatives, and major payments players like PayPal have added offerings for their multimillion user base, customers have been given more introductions to the tech and more opportunities to use it—especially as interest in e-commerce, where BNPL is most common, grows. The tech should also benefit from less access to credit cards as lending standards tighten as well as the same risk aversion that is temporarily driving customers away from credit cards. US adults cited avoiding interest and credit checks as top reasons to use BNPL, per The Motley Fool.

ESTIMATED GLOBAL BNPL TRANSACTION VALUE

BILLIONS

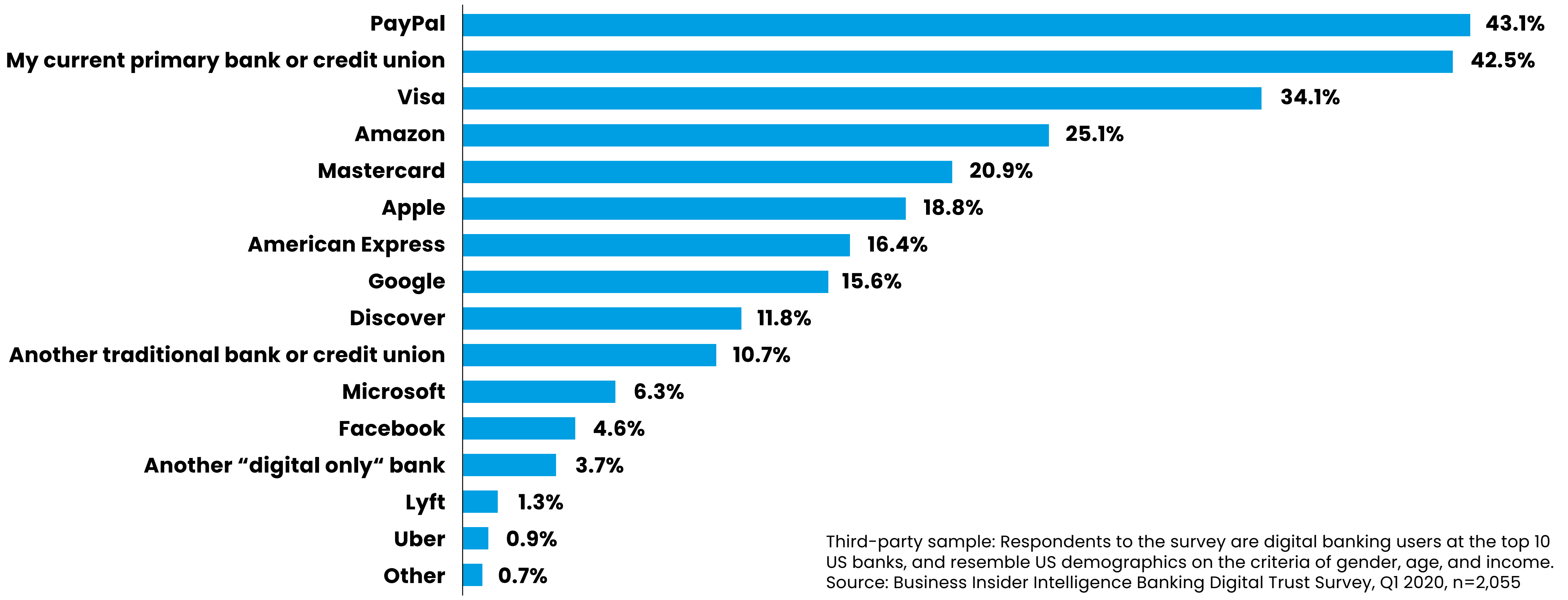


Source: Kaleido Intelligence, 2020
Methodology: Data is form a Kaleido Intelligence data hub report produced using primary and secondary research and data modeling.



PROVIDERS US RESPONDENTS WOULD TRUST MOST TO PROVIDE THEM WITH BANKING SERVICES

Q: WHICH OF THE FOLLOWING WOULD YOU TRUST MOST TO PROVIDE YOU WITH BANKING SERVICES? SELECT UP TO 3.



Third-party sample: Respondents to the survey are digital banking users at the top 10 US banks, and resemble US demographics on the criteria of gender, age, and income.
Source: Business Insider Intelligence Banking Digital Trust Survey, Q1 2020, n=2,055

Fintechs and tech companies are well positioned to take over banks in leading the next financial services digital revolution.

Younger generations of retail banking users do not confine themselves to banks for their financial services. They trust fintechs and tech companies can serve them in digital equally well or even better. In the survey of 2,055 US consumers Insider Intelligence conducted in 2020, we found that more respondents cited PayPal (43.1%) among their most trusted providers than cited their primary bank (42.5%). Respondents' top five most trusted providers of banking services also included Visa (34.1%), Amazon (25.1%), and Mastercard (20.9%). For traditional financial institutions, securing trust among their customers will be key to beat back encroachment from tech companies and digital-only neobanks. Although neobanks were selected by few as a most-trusted provider, banks shouldn't count them out — customers of neobanks had very high digital trust ratings. For instance, were neobank Varo eligible for inclusion in this study, it would boast the second-highest digital trust ranking compared with the top 10 banks (see the appendix for more detail). That means it would be second highest in six key factors that influence consumer trust in banks' digital services: security, privacy, reputation, reliability, feature breadth, and ease of use.

01 NEW FINANCE CONSUMER ON THE HORIZON

CEO INSIGHTS

Michael Miebach
CEO of Mastercard

When the pandemic started in March 2020, consumer spending dropped worldwide. Everything was in lockdown and consumer behaviors quickly changed as a result. As people were sitting at home, they didn't have much of a desire or even an option to go into a store.

A year later, we have a good sense of what was a blip and what's a real trend:

Contactless payments have gone mainstream in a big way. In the third quarter of 2020, contactless penetration represented 41% of in-person transactions globally versus 30% the year before. We view this as the tipping point for global adoption. When we introduced contactless in Australia, it took five years to reach critical mass. The pandemic has compressed this change elsewhere to mere months. Certainly, convenience was a factor, but a major catalyst for adoption was the health aspect – people didn't want to touch surfaces and didn't want to handle physical cash. Health concerns may subside in future years, but contactless should remain as a go-to way to pay.

Consumers are more often staying online. The pandemic forced many people to try online grocery and e-commerce for the first time. They liked it, so they stuck with it. In fact, the Mastercard Economics Institute estimates that e-commerce adoption jumped ahead two years in 2020. We predict the market share for e-commerce will remain elevated. At the same time, people will want to go back to supporting their local shops, too, as lockdowns ease.

What does this all mean for the payments industry? **I can see a strong move to cooperation and a greater emphasis on strong partnerships among industry players.** The emergency of the pandemic caused some of these shifts in thinking, but there's also a recognition that we can get more done if we develop the same standards and work more closely together. That's encouraging for consumers and small businesses, because it provides them with better services and more choices as major payment operators work more with fintechs, startups, and governments.

That choice is particularly important going forward as people will want to have more control over how they move their money. The only way to support that need is by enabling those choices – not picking winners and losers. That way, consumers can decide whether to use concepts like open banking, real-time payments, cryptocurrencies, or a little of each one.

Kamila Chytil
Former COO of MoneyGram International

The pandemic has fundamentally changed financial services. It will be hard now for customers to give up on convenience and personalization that go with the digital experience.

MoneyGram has been transferring money around the world for a long time. We have always serviced immigrants who have left their home and would like to send their money back. It was a very different company when I joined it five years ago. Traditionally, we distributed our business through retail locations. We had about 380,000 agent partners in 200 countries around the world. So **that is actually three and a half times more locations than McDonald's, Subway and Starbucks combined.** So our retail presence is very, very large. The reason I bring this up is because when the pandemic struck, our impact was very sharp, very significant and very sudden. Thinking back to March 2020, we saw a very large decline in our walk-in business, which was representative of pretty much everything else that's been happening in retail.

On the other side of the spectrum from our bread and butter retail business, we saw a real explosion in our direct to consumer digital business. Our digital properties were actually growing at very high double digits – high 60s and 70s - prior to the pandemic, but the pandemic accelerated that growth to high triple digits. In fact, **we announced our ninth consecutive month of triple digit growth in October 2020.** We peaked at 177% around this time.

What has changed that sparked this growth? What our investors and our consumers see changed is clearly our interface. That new, fresh face that MoneyGram has put up to the world. But honestly, everything has changed. Most importantly, **the user experience has become critical to the demographics that pick money transfers.** Just like the user experience is now critical to the shoppers in the United States after Amazon has redefined it for good.

The money transfer business has started to be **all about user experience and customer centricity.** Whether our customers are male or female, younger or older, they are looking for disruption in their financial services. So we're right there and able to offer an app that really has the easiest customer experience possible. **We try to focus on how fast customers can register. But it's really about how you personalize the experience to them.** Are you sending notifications that are relevant to you versus being relevant to somebody else? Are we offering products that are interesting to you? Are we telling you about the foreign exchange changes in your country or are we telling you about fluctuations in currency that will be beneficial to your send at this point in time? So you need lots of personalization.

This is an edited excerpt from Kamila Chytill's stage interview at Business Insider Global Trends Festival in October 2020

Sebastian Siemiatkowski
CEO of Klarna

The business model at the heart of banking is broken and has lost track of what matters the most: the customer. At Klarna, we are designing services for how consumers live their lives rather than services that conform to the same old traditional models. Banking and credit cards are built on a system that wants consumers to pay late. We want to change that, we need to change that.

After the implications of the financial crisis in 2008, consumers have been moving from traditional forms of credit towards simpler, easier payment options that better suit their lifestyles. This major structural shift from credit to debit has accelerated during the pandemic and is especially pronounced among Gen Z and millennials, who have lower adoption rates for credit cards. Gen Z credit cardholders in the US have an average of 1.5 credit cards compared to the US average of 4 credit cards[2] across demographics.

This fundamental change is growing at an amazing pace, and the consumer appetite for better and smarter ways to shop, pay, and bank is huge. Younger generations may be leading the way but consumer behavior and demands are changing across demographics, driving entry into new retail sectors as more people gain trust and confidence in the online marketplace.

I don't believe consumers will want to return to how they used to shop and bank. The change that came this last year is too great and transformative to the customer experience.

We are now seeing the rise of the "smarter" shoppers who no longer tolerate mediocre customer experiences, are more mindful of managing payments over time, and are increasingly looking for innovative solutions that make their lives easier. Looking forward, we see a tremendous opportunity to continue to serve consumers globally in new and better ways by enabling them to shop, pay, and bank in a convenient, transparent, and intuitive way, saving them time and money and liberating them from worry.

16 years ago when Klarna was founded, I remember people telling me that nobody would ever shop for clothes online. There were endless issues of trust, sizing, delivery, and returns. Now look at where we are and how we shop. I am convinced that this decade heralds similar disruption for the retail banking and credit card industry. Offering online banking services is not enough — consumers demand innovative products and services that seamlessly fit into their lifestyles. It's a huge challenge, but it can be done. And Klarna will be the one to do it, leading this disruption and raising the bar for the entire industry.

* Klarna is Europe's highest valued private fintech and the second highest worldwide[1] with over 90 million customers and 250,000 retail partners globally, known for its smooth shopping experience and buy now, pay later model.

[1] https://www.cbinsights.com/research-unicorn-companies [2] Transunion, Dec 2020

Yoni Assia
Co-founder
and CEO of eToro

COVID-19 has awakened a new generation of retail investors who have discovered the markets and invested in stocks for the first time. Generation Y, in particular, is starting to invest in global markets like never before.

What has sparked this shift? As people around the world are in lockdowns and work from home, they have more time to think about their investments. One thing they notice is that COVID-19 has created a zero interest rate policy across the entire Western world. In some places **they see negative interest rates for the first time in history.** So people wonder: what do I do with my money? They understand that they need to take advantage of other opportunities available in the market. And they do. The markets have risen by more than 50 percent from the hit of the pandemic in March 2020 until today.

We're seeing a significant shift of all investments towards what most millennials have always been investing in: technology. If you look at our audience, they invest in Google, Apple, Facebook, Tesla and Netflix. Our most popular stocks are the technology companies. In fact, we've seen the entire S&P shift towards technology companies. We have also seen a significant interest in discount stocks - in stocks that got hit significantly from the pandemic. But retail investors are willing to take risk with these stocks that institutional investors are not willing to take.

But the trend toward retail investing is not only about Generation Y. COVID-19 has accelerated what we knew was coming anyway. Most financial interactions are made with purely digital platforms like eToro and through mobile now. Obviously **with the pandemic you meet face to face much less, so people of all ages basically had to learn how to use their mobile for any type of financial transaction.**

Yet a more accessible technological solution is not enough to attract retail investors around the world. You need to create a platform for investors to communicate, too. If you look at eToro, we're a social trading and investment network where people can see, follow and automatically copy people from all over the world. We have created an interface for people to communicate, collaborate and be able to copy top investors on our platform. So **it's very much about people. About people making decisions, interacting and communicating with other people, just like at all other social networks like Facebook and Twitter.** We definitely see value in helping people find more information through more people so that they make better decisions and eventually make money in the markets.

This is an edited excerpt from Yoni Assia's interview at Business Insider Global Trends Festival in October 2020

01 *NEW FINANCE CONSUMER ON THE HORIZON*

LOCAL MARKET VARIATIONS

Poland

Poland is in a unique spot when it comes to payments and banking. That's because Polish banks are pretty agile and very innovative, compared to those in Germany or even the US. That's thanks to quick adoption of payments innovations, like apps and contactless or mobile payments, by consumers. And as much as Poles love Revolut, for example, it wasn't that innovative in Poland, and banks quickly caught up with its offer. Polish banks are doing a great job in acquiring customers who might prefer neobanks, but they also do a great job in cooperating with fintechs. And that seems key to happy customers and building sustainable growth. One of the brightest examples of banking tech in Poland is BLIK – a payment method allowing us to pay both online and offline, as long as we have a banking account and a banking app, without a need to use our debit or credit cards or traditional money transfers. The banking app generates a 6-digit code, which is used to verify payment - and that's it. Brilliant in its simplicity.

Mikołaj Kunica
Editor-in-Chief,
Business Insider Poland

Australia

Australia's banking sector is pretty much ruled by 'The Big Four' banks, and after the Royal Commission into the financial industry revealed a whole range of problems, a lot of Australians have looked for alternatives. Hence the rise of neobanks. Similarly, Aussies, largely driven by younger consumers, are boosting online shopping sales, and in turn, the rise of buy now, pay later services. Many of them are linked to The Big Four banks, too. It's caused concern about rising debt levels, especially with millennial shoppers who are making multiple purchases through BNPL (buy now pay later) services.

Melissa Matheson
Editor-in-Chief,
Business Insider Australia

Spain

The current economic climate opened the door to a new wave of consolidation across the Spanish banking sector, struggling with negative interest rates and looking for profitability. Also, coronavirus accelerated digitalization within the 5 biggest banks and the consumers. 67% of BBVA's customers in Spain are now digital, and many elderly people are beginning to use online banking as the number of branch offices is now 48% lower than in 2008. Meanwhile, millennials and Gen Z are paving the wave for neobanks such as Revolut, N26, Qonto or the spanish Bnext and Verse, sold in 2020 to Jack Dorsey (Twitter and Square).

Yovanna Blanco Reinosa
Editor-in-Chief,
Business Insider Spain

02

THE HOLY GRAIL OF *SUBSCRIPTIONS*

Paid, on-demand content platforms and online subscription models are on the rise. Mainstream users are finally beginning to accept that quality content can no longer be free. While they are willing to pay for video streaming, music, news, and even podcasts, they hold the bar high on who will get their money.

The market for streaming services grew by 37% in 2020, with most of the growth coming from Disney+

KEY DRIVERS OF THE TREND

Consumers want more high quality news and entertainment while working at home. As consumers did not need to commute during lockdowns and had more time to spend at home, their media consumption patterns changed. Their appetite for online entertainment rose dramatically and so did their propensity to pay should the quality content be closed behind a paywall. As a result, the market for streaming services grew by 37% in 2020, with most of the growth coming from Disney+. Disney+, a new OTT streaming service that was launched in November 2019, added almost 50 million subscribers worldwide in 2020. The OTT global leader Netflix, on the other hand, saw its global subscriber base rise by 36.6 million subscribers in 2020, a 21.9% increase from 2019 (although the increase differed widely across countries, from 19.1% in Italy and 17.1% in Germany to as little as 8.8% for Sweden and other Scandinavian countries). A music streaming giant, Spotify, noticed similar gains. By the third quarter of 2020, Spotify had 144 million premium subscribers worldwide, up from 113 million in the corresponding quarter of 2019, which marks a 27% growth year-to-year.

But entertainment platforms were not the only ones to benefit from the lockdowns. News outlets benefitted, too. Consumers looked for reliable information to protect themselves and their families from COVID-19 and decided to pay for the media outlets they deemed trustworthy. The New York Times, a global media subscription leader already, saw its biggest growth ever, with the number of digital news subscribers increasing by 46% from 3.197 million in Q3 2019 to 4.665 million in Q3 2020.

Consumers' appetite for subscription-based content is growing. Subscriptions have gained steam recently as they were adopted by online media and entertainment providers in high demand during COVID-19. These providers need to bypass traditional content distributors (like cable TV) to operate profitably at a global scale. The growth is evident. 71% of consumers across 12 countries had a subscription service in late 2018, up from 53% who did five years earlier, according to Zuora. These figures are only poised to grow: 34% of global consumers expected they would have more subscriptions in 2020 than when they were asked in 2018.

Most time spent streaming happens devoid of advertising

Consumers like subscriptions for a few reasons, namely convenience (41% of respondents, according to Zuora), savings (35%), variety (32%), and access (33%). On top of these traditional benefits, global streaming players have introduced a new one that consumers started to rank highly: a lack of ads. Most time spent streaming happens devoid of advertising. The ad-free services of Netflix, Amazon Prime Video, and Disney+ account for about half of all time spent with streaming, according to separate studies from Nielsen and Comscore. The other half is split between ad-free services (like Apple TV+), ad-reliant services (like Pluto TV), and hybrid services (like Hulu). When added together, there is a tremendous amount of streaming happening without ads, which is how many users like it. As Disney+ becomes more popular, the share of time spent with ad-supported streaming services will decline further.

02 *THE HOLY GRAIL OF SUBSCRIPTIONS*

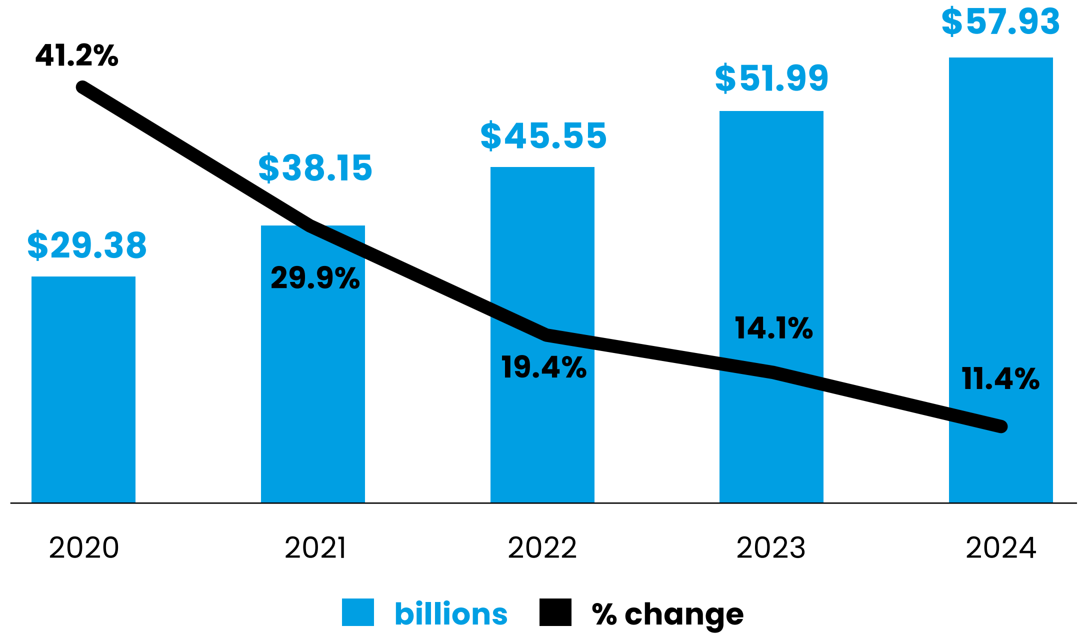
OUTLOOK FOR 2021–23

OTT entertainment will dominate subscription market growth as existing operators expand globally and new ones arrive in key markets.

Over the next five years, global over-the-top (OTT) subscriptions will be near 2 billion, up 65% compared with the end of 2020, per Juniper Research data. This surge will likely be due to companies' aggressive international growth strategies. Recently launched streaming platforms from Disney and Discovery have broad global plans, and subscription video-on-demand (SVOD) vets like Netflix and Amazon Prime Video have long been expanding worldwide. In November 2020, Disney+ launched in Latin American markets after its rollout across the US, Canada, and the Netherlands. Its successful debut included content development and production in Brazil, Mexico, Colombia, and Argentina. Netflix has historically been aggressive about growing subscriber numbers

OTT SUBSCRIPTION REVENUES

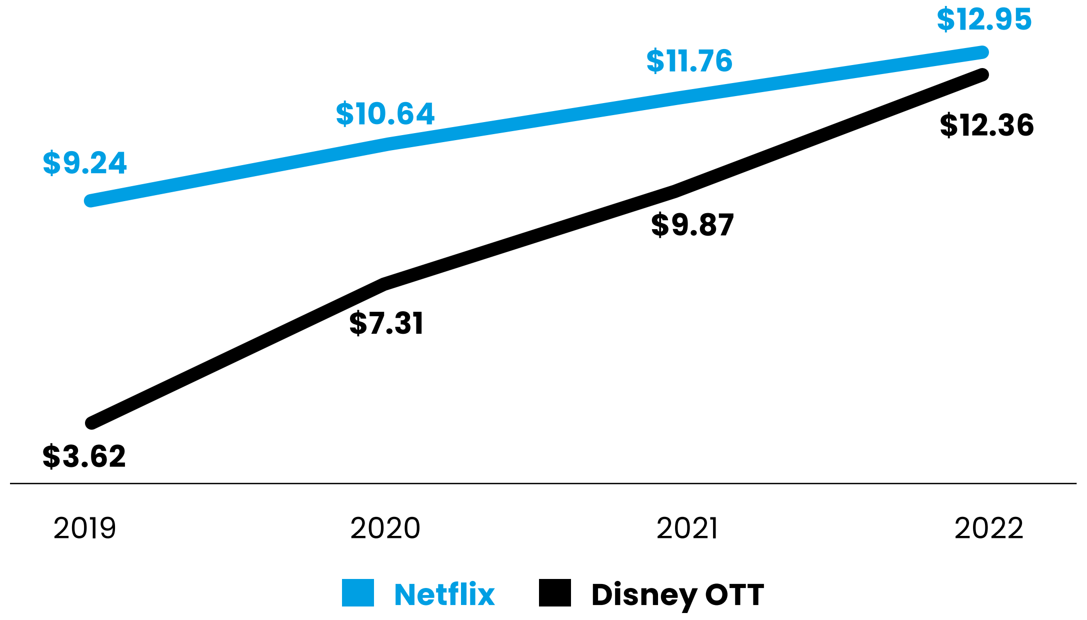
US, 2020-2024



Source: eMarketer, December 2020

US OTT SUBSCRIPTION REVENUES, NETFLIX VS. DISNEY OTT, 2019-2022

billions



Note: Netflix excludes DVD rental revenues, Disney OTT includes subscription revenues for Disney+, ESPN+, and Hulu
Source: eMarketer, December 2020

across the world, and much of its recent growth has been driven by international content efforts. With US OTT viewership seeing an increase that was hyper-accelerated by the pandemic and an influx of VOD options, it naturally follows that the global population will see the same trend in the years to come.

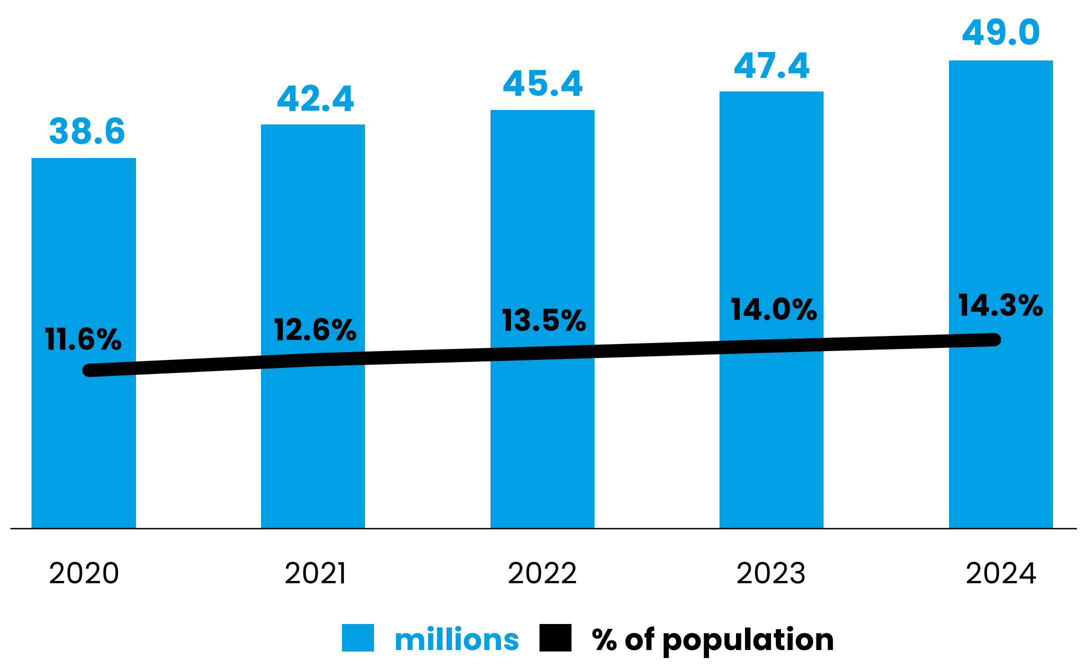
As the OTT subscriber base grows, so will the revenue. OTT subscription revenue in the US market is forecast to increase by 29.9% in 2021 and 19.4% in 2022. Disney+ subscription revenue will reach USD 1.94 billion by the end of 2020. With a recently announced USD 1 price increase in 2021, it will add another billion in revenue in each of the next two years. That figure will jump to USD 4.23 billion by 2022. Disney's acquisition of Hulu in 2019 will cement Disney as the No. 2 streaming player in subscription revenue in 2021. By 2022, its revenue will

be nearly equal to Netflix's: USD 12.95 billion for Netflix and USD 12.36 billion for Disney. Each platform's share of the market will also be nearly equal.

Audio streaming subscription will grow by double digits, with most growth coming from podcasts. Music streaming is the second largest media subscription category after OTT video streaming. In the US alone, it generates USD 9 billion in revenue (compared to USD 24 billion for OTT). But as there are no new global music streaming operators on the horizon and the music artists have limited tools to promote their new songs under lockdowns (no concert tours, festivals or televised events), music will not be the main driver of growth among Spotify, Tidal, Apple Music, or Pandora. In fact, the overall growth for the category leader, Spotify, is expected to be modest in the next few years. Spotify's US premium subscriber base will

SPOTIFY PREMIUM SUBSCRIBERS

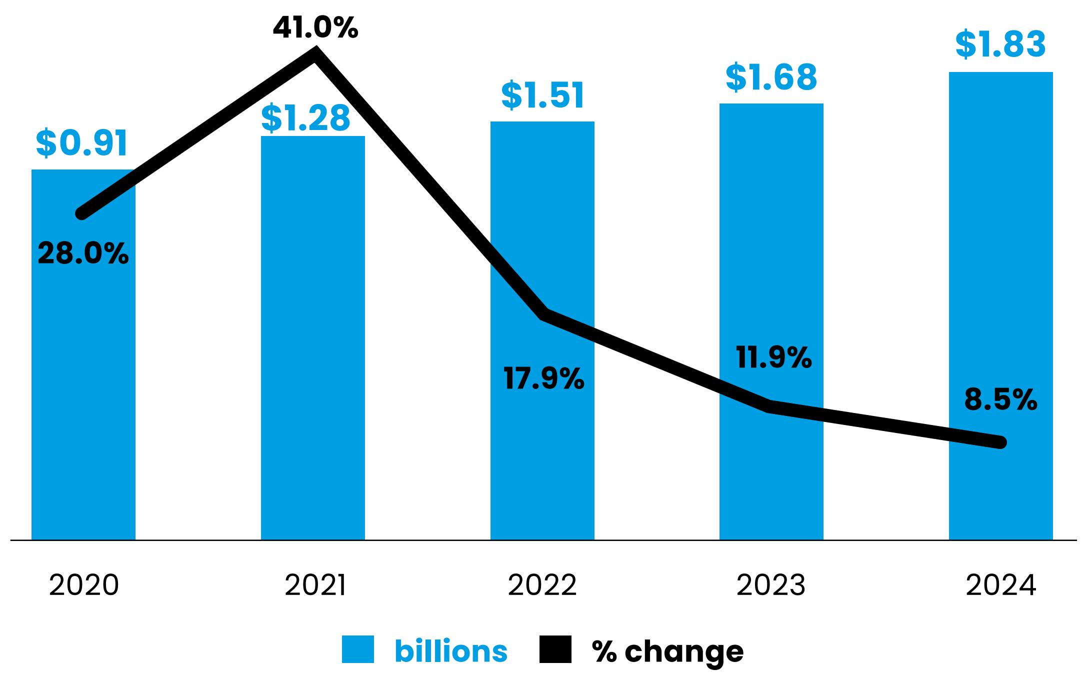
US, 2020-2024



Source: eMarketer, August 2020

PODCAST AD SPENDING

US, 2020-2024



Source: eMarketer, October 2020

grow by only 9.8% in 2021, from 38.6 million to 42.4 million paying listeners, with even slower growth expected in the following 3 years.

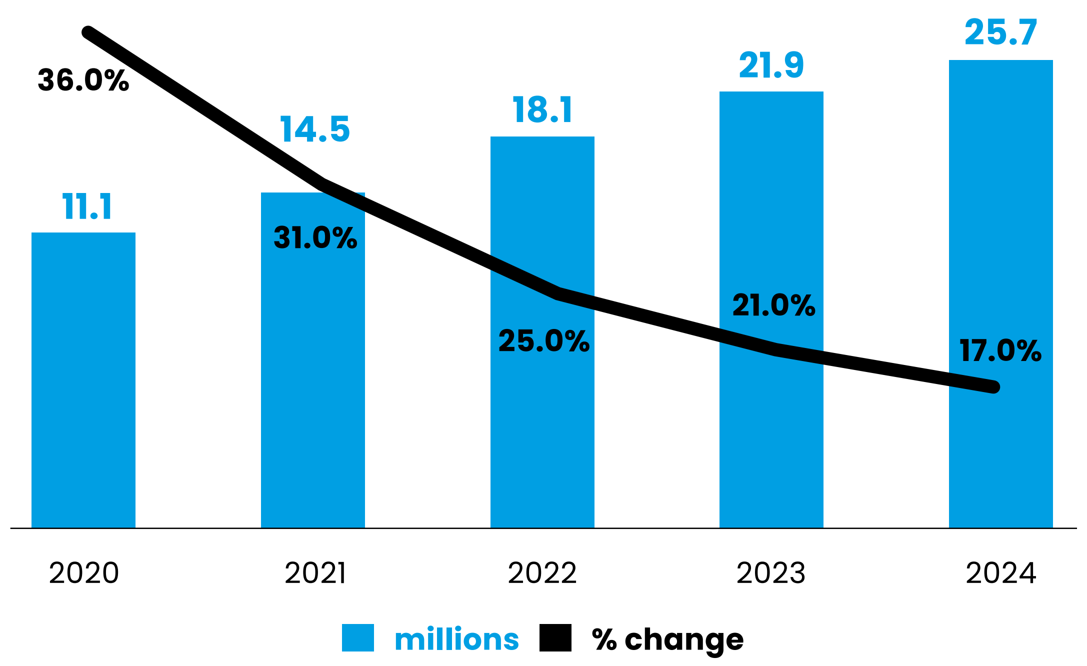
Unlike music, podcasts will drive the growth of the audio streaming subscription category. While it initially looked like podcast listening would be greatly impacted by the pandemic and loss of commute time, 2020 turned out to be a big year for the format: The number of US podcast listeners will grow 32.1% by the end of 2020 to 106.7 million, per Insider Intelligence estimates. Downloads grew 47% between October 2019 and November 2020, according to analytics company Podtrac, measured across the podcasts that it tracks. And while digital radio ad spend declined, spending on podcast ads was a bright spot—growing an estimated 10.4% in 2020 to USD 780 million. Insider Intelligence expects it to blow past the USD 1 billion mark in 2021, growing by a whopping 41% in 2021.

Insider Intelligence predicts podcast advertising will become a billion-dollar industry in the US in 2021 and continue growing significantly through 2024. Spotify will benefit from this growth the most. The Swedish audio streaming giant has been sinking money into making a better experience for advertisers, acquiring podcast ad startup Megaphone, bulking up its library of podcast content while it's cheap, and releasing new streaming ad insertion technology.

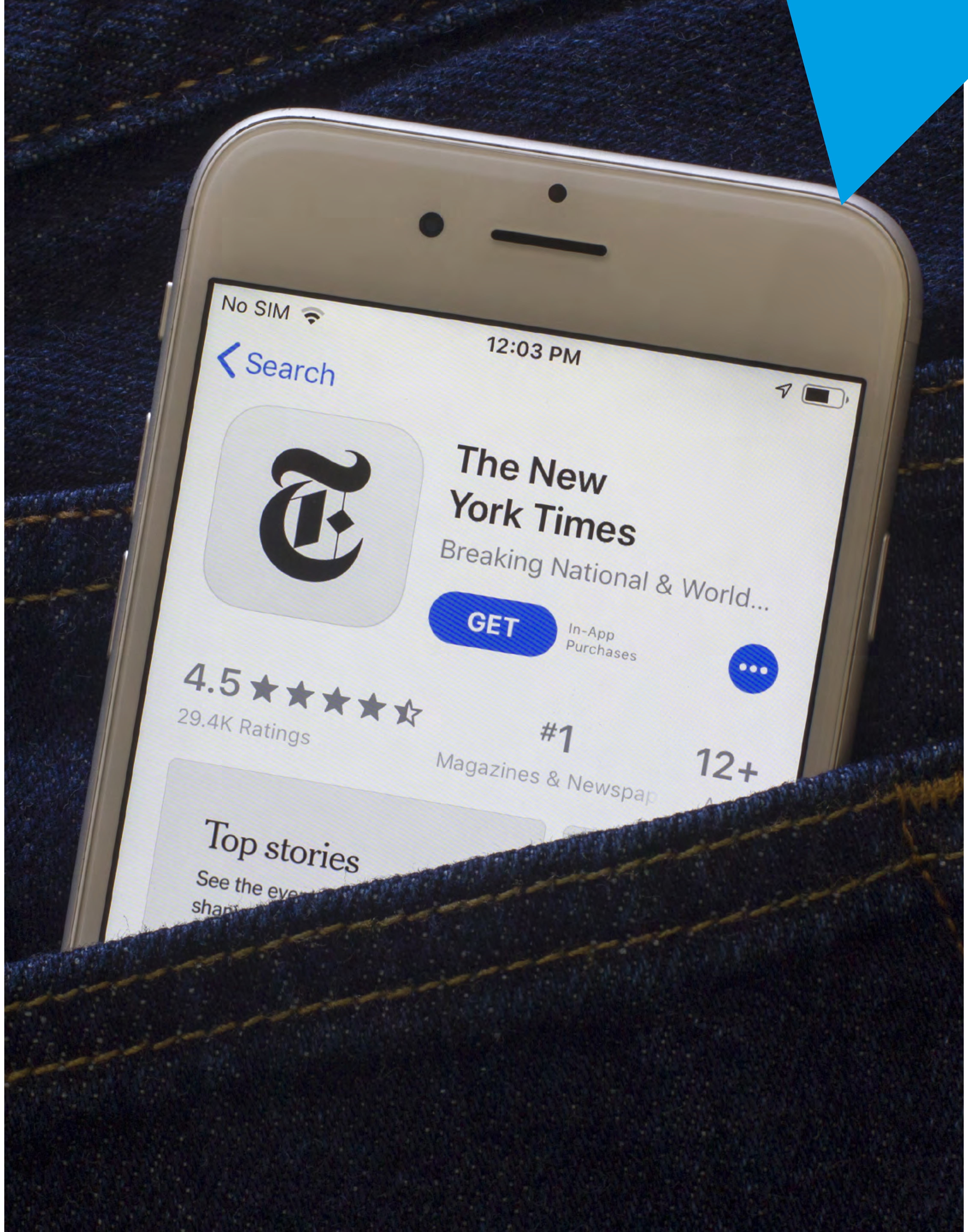
Digital newspaper subscriptions will skyrocket for the most credible media outlets. Media outlets with a long track record of journalistic credibility and top-notch content are expected to experience massive growth. The United States industry leaders The New York Times, The Washington Post, The Wall Street Journal, Gannett (USA Today), and the Athletic will continue to reap the additional rewards of publishing in English which allows them to

DIGITAL NEWSPAPER SUBSCRIPTIONS

US, 2020-2024



Source: eMarketer, January 2021



scale internationally. The US digital newspaper subscriptions will increase by double digits each year over the next five years. As eMarketer projects, they will grow by 31% in 2021, 25% in 2022 and 21% in 2023. The number of consumers willing to pay for news shows there is substantial room for growth. 79% of consumers in China are prepared to pay for news, compared to 25% today, according to the Understanding Value in Media study by World Economic Forum in 2020. The numbers are similar for India, where 67% of consumers are willing to pay for news in the future, up from 25% today. The more established western economies show similar signs of pent-up demand. 9% of Germans pay for news now, while 38% claim they may in the future. The gap is similar in the UK and US where 11% and 12% respectively pay now, and 41% and 45% respectively are willing to pay some time later.

02 THE HOLY GRAIL OF SUBSCRIPTIONS

CEO INSIGHTS

Sten Garmark
Vice President
Product at Spotify

Listening to game consoles skyrocketed as people stayed at home more. Together with game console manufacturers we saw that when we enabled more freedom for consumers to listen to the music that they really loved, it drove up their game engagement. People played longer when they weren't getting bored of the music that got shipped with the game. This was one of the big bets that we made in the PlayStation integration many years ago, and again with Xbox. We also have a Spotify experience that you can use in a game console while you're doing other things.

Seamless group listening in the same household. As people got into lockdowns, we saw that social interactions with family and friends got even more important than ever. When you're with your family and in the same household, people tend to listen together a lot. So we invested in something that we call group listening and group sessions. We wanted to make sure that it was really seamless for everyone in the household to get engaged.

Listening between friends or groups. We saw a lot of demand from people who wanted to listen to the same music or podcasts even when they're not in the same place. So we have a group listening experience where people can listen together in real time. We also made it easier to create collaborative playlists together and share them. Now that we've made it a little bit easier to invite your friends, we've seen growth accelerate into more mainstream users.

Service ubiquity — being everywhere our users are. There is no service in audio that is as ubiquitous as Spotify. We are available on more than 2,000 devices with more than 200 brands. Basically, whatever device you buy that has a speaker in it, you're going to be able to play Spotify on it. We have made a bet on the Spotify mobile app being a remote control for other devices. We also wanted to make sure that we used each device's specific features. We love being able to say, "Hey, Google, play Spotify" and it just starts playing.

Podcasting: from discovery to new format creation. We focus on combining machine learning, algorithms and editorial to help consumers discover their first, second, and next podcasts. But the most impactful thing we can do is innovating on the format itself. We just launched Spotify music shows, which combine talk and music in one seamless experience. Then comes playlist Stories where video in the Stories format can be added to playlists. We've introduced video podcasts, which Joe Rogan is using. It's not something that you're going to watch all the time, but you can look at the video to better understand the facial expressions and what's happening on the show.

This is an edited excerpt from Sten Garmark's interview at Business Insider Global Trends Festival in October 2020

02 *THE HOLY GRAIL OF SUBSCRIPTIONS*

LOCAL MARKET VARIATIONS

India

Pricing content is tricky in a borderless digital world with varying purchasing power. Why is someone in the US paying $10 for a Netflix base plan and less than $3 in India? Especially when people are more mobile across borders than ever before. A scalable answer will need a few iterations at the concept level.

Sriram Iyer

Editor-in-Chief,
Business Insider India

Poland

Consumers got used to paying for many types of content, like movies and TV. But one type of content, journalism on the internet, was always free. Now, every type of journalism ends up on the internet, and even TV stations have needed to create synergies with the web. It's obvious that quality journalism online should be — like newspapers — paid content. Users must learn that quality means credibility. At Ringier Axel Springer Polska, the parent company for Business Insider Poland, we firmly believe in the credibility of our journalists and are consequently implementing paywalls for our websites. One thing that big media companies can do is offer multi-brand subscriptions, which we have started doing. It's always about the quality and credibility of journalism.

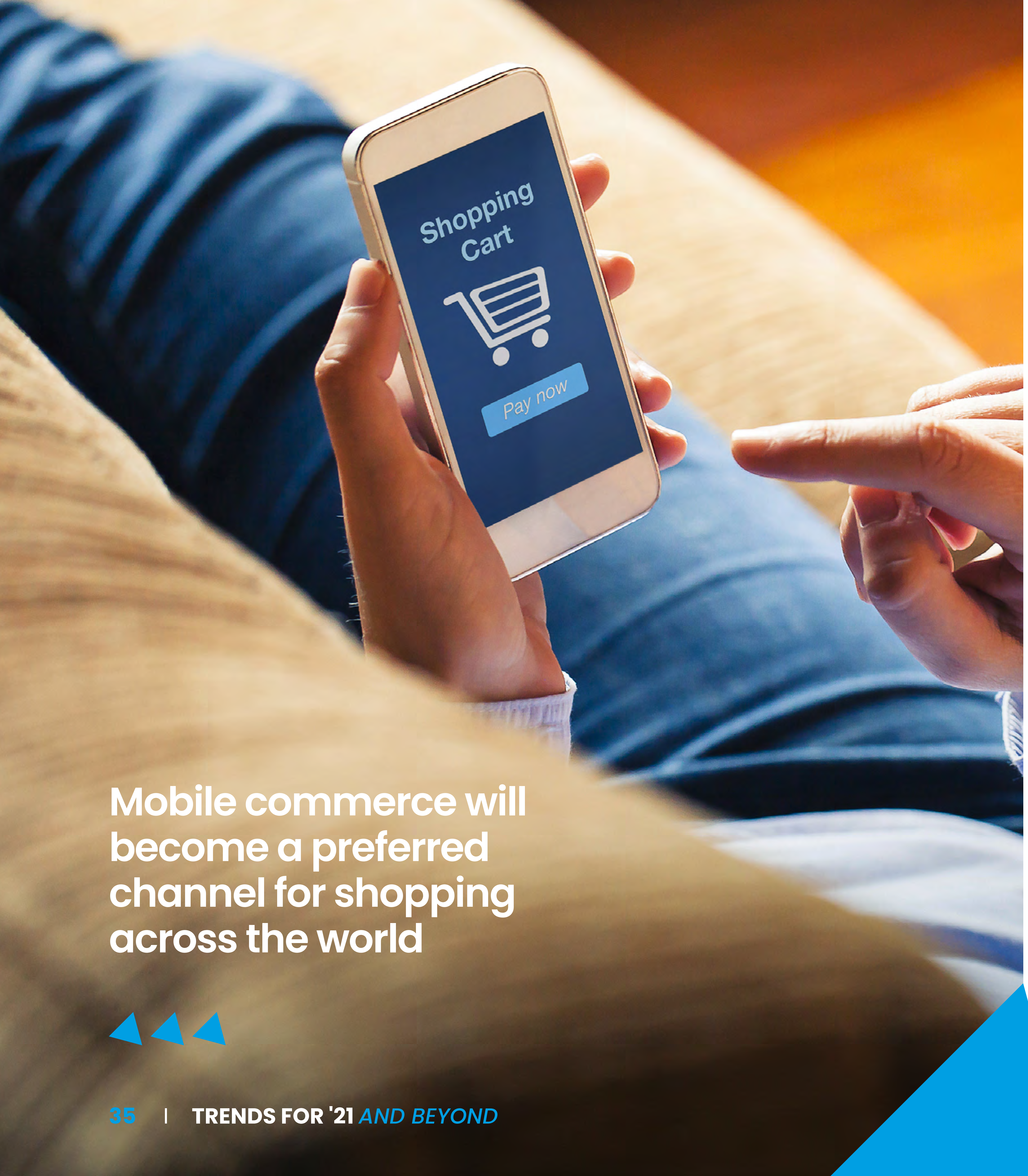
Mikołaj Kunica

Editor-in-Chief,
Business Insider Poland

03

SHOPPING TURNING DIGITAL AND MOBILE

E-commerce has been on the rise massively in recent years, but it may not be the next true frontier for shopping as mobile commerce (m-commerce) continues to become more popular. M-commerce is poised to burst into the mainstream and become a preferred channel for shopping across the world thanks to a host of technological advances that are making it easier for users to shop on their phones.



Mobile commerce will become a preferred channel for shopping across the world

KEY DRIVERS OF THE TREND

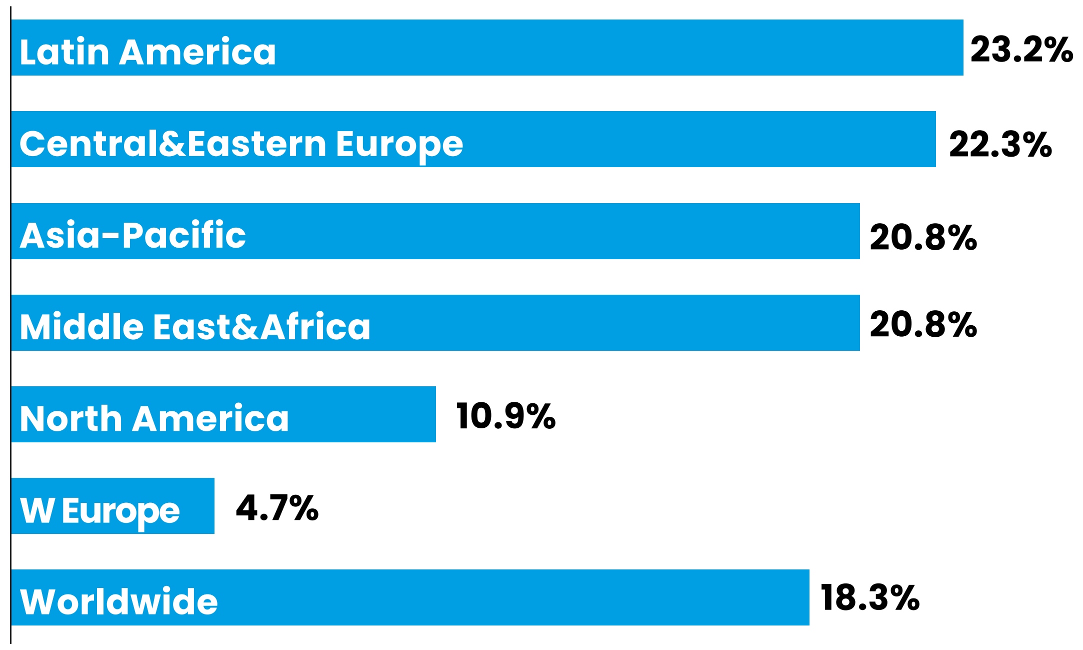
Instead of saving in uncertain pandemic times, consumers transfer their unspent services money to retail goods, thus driving explosive e-commerce growth. Although many national economies experienced recessions in 2020, and unemployment pressures were common nearly everywhere, consumers in many countries ended up with a little more spending money than many analysts had predicted. Due to various lockdowns, quarantines, and the general fear of going outside, many consumers disproportionately reduced their spending on services (restaurants, hotels, airlines, movie theaters). But instead of saving their unspent services money (as might have been expected during a recession), many households turned around and spent their newly available cash on additional consumer products—particularly via e-commerce channels. That "extra" money helps explain how consumers were able to drive such outsized e-commerce figures in an otherwise grim economic environment. Hence 2020's unexpectedly explosive performance for retail sales of consumer electronics, home furnishings, toys and hobby items, digital groceries, etc.

Propelled by these unexpected consumer behaviors, worldwide retail e-commerce sales grew 27.6% for 2020. In fact, all 32 national markets Insider Intelligence covers ended up with at least double-digit e-commerce growth. Insider Intelligence expects consumers to maintain many of their newfound digital behaviors in 2021. However, with a full year of relatively normalized brick-and-mortar commerce 2021's growth rate will decelerate to 14.3%, despite the enduring enthusiasm for e-commerce.

Consumers ditch PCs in favor of smartphones for internet browsing (and commerce, too). Along with the unexected boom in retail e-commerce in 2020 came an even higher growth in m-commerce. The latter is an extension of e-commerce that has been around for more than a decade. In fact, m-commerce already accounts for 65% of global e-commerce sales in 2020. The phenomenon is, however, distributed unevely across the world, with Asia Pacific and China in particular being almost saturated with m-com-

RETAIL M-COMMERCE SALES GROWTH WORLDWIDE, BY REGION, 2021

%CHANGE



Note: Includes products or services ordered using the internet via mobile devices, regardless of the method of payment or fulfillment; includes sales on tablets; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales
Source: eMarketer, December 2020

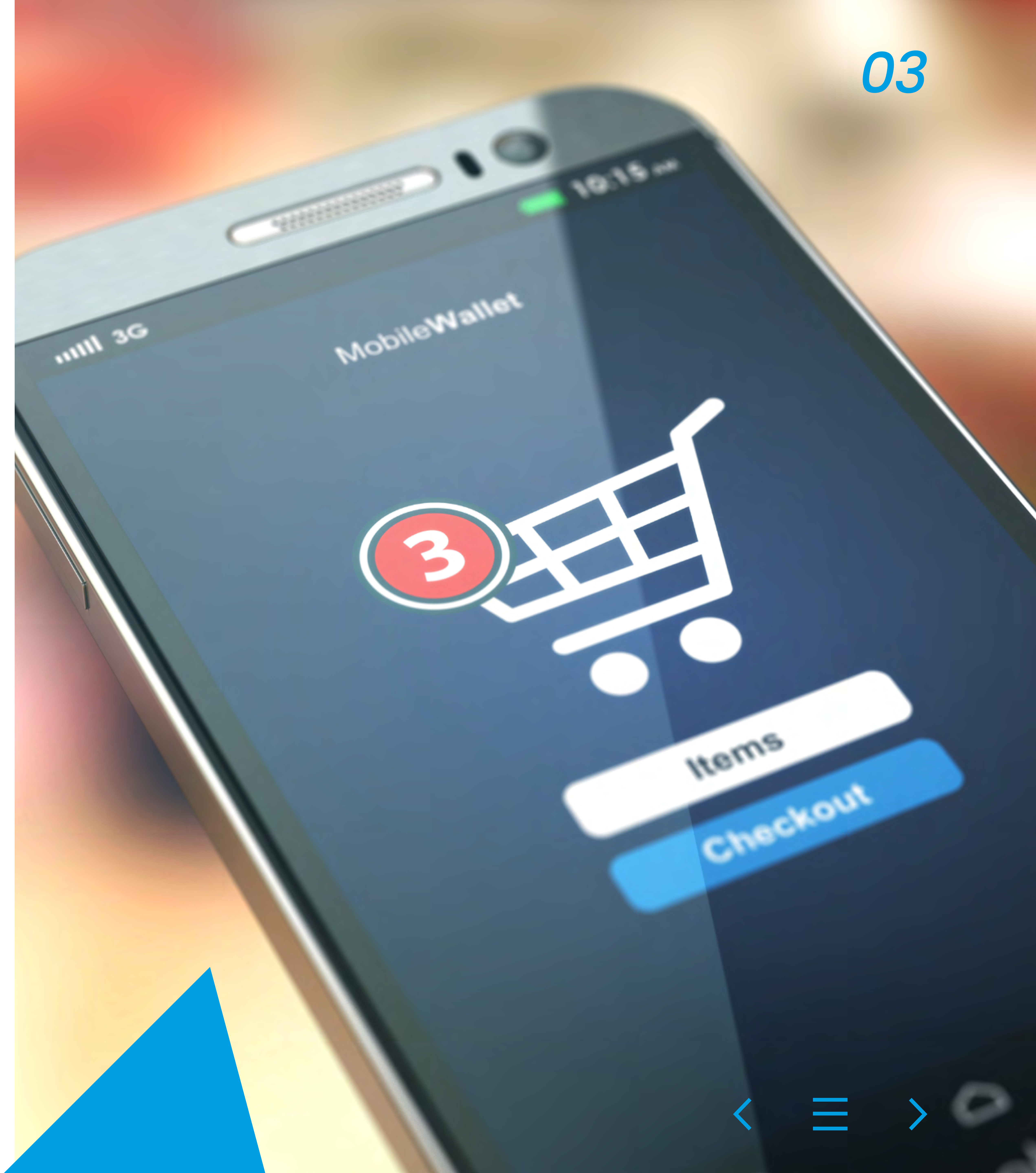
merce (with mobile sales representing 80% of total e-commerce in the region) and weighing in highly on the global sales (almost 50% of the global m-commerce sales comes from China). The other regions (Western Europe, North America, Latin America and Central and Eastern Europe) lag behind considerably, with m-commerce constituting only about 40% of the total e-commerce figures in each.

But mobile sales are naturally expected to rise at the expense of computers in these markets as consumers are changing the way they access the internet. They prefer to browse the internet with their smartphones, rather than computers. They also spend more time on mobile devices instead of computers. Smartphones and high-speed internet have become much more accessible, too.

With 3.9 billion of smartphone users around the world (according to Statista), and only over 2 billion personal computers in use worldwide (according to Forrester Research), the sheer number of mobile phone users should motivate businesses to embrace m-commerce and start making their products and services available on apps or mobile-optimized web stores. Mobile-first countries like India and Brazil are particularly ripe for growth in m-commerce, with retail mobile commerce sales in India rising by 24.7% in 2020 and already accounting for 80% of total retail e-commerce sales in the country.

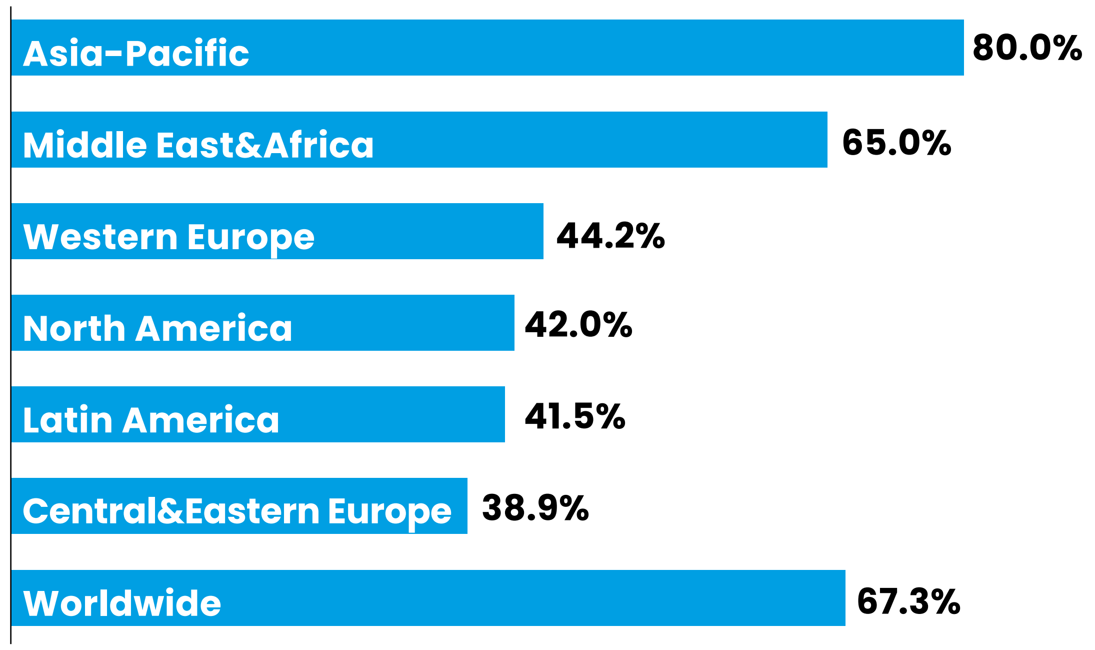
Technological advances make it easier for users to shop on their phones. Social media sites such as Facebook, Twitter, and Pinterest have all introduced "buy buttons" that let shoppers make purchases without having to leave the platform. And many retailers have introduced one-click checkout to their sites. This method requires shoppers to enter their payment information once, and then they can use the one-click option to make purchases without having to re-enter it.

As mobile wallets and contactless credit cards become increasingly popular, tech giants like Google and Apple are making their way to the forefront of the payments space. In November 2020 Google revamped its Google Pay app for Android and iOS users and included checking and savings accounts in partnership with Citi and Stanford Federal Credit Union. Google plans to add 11 new partner financial institutions as ac-



count providers that users can choose from. The enhanced emphasis of Google Pay app on money management tools could be a major customer acquisition advantage.
Buy buttons like Amazon Pay have built up user bases over the years. And Amazon Pay could be a precursor to the tech giant's further moves in financial services, especially as it expands the wallet globally. As a mobile wallet and online buy button, Amazon Pay can be adapted to different markets and allow the firm to establish an audience around a payment tool.
Besides easier-to-handle payment tools, there are also other technologies that enhance user experience, a crucial factor that leads to conversion on mobile. Ikea's augmented-reality powered shopping app is a textbook example of making

RETAIL M-COMMERCE SALES WORLDWIDE, BY REGION, 2021
%OF TOTAL RETAIL ECOMMERCE SALES



Note: Includes products or services ordered using the internet via mobile devices, regardless of the method of payment or fulfillment; includes sales on tablets; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales
Source: eMarketer, December 2020

Ikea's augmented-reality powered shopping app is a textbook example of making the best of the mobile platform.

the best of the mobile platform. It allows users to check how the furniture will look by superimposing them on the actual living space.
As app usage continues to grow, it will be a major contributor to sales growth, especially with millennials and Gen Zers holding massive spending power. These tech-savvy users have the ability to boost volume, as they're more likely to do a wider share of shopping on their smartphones.

03 SHOPPING TURNING DIGITAL AND MOBILE

OUTLOOK FOR 2021–23

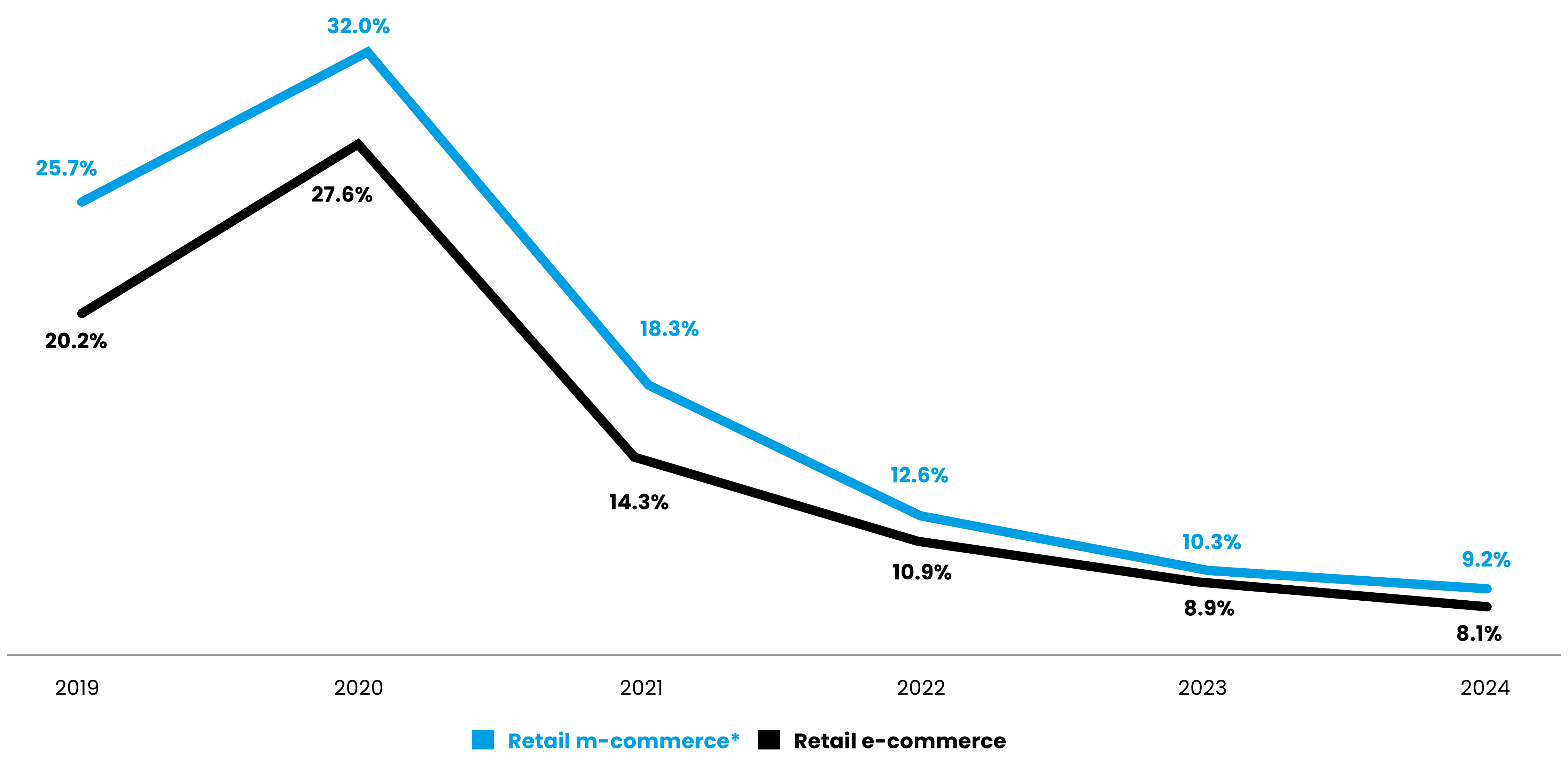
In 2021, Insider Intelligence forecasts global m-commerce to grow by 18.3%, which is considerably more than the 14.3% growth rate projected for retail e-commerce, and much more than the 5.1% growth for the overall retail market.

The m-commerce growth rate for 2021 is down from 32% in 2020. This lower figure accounts for the expected reopening of many brick-and-mortar options in 2021 as well as all the unexpected growth that shifted forward into 2020.

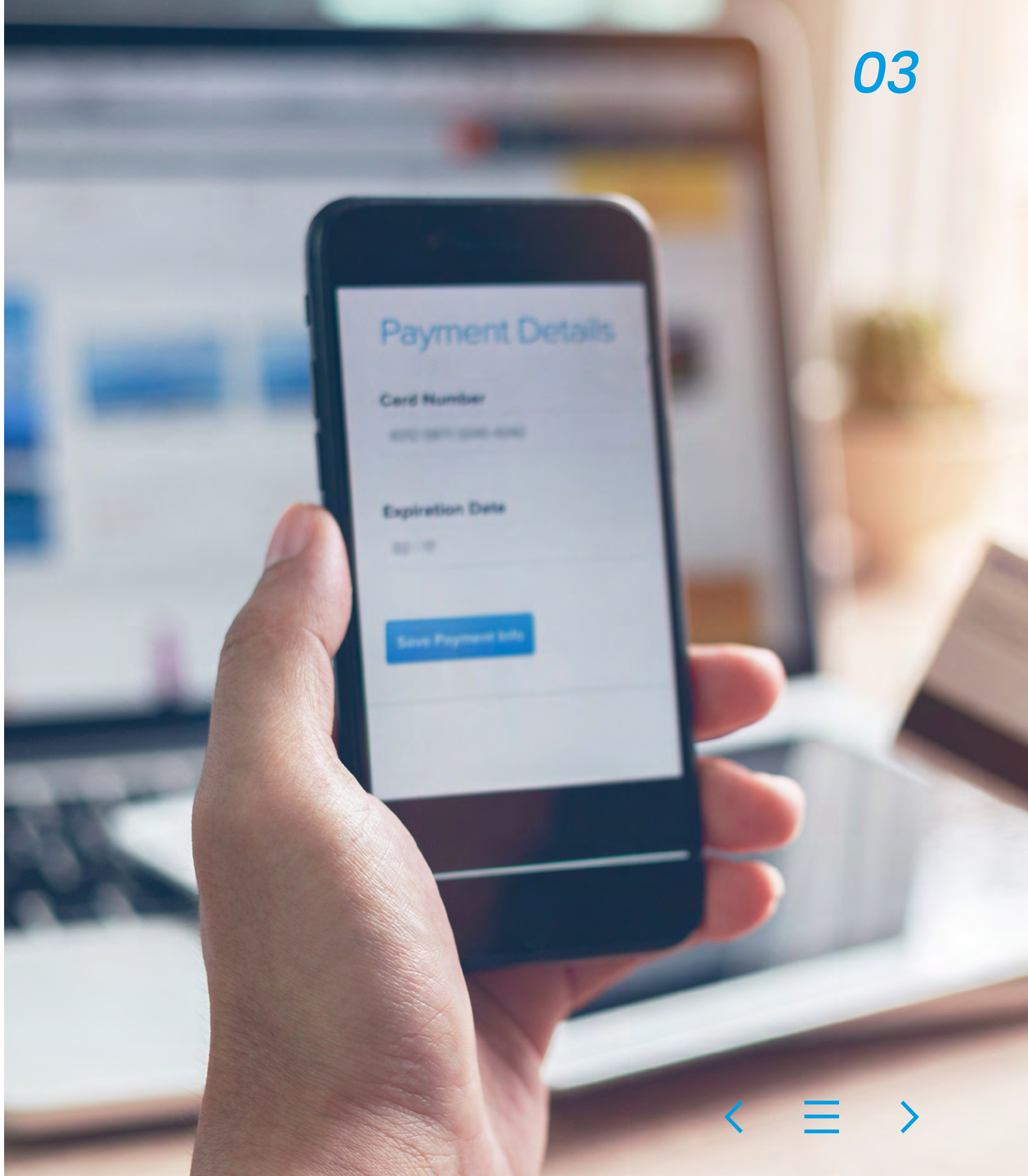
Each region will see slowed m-commerce growth in 2021, but this is not representative of a decline in popularity for the channel. Rather, 2020's boom, plus the naturally slowing growth for m-commerce in Asia-Pacific, creates a dynamic where some degree of deceleration is unavoidable. However, every region besides North America and Western Europe will still grow by more than 20%. Latin America will continue to lead the world with a 23.2% growth rate, with Central and Eastern Europe coming in second with 22.3%.

RETAIL E-COMMERCE VS. RETAIL M-COMMERCE* GROWTH WORLDWIDE, 2019-2024

%change



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales; *includes sales on mobile phones and tablets
Source: eMarketer, December 2020



03 *SHOPPING TURNING DIGITAL AND MOBILE*

CEO INSIGHTS

Tarek Müller
Cofounder & Managing Director of ABOUT YOU

Online retail and online penetration will grow significantly. You just need to look at the behavior of the young generation. Gen Z, Gen Y - they have an online penetration of roughly 50%. The total online penetration is much lower, just over 10% for Europe, and it's quite obvious that this gap will be closed.

Is there room for everybody in this market? I don't think so. Online markets tend to go into monopolies or at best oligopolies. This is how the global digital structures are built in search, social networks, etc. In e-commerce and consumer goods segments where it's purely about price and quality, there will be a monopoly as well, and I think Amazon will win it. You don't need to be a prophet to forecast that.

But I don't think fashion will end up a monopoly. Amazon is not the largest online fashion retailer today, and they are growing much slower than us and Zalando. Online fashion is rather going to be an oligopoly of around three to five major players worldwide with at least 70-80% of the online market share.

Today, the three largest online fashion players — Asos, Zalando, and us — don't even have 15% of the online fashion market. Online fashion today is a very fragmented market. I don't believe it will stay fragmented. There are a lot of online fashion players that are going to be insolvent or that will lose their end consumer access and will become part of the marketplaces like Amazon, Zalando, and us.

If you don't factor in China or Amazon, there are not that many players in the western world who are prepared for global scale. There's one player in the United States, Revolve, but it is much smaller, just a fraction of our size.

Will e-commerce wipe out offline retailers? No, offline retail will always exist. But an offline retailer needs to think about its strategy now. They should determine if they want to be a supplier for existing platforms or marketplaces like Amazon or About You that have the consumer access, or if they want to build their own consumer access, or if they want to do both.

I see a lot of offline players without a strategy who still believe their position can be defended in the offline world. There are advantages offline retailers have versus online retailers. But most of the offline retailers are actually not taking advantage of the assets they have. For instance, offline retailers can develop a lot of advantages from having offline stores as basically city warehouses.

This is an edited excerpt from Tarek Muller's interview at Business Insider Global Trends Festival in October 2020

Niklas Östberg
Co-founder and CEO,
Delivery Hero

At Delivery Hero, we are pioneering quick commerce, the new generation of e-commerce that leverages both local stores and small warehouses to deliver products to customers really fast. The difference is that it doesn't take days, but actually less than an hour, and in some cases even 20 minutes or less. As part of quick commerce we partner with roughly thousands of local stores. We also have over 490 dedicated small warehouses spread across key demographic areas that allow us to deliver thousands of SKUs at record speed. We are not just a food delivery platform. We also deliver flowers, pharmaceuticals — whatever you want delivered.

We help local stores survive by giving them a storefront or tools to deliver goods to the customer, bringing the offline experience online for them. That's what they need as more and more customers go online. Of course some stores try to build their own websites, apps, and delivery. For supermarkets this might be feasible, but it is more challenging for a small store, as it is just too expensive to dedicate a lot of development time and reach the necessary size and scale for the delivery.

With quick commerce, local stores can tap in on the local demand that otherwise they would need to ignore. There might be certain product items, for example, that have a very high frequency of ordering. It would be very hard for local stores to process this profitably, so local stores wouldn't want to do it. Or there might be a clear need from customers to get things faster. It could be that you're in the middle of cooking and you forgot about milk. You don't need milk for tomorrow, but you need milk now. With our fast delivery, we can achieve this and, given our collective demand, do so efficiently and profitably.

03 *SHOPPING TURNING DIGITAL AND MOBILE*

LOCAL MARKET VARIATIONS

Poland

In 2020, e-commerce in Poland grew by well over 30% to almost 22 billion euro in revenues. That makes Poland one of the fastest growing markets for e-commerce in Europe. The sector grew 20% per year on average over the last few years, so the pandemic only cemented what was already happening.

Everyone is wondering how the launch of Amazon will affect the market. Right now the undisputed leader of e-commerce in Poland is Allegro Group, which started just like eBay. It gained popularity and trust so quickly that eBay had to retreat from Poland a few years after entering the market. 2020 was definitely the year of Allegro, as it IPOed on the Warsaw Stock Exchange and became the biggest publicly traded company in the country in terms of market cap, valued at over USD 22 billion.

But Allegro was not the only one to benefit from e-commerce growth. Traditional brick-and-mortar chains from cosmetics and food to entertainment went online. They offered an omnichannel experience and gave customers convenient and safe payment methods. That's why two nationwide store chains, Rossmann and Empik, introduced the 'pay & go' mobile payment option which provides customers with an alternative to checking out at the cash desk. And it's just the beginning, as the pandemic has accelerated the growth of both e-commerce and fintech in Poland.

Mikołaj Kunica

Editor-in-Chief,
Business Insider Poland

Nigeria

In 2017, Jumia launched Nigeria's first e-commerce bot, which allows shoppers to order goods and book hotels and flights simply by having an online conversation with the bot. The bot was developed in a collaboration between the Facebook and Jumia tech teams, and uses Artificial Intelligence (AI) and natural learning processes to learn user preferences and make personalized recommendations.

Victor Oluwole

Editor-in-Chief,
Business Insider Africa

04

FROM SOCIAL MEDIA TO SOCIAL ENTERTAINMENT

Consumers of entertainment are compensating for the lack of out-of-home socializing options. Pre-loading content and using AI/ML to optimize streaming user satisfaction at OTT services are not enough for them. They seek user-generated shared experiences over social video instead. With the rise of TikTok and the Stories format on social media, social media is gradually turning into social entertainment.

KEY DRIVERS OF THE TREND

OTT streaming is losing its charm as a solitary experience. While Netflix had an overall stellar 2020, it has seen its growth dwindle over the pandemic year as people around the world got used to spending more time at home. More than two-thirds of Netflix's new subscribers were added in H1, only for net subscriber additions to fall to just 2.2 million in Q3. The past quarter was a return to normalcy, with Q4 2020's 8.5 million new subscribers similar to Q4 2019's 8.8 million. While users appreciated a user-friendly, personalized, and content-rich experience related to watching OTT movies and series, they gradually looked for alternatives that would satisfy their growing need for sharing time with friends.

Negative sentiment to social media. In 2020, the traditional ways in which social media has been used—reading or writing status updates and sharing news and information—were plagued by misinformation and disinformation, resulting in increasingly negative sentiment toward social platforms. According to a July 2020 study by the Pew Research Center, 63% of US social media users said they believe social media has a mostly negative impact on the way things are going in the country today.

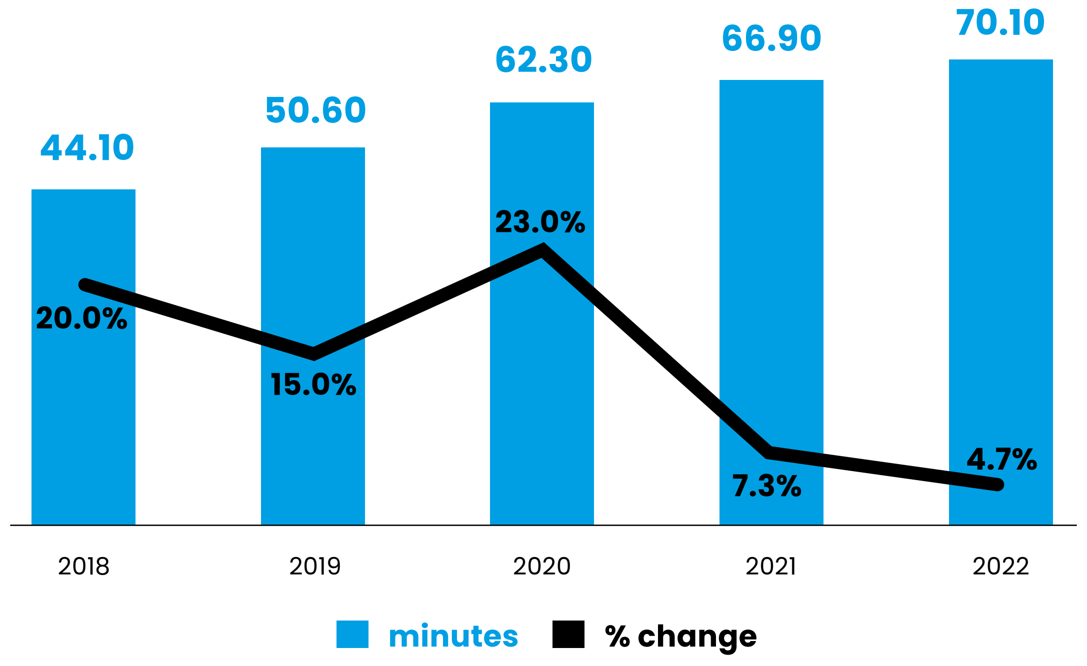
04 FROM SOCIAL MEDIA TO SOCIAL ENTERTAINMENT

OUTLOOK FOR 2021–23

OTT streaming market is approaching saturation. We expect Netflix's user growth to be slow and steady for the remainder of our forecast—it will enter the single digits for the first time since we began tracking it, growing by 9.3% this year and staying relatively flat until at least 2024. But that's less a sign of stagnation and more a reflection of its approaching market saturation: The majority (81.8%) of US OTT viewers will watch Netflix in 2021, and 34.9% of OTT viewers worldwide will do the same. (It's important to note that Netflix isn't available in China, which drags that number down a bit.). The rise of Netflix competitors is not expected to overturn the overall slow growth trajectory. Average time spent per day with subscription OTT video will grow in the US by 7.3% in 2021 and 4.7% in 2022 (compared to 3.1% and 2.3% respectively for Netflix alone).

AVERAGE TIME SPENT PER DAY WITH SUBSCRIPTION OTT VIDEO

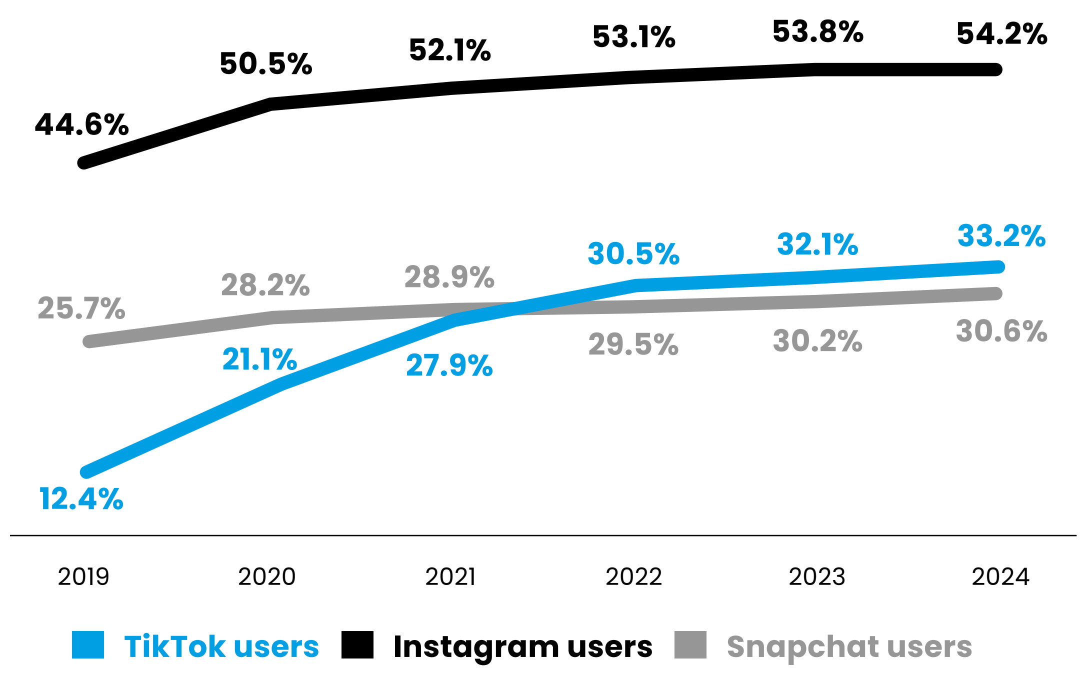
US, 2018-2022



Source: eMarketer, April 2020

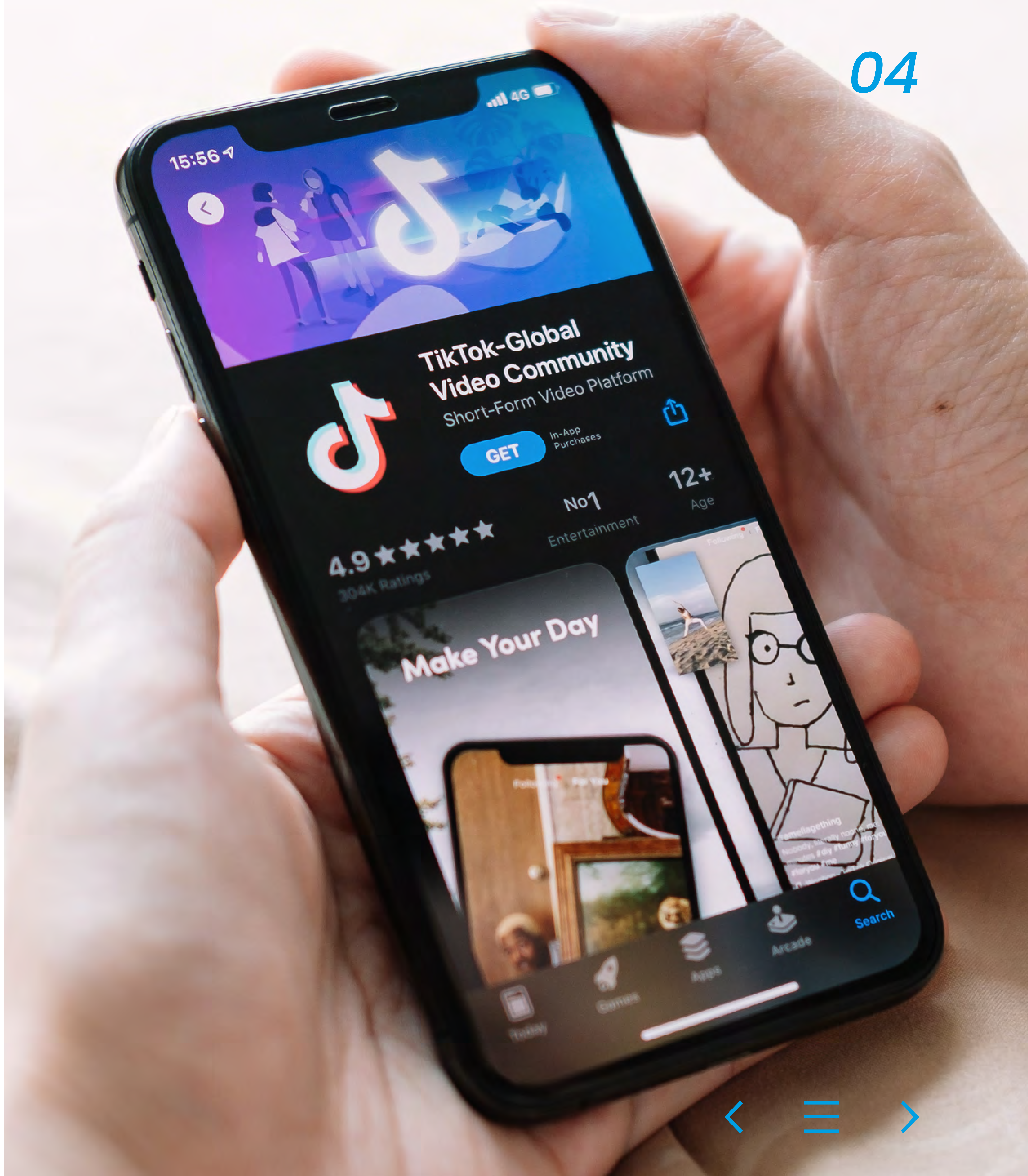
INSTAGRAM, SNAPCHAT, AND TIKTOK USER PENETRATION IN GERMANY, 2019-2024

% OF SOCIAL NETWORK USERS



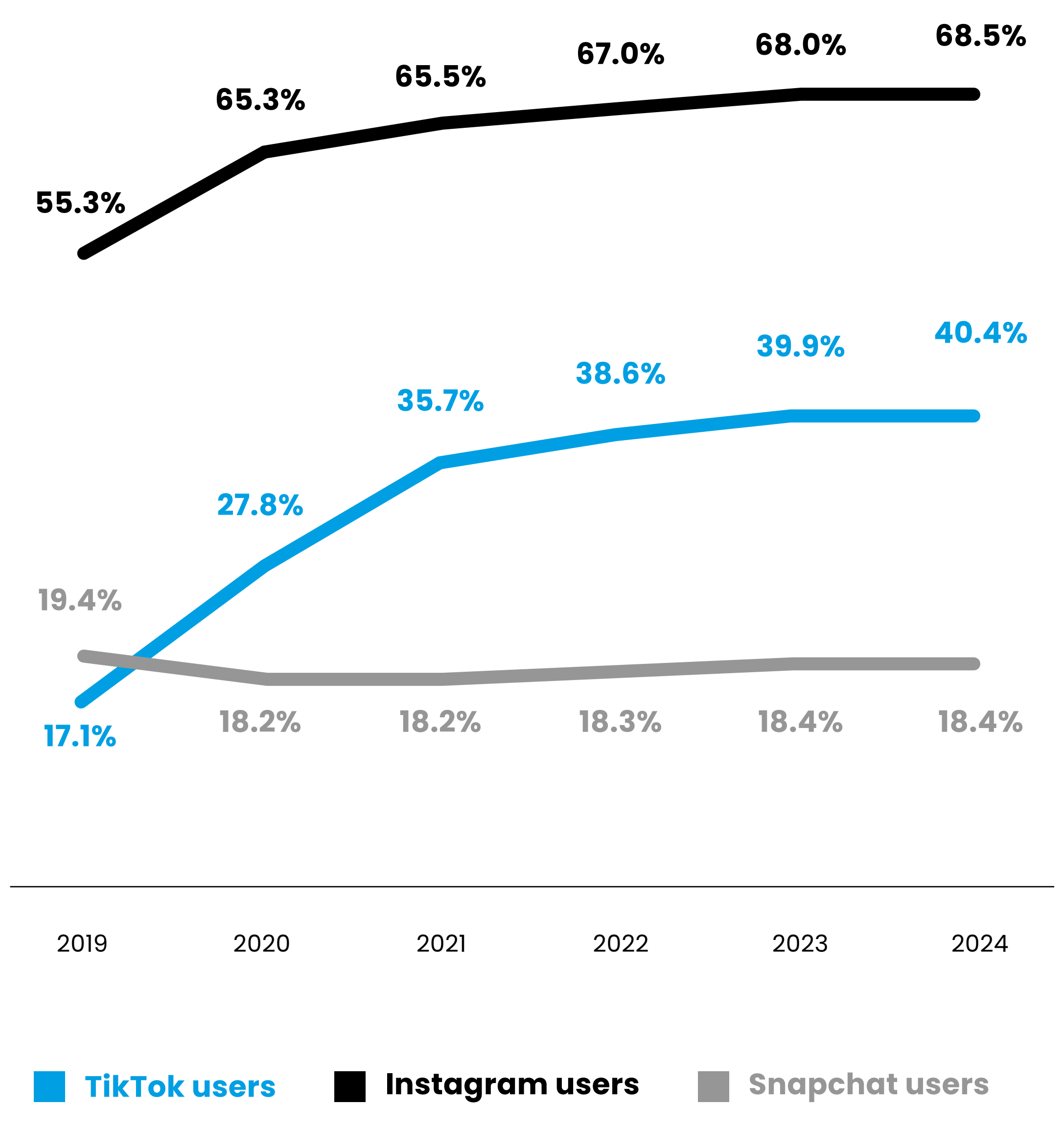
Note: mobile phone users of any age who access their Snapchat account via mobile phone app at least once per month, and internet users of any age who access their TikTok or Instagram account via any device at least once per month
Source: eMarketer, October 2020

The future of social media is entertainment. Given the huge growth of TikTok in 2020, as well as the launch of Instagram's Reels, YouTube's Shorts, Snapchat's Spotlight, Triller, and other apps that mimic TikTok, we can say that social entertainment is the future of social content and communication. Unlike social media with its negative sentiment, social entertainment provides a new proposition: It has the potential to make social media fun again. While apps like TikTok aren't completely immune from bad information, they also have enormous power to bring people together for moments of joy (see Ocean Spray-wielding Nathan Apodaca's skateboard ride on TikTok). These apps are also highly engaging, driving up time-spent metrics.



INSTAGRAM, SNAPCHAT, AND TIKTOK USER PENETRATION IN SPAIN, 2019-2024

% OF SOCIAL NETWORK USERS



Note: mobile phone users of any age who access their Snapchat account via mobile phone app at least once per month, and internet users of any age who access their TikTok or Instagram account via any device at least once per month
Source: eMarketer, October 2020

Insider Intelligence forecasts that more than one-third (34.2%) of social network users will use TikTok in 2021, only 6 points below Snapchat's penetration (40.1%) but far behind that of Instagram (54.9%). The share of TikTok users in the general internet user population will increase most among social media platforms across the world, from US to UK, Spain, and South Korea.

Stories explode across all social media platforms. Stories—those disappearing content modules featuring photos, videos, and text—are carriers of the same trend toward social entertainment as social videos. The typically raw and unpolished content that appears in a story is different from the typically scripted and choreographed content in a short entertainment video (there are, of course, exceptions to both). But the vertical format, the tight integration with creators, and the youthful audience are all commonalities between Stories and short videos.

Stories are still quite popular among users and marketers. They have been around since 2013, first on Snapchat and subsequently on Instagram (in 2016). By the end of 2020, Twitter and most other social platforms also had their own versions of Stories. There's no question they have been a hit; in research Insider Intelligence conducted in March 2020 with Bizrate Insights, 42% of US Instagram users said they had watched other people's Instagram Stories in the past month.

Likewise, marketers have also put a lot of emphasis on Stories for organic marketing and paid advertising. In research conducted in November 2020 by the Interactive Advertising Bureau among US agency and brand marketing executives who were expecting to spend money on digital advertising in 2021, 54% said they would be investing in Story video ads.

04 FROM SOCIAL MEDIA TO SOCIAL ENTERTAINMENT

CEO INSIGHTS

Blake Chandlee
President, Global
Business Solutions,
TikTok

TikTok's mission is to inspire creativity and bring joy. The core of that is authenticity. Authenticity extends to everything that people do here: their expectations for the platform, their joy, their experience, and how they express themselves.

Brands. Our users expect brands to be authentic on this platform. And when they're not, it feels awkward. To help brands tap into that authenticity, we launched our TikTok for Business platform in 2020. One of the concepts that we work on there with brands is "Don't make ads, make TikToks." Since creators are a core part of the overall experience, we guide brands on how to work with them. Creators understand what authenticity means on this platform. They understand how content goes viral and what users expect.

For SMBs that may have smaller budgets for working with creators, we launched our self-serve platform. There SMBs have the tools to create content on the platform, make super flexible budgets, and understand how their campaigns are performing. We're also encouraging them to use their local creators. SMBs can do that by using our new creator marketplace platform called TikTok Creator Marketplace. It is designed to connect brands with creators in a way that's pretty easy for both sides. Creators register with the platform, brands have access to the platform, and they can discover creators based on location, genre of TikToks, or types of followers. They can also see what content is being created and then engage with creators directly to understand if they want to work together.

Creators. We're a content platform, not a social network. That's why creators are so important to us. They make great content explode and go viral on TikTok. Creators are a huge priority for us. We want to make sure they can earn a living, so we announced a billion dollar fund to get them through in the short term. But we're in the middle of building a number of different tools and capabilities for these creators to be able to make a living. We want to continue to provide creators with the opportunity to monetize on the platform. E-commerce is a relatively straightforward way for them to do that, and there's more to come on that in the future. We want to give them the relevant tools, features, and functionality to do that. But we want to do it cautiously, in a way that adds value to all the constituents: users, brands, merchants, and creators.

04 *FROM SOCIAL MEDIA TO SOCIAL ENTERTAINMENT*

LOCAL MARKET VARIATIONS

Germany

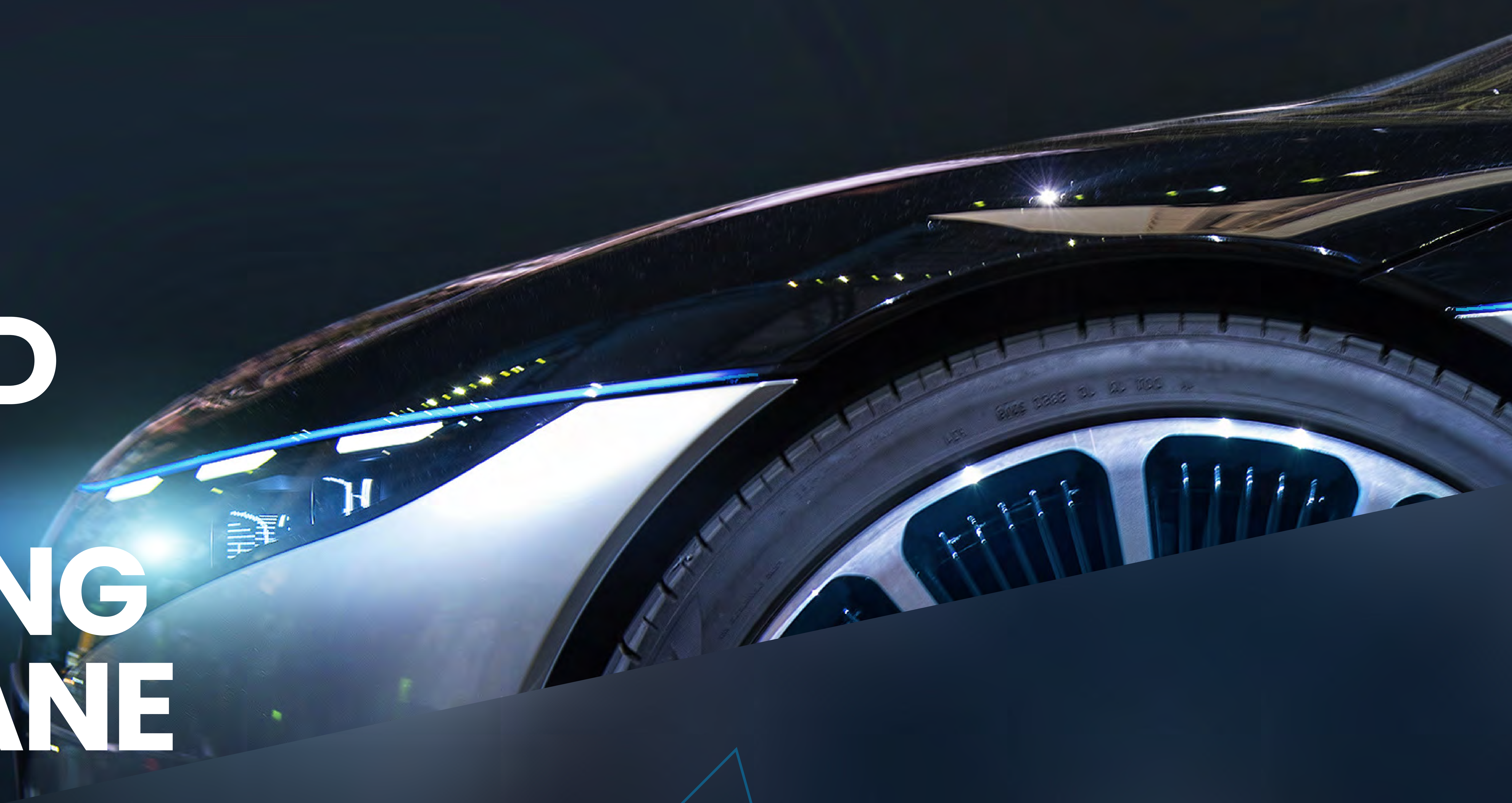
Germany is a rather conservative market where traditional TV is still responsible for 81 percent of total time spent watching video, according to eMarketer. Nevertheless, the market experiences disruption from several angles. First, Germans got used to SVOD. Fifty percent of the country's population now have a video subscription, GFK recently found. But it doesn't stop there: fueled by the pandemic, social video apps have skyrocketed. TikTok has gained serious momentum, while Instagram is now on the phone of every fourth German. Both apps are adding a second layer of social video consumption, leading to a much more relevant threat for the traditional industry. Expect teenagers to binge on TikTok, not on Netflix. And there's more: Germany's Gen Y and Z have always been open towards gaming and esports, while Youtube has traditionally been a go-to source of entertainment. The result is an overall increase in time spent watching esports and games for social entertainment. Expect games to address this and offer an immersive experience for watchers.

Jakob Weis

Editor-in-Chief and General Manager,
Business Insider Germany

05

CONNECTED VEHICLES ARE ENTERING THE FAST LANE



Even as the pandemic has slowed auto sales, the share of connected cars on the road is set to continue to jump. Opportunities for drivers to use online services grow with the sudden expansion of 5G and cloud capabilities and the integration of auto manufacturers and global tech giants. As accessibility expands, it's likely consumer interest will follow, especially since the pandemic could heighten the appeal of in-car purchasing to limit virus exposure points in areas like quick-service dining, parking, and tolls.

05

KEY DRIVERS OF THE TREND

Consumers expect their online services to be everywhere they are (in cars, too). COVID-19 has digitized societies and increased acceptance and demand for digital – and connected – services. Consumers expect to be able to listen to the music or podcasts, watch video streaming, or purchase goods everywhere they go, no matter what platform or device. No wonder they expect to find the same services available in the car, too. Their preference is for safety and navigation. In fact, 80% of Germans, 90% of Americans and 93% of Chinese would want safety-related connected services in their vehicles, as per Strategy& research in 2020. Navigation comes in second – with 75%, 83% and 92% of respondents indicating so, respectively. But users – though in lower numbers - are also open to new features related to traditionally non-car-related areas of infotainment, entertainment, and lifestyle: UK and US internet users expressed interest in using voice commands to control their in-car entertainment (57%), using their cars to find nearby restaurants and shops (53%), or setting reminders to buy things when they're no longer driving (45%), according to a September 2020 GlobalWebIndex survey.

5G has finally arrived as a mainstream option. Geopolitical wars have long held the fast and widespread adoption of 5G networks in check. More importantly though, telecom providers themselves hasitated if demand from consumers is high enough to build out capacity for the new technology. COVID-19 has accelerated the push for 5G. As people stay at home most of the time, they use mobile devices to the limits of traditional network capacity. They keep up with news, download and use cloud applications for virtual meetings, play online games, use social media, consume video content, order takeaways.

As a result, 5G and cloud have come in high demand, with the industry players making bold investments for massive 5G adoption.

COVID-19 has accelerated the push for 5G

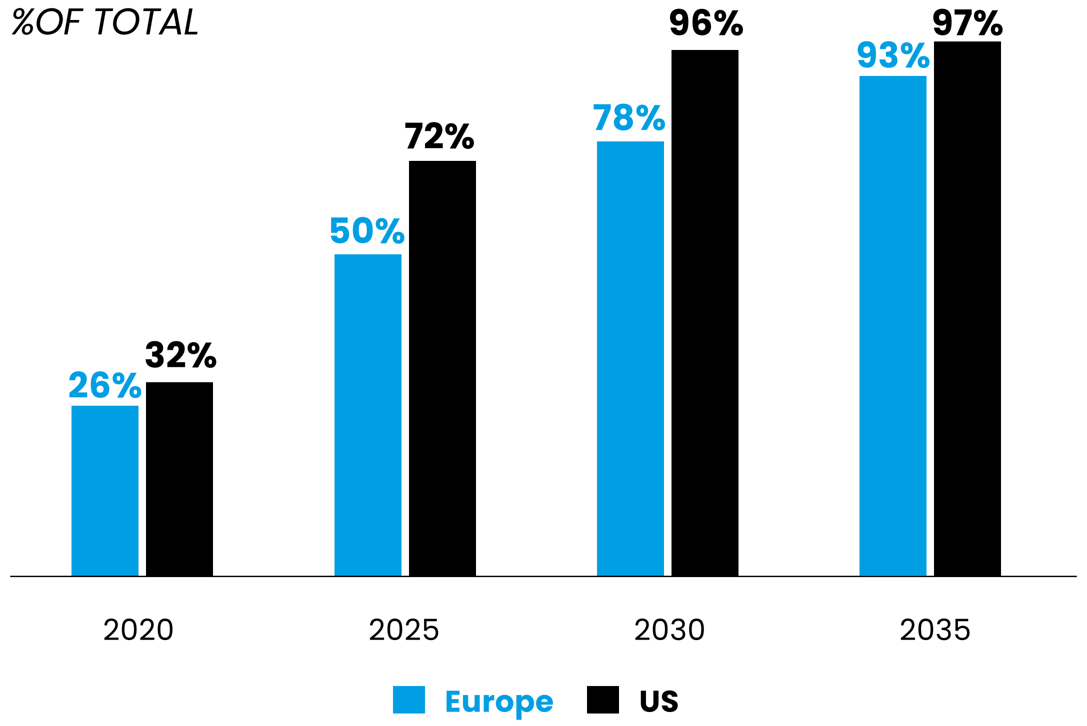
In January 2021, US mobile providers spent a record-setting USD 81 billion in a US government airwaves-license auction for mid-range spectrum, highlighting providers' increased appetite for 5G rollout. Early in 2021 the global chip maker Qualcomm launched its first budget chipset to have 5G compatibility. The chip will enable more affordable 5G smartphones to arrive in the first quarter of 2021 by bringing the technology to entry-level phones in the USD 125 to USD 250 range. In February 2021 Qualcomm also announced its new 5G modem that is roughly 10 times faster than previous LTE networks, on par with fiber broadband services. These infrastructure advancements will likely result in massive increases in 5G subscribers over the coming years. In fact, US mobile telecoms Verizon, AT&T, and T-Mobile are expected to increase their total 5G subscription revenues by a whopping 150% in 2021 and 80% in the years to follow (the total revenues will increase from USD 15.4 million in 2020 to USD 38.9 million in 2021, USD 68.7 million in 2022 and USD 115.6 million in 2023, Insider Intelligence predicts).

OUTLOOK FOR 2021–23

Connected cars will dominate the total vehicle parc soon. According to PwC's October 2020 Digital Auto Report, connected cars in the US will make up almost one-third (32%) of the total vehicle parc (the total number of registered vehicles) and grow to 72% in 2025. Europe's figures lag a bit at 26% and 50%, respectively. Connected vehicles will be nearly ubiquitous across the US in the next 10 years and across Europe 5 years later, according to the same source.

TOTAL CONNECTED CAR SHARE IN EUROPE AND THE US, 2020-2035

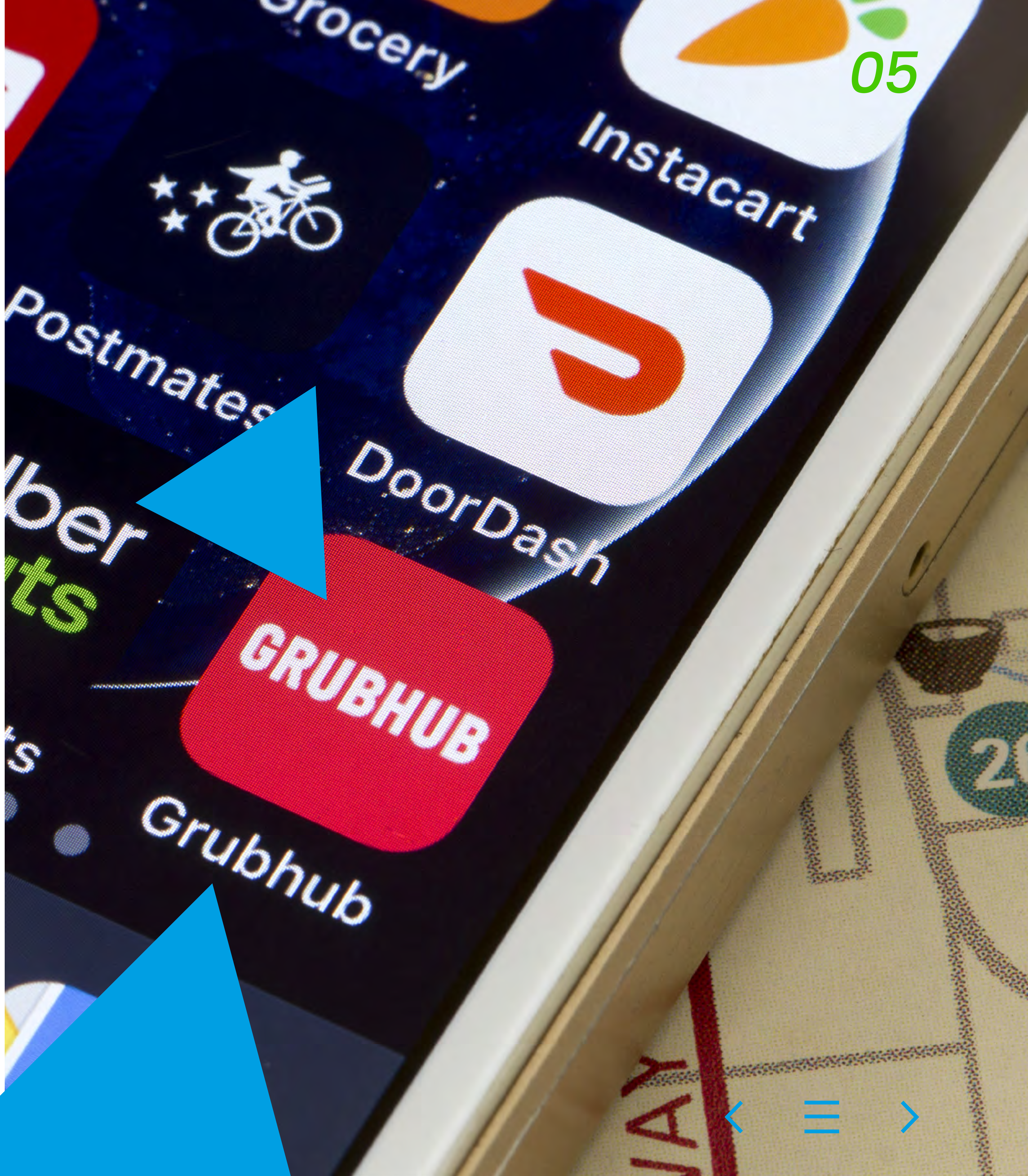
%OF TOTAL

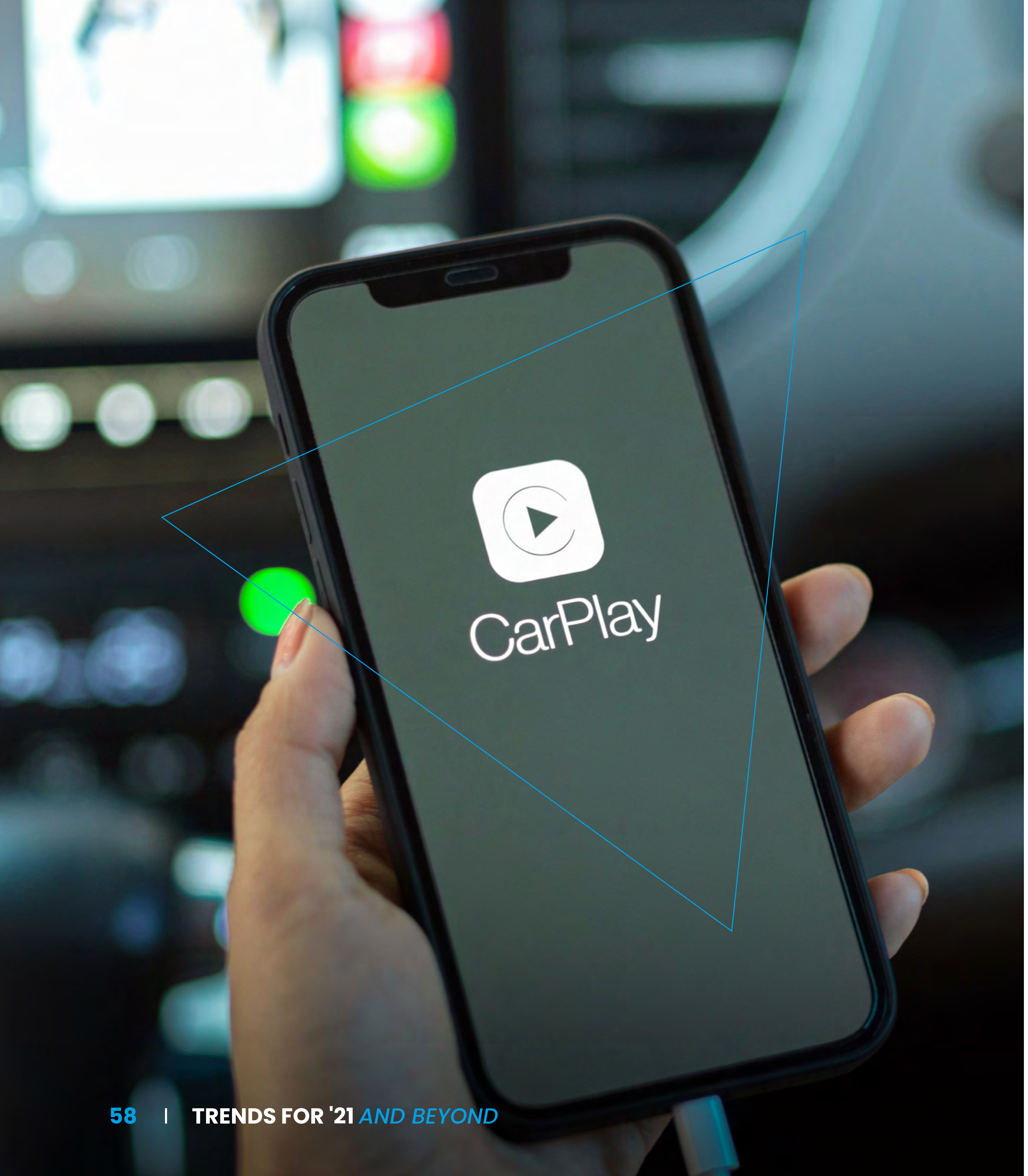


Source: strategy&, "Digital Auto Report 2020," October 2020

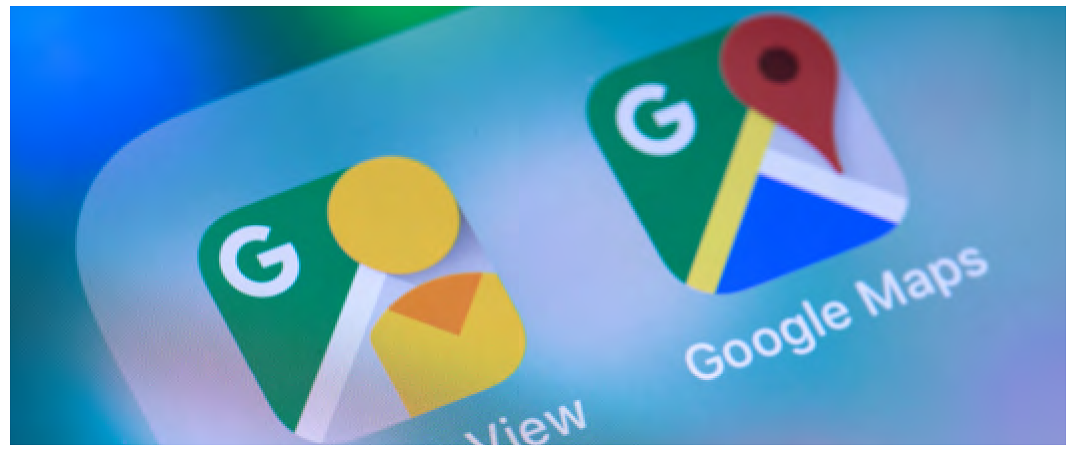
The range of advanced services expands as big tech companies integrate their products in connected cars. These swarms of information-shedding cars provide mouthwatering business opportunities for data-hungry Big Tech companies. They are racing to offer a whole range of connected services, from navigation and traffic updates to entertainment and payments. In 2020 Land Rover partnered with Qualcomm to introduce its new Defender 90 and 110 models, built on Qualcomm's connected vehicle platform with two embedded LTE modems. Among the upgraded offerings there were: real-time traffic updates, music streaming, in-car parking payments and an onboard Wi-Fi hotspot. Amazon, which is working to integrate its Alexa voice assistant into as many car dashboards as possible, added Lamborghini and electric vehicle startup Rivian to its list of partners. It also announced the addition of Fire TV streaming services to the screens of BMW and Fiat Chrysler vehicles, bringing to cars the same streaming programming that you enjoy at home.

New important integrations are announced every month. In January 2021 Amazon announced Fiat Chrysler will integrate its Alexa Custom Assistant in its vehicles through its infotainment system for cars, Uconnect 5. Also in January 2021 Fiat Chrysler announced it will integrate American food ordering and delivery platform Grubhub into the same Uconnect5 system to let its car owners order and pay for food from restaurants in over 4,000 US cities, per NFCW. The Grubhub integration will enable consumers to order and pay for meals via their car's touchscreen display; they can also reorder past Grubhub orders for pickup or delivery. Additionally, the system includes a feature that lets car owners request an emailed menu from nearby restaurants with one click, which they can review once they're no longer driving.





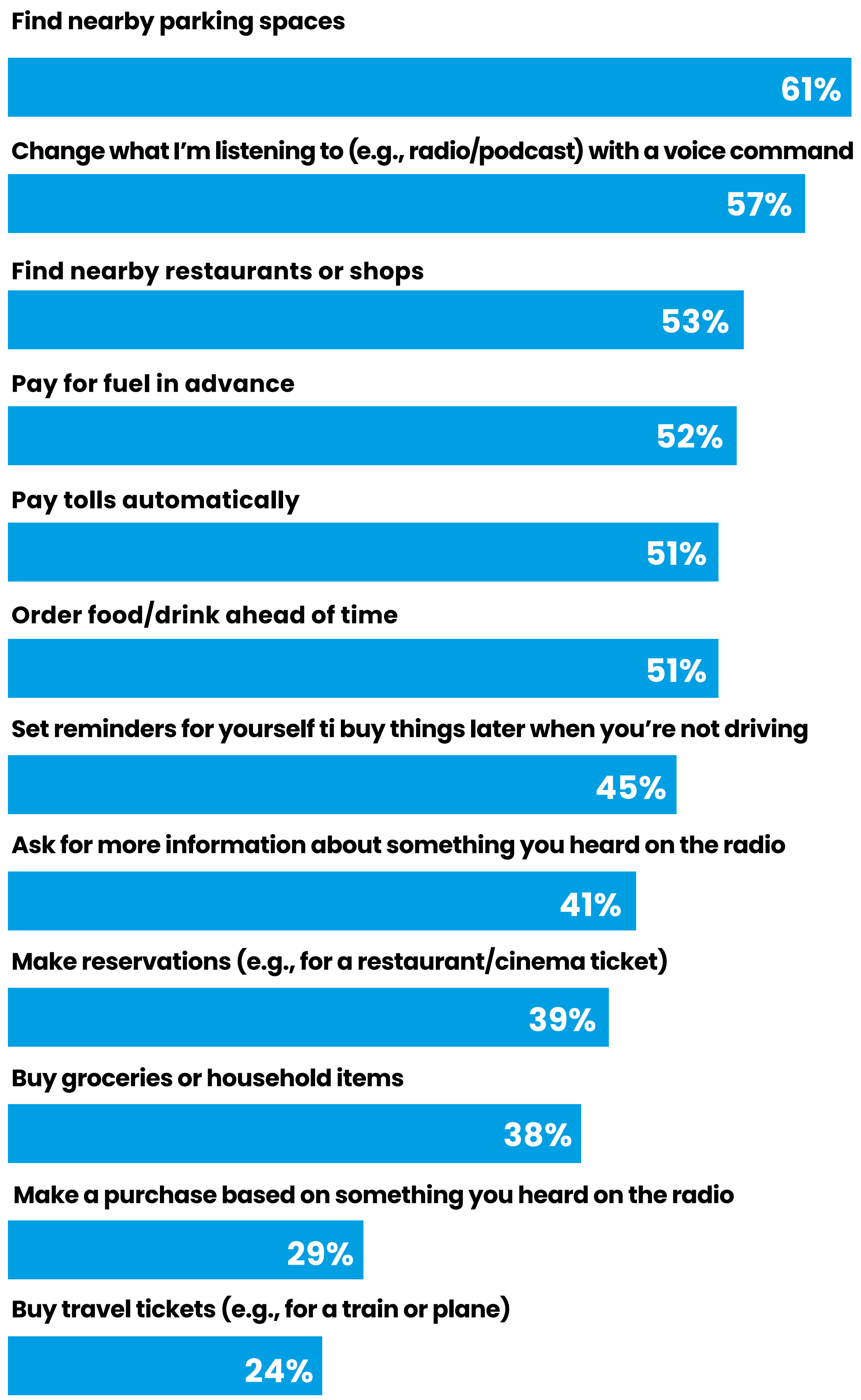
Google leapfrogs Big Tech rivals in connected car race. Google has spent years trying to integrate its Android Auto platform into cars, and many vehicles already support Apple's CarPlay. But the real breakthrough came in February 2021. Google and Ford announced a six-year partnership with Google that will offer Android software and infotainment systems in select models, a development highlighting the ongoing seepage of Big Tech into consumer cars. The partnership makes Google the carmaker's preferred cloud provider and will attempt to integrate Android software into millions of Ford and Lincoln vehicles starting in 2023. In effect, this means certain apps and services like Google Maps will come preinstalled on cars, according to the press release.



Ford's deal with Google actually replaces a previous partnership with Microsoft, which has been seeking out carmakers to integrate its Windows system since as far back as 1998. Switching from Microsoft to Google helps Ford on several fronts: Consumers who use Android apps on their phones will experience less friction when moving to in-vehicle apps, while Google's AI experience and attempts at driverless cars could ultimately boost Ford's R&D efforts.

WHAT ACTIVITIES DO UK & US INTERNET USERS WANT TO BE ABLE TO DO FROM THEIR CARS?

%RESPONDENTS, SEP 2019



Note: n=2,512 regular car drivers ages 16-64
Source: GlobalWebIndex, "Connecting the Dots: Consumer Trends that Will Shape 2020," November 2019

05 *CONNECTED VEHICLES ARE ENTERING THE FAST LANE*

CEO INSIGHTS

Markus Duesmann
CEO of Audi

When the pandemic began, the automotive industry was already in the midst of the biggest and most far-reaching transformation in its history. Sustainability, e-mobility and digital transformation are the challenges of our time. The past year has only accelerated the rapid pace of change. The way we live, work, socialize, and navigate our environments has fundamentally changed.

As mobility continues its digital transformation, it is becoming simpler, safer, more personalized and increasingly intelligent. Drivers expect their cars to seamlessly integrate into their overall digital lifestyles.

Customers are also demanding expanded digital functionality up to an autonomous driving experience and updates over the air. This is why we have to rethink the way we design connected cars of the future, especially the driver cockpit and the whole interior. Technologies like voice command, a fully digital touch response, the virtual cockpit, and on-demand services are already in place today, but even more sophisticated solutions are needed for autonomous driving from Level 3 and beyond.

This also includes digital connectivity to the car's environment and transport infrastructure. Connecting the traffic lights of the "Smart City" to our cars is certainly just the tip of the iceberg.

The mid-2021 rollout of 5G in China will further transform mobility. The new bandwidth standard will improve autonomous driving tech to make it safer, more comfortable, and more intelligent. At the same time, it will be the basis for us to offer our customers additional tech features like InCar Entertainment.

While most of us have spent the past year close to home due to lockdowns and restricted mobility, we are all yearning to get back on the road as soon as possible. When we do, we will want our cars to become an even more functional part of our "new normal" lives. We could avoid virus exposure points with expanded in-car purchasing and quick-service dining, parking, and tolls; stream a live concert remotely; or find a quiet place for a conference call. Our cars will be a space for retreat in addition to work and more freedom.

The serial development of our first model under the Artemis project has just begun. This is an ambitious move to bring these ideas to life and to shape the future of the connected car with "Vorsprung durch Technik".

05 CONNECTED VEHICLES ARE ENTERING THE FAST LANE

LOCAL MARKET VARIATIONS

Mexico

Cars will become the new way to experience entertainment (movies, shopping, concerts, museums). Brands need to adapt themselves to this new trend, which COVID-19 accelerated. The automobile industry could also shift from flashy fast cars to comfortable and safe ones in the upcoming years.

Verónica Galán

Editor-in-Chief,
Business Insider Mexico

T R E N D   C A T E G O R Y

SUSTAINABILITY

06

THE SHIFT TO THRIFT

With the new generation of value-seeking and environmentally conscious consumers joining the apparel market, sustainable fashion is on the rise. Younger shoppers make buying secondhand the most powerful trend going forward, with online resale sites growing particularly fast. While the phenomenon of secondhand and resale has grown steeply for a few years already, it picked up steam during the pandemic of 2020 as the mass production and physical sale of clothes were put on hold and big retailers jumped on the resale bandwagon to save their plummeting revenues.

KEY DRIVERS OF THE TREND

Sustainable fashion is now a thing

Younger consumers are more value-oriented and environmentally conscious. Not content with economizing on new goods, today's bargain-hunters are making secondhand purchases a mainstream phenomenon. "Consumers are demanding variety and newness, and the rise of resale makes the revolving closet more attainable and affordable," says Manish Chandra, CEO of Poshmark, a company at the high end of the digital resale market for apparel. Gen Z and millennials are indicated to be the drivings forces. Mary Brett Whitfield, Senior Vice President at Kantar notes: "These cohorts have a 'live large, carry little' mentality and approach to shopping and material goods. Consequently, secondhand and rental options resonate most strongly with them."

Among younger consumers, buying used goods has an aura of eco-conscious virtue. In fact, protecting the environment is a core value for Gen Zers, according to market research from Porter Novelli/Cone. The cumulative effect of the perceived value deal and the environmental benefit makes consumers approach used clothes more favorably over time. According to a ThredUp survey, the percentage of consumers with a favorable attitude was 70% in 2019, up from 64% in 2018, 52% in 2017, and 52% in 2016.

The rising trends are reshuffling the fashion industry segments. Fast fashion has seen its first decline ever of -12.32%, from USD 35.8 billion in 2019 to USD 31.4 billion in 2020, as Research and Markets reports. Among the reasons were the closing of shopping malls and factories during lockdowns, the sudden shift in consumer preferences for garment types, and the economic uncertainty that surrounded the pandemic and made consumers reconsider high- and mid-price shopping.

The secondhand market gets validated by investors, celebrities and big retailers, while new business models make it easy for users to sell and buy used products. Devoid of the concerns that undermined Zara's and H&M's performance in 2020 came the explosive growth of the secondhand market that responded to the value shift of younger generations toward better value and less environmental impact. The sales of the second largest resale site, ThredUp, jumped 254% in 2020 after it entered into partnerships with major store chains like Walmart, Macy's, JCPenney, Nordstrom, and brands such as Gap, Banana Republic, and Hollister. Thanks to the Resale-as-a-Service program ThredUp launched in 2019, starting from 2020 all those otherwise market-losing big retailers could quickly jump on the bandwagon of new social trends and offer their customers a possibility to buy authenticated, branded — but nevertheless used — clothes. Another international online fashion resale site Depop with over 20 million users (90% of them under the age of 25) sold 300% more items between January and April 2020 than it did in the same period of the previous year.

The resale leaders' revenues are already sizeable, with Poshmark making USD 193 million in the first 9 months of 2020 alone, and The RealReal generating USD 318 million in 2019 (up 53% year over year). Resale sites can also boast widespread public recognition as they attract investors and celebrities. Despite the overall shrinking clothing market in 2020 and 2021, The RealReal and Poshmark IPOed successfully, with Poshmark's valuation rising to

The sales of the second largest resale site, ThredUp, jumped 254% in 2020 after it entered into partnerships with major store chains

over USD 7 billion on the first day of trading in January 2021. Poshmark has appointed tennis superstar Serena Williams to join its Board of Directors, and ThredUp partnered with American actress Olivia Wilde to launch an exclusive collection of Choose Used T-shirts.

The growing public legitimization of the new trend and the resulting shift from being stigmatized to being a status symbol have built the momentum for the secondhand market.

Online resale sites have also streamlined their customer experience to be pain-free and fun. Customers can buy with just a click, ask questions directly, and print their shipping labels from email. They get authentication of purchased items, secured payment options, and low shipping prices. Fees are low at 20%, translating into 3 to 5 dollars per item sold and nil for just listing the items on the site.

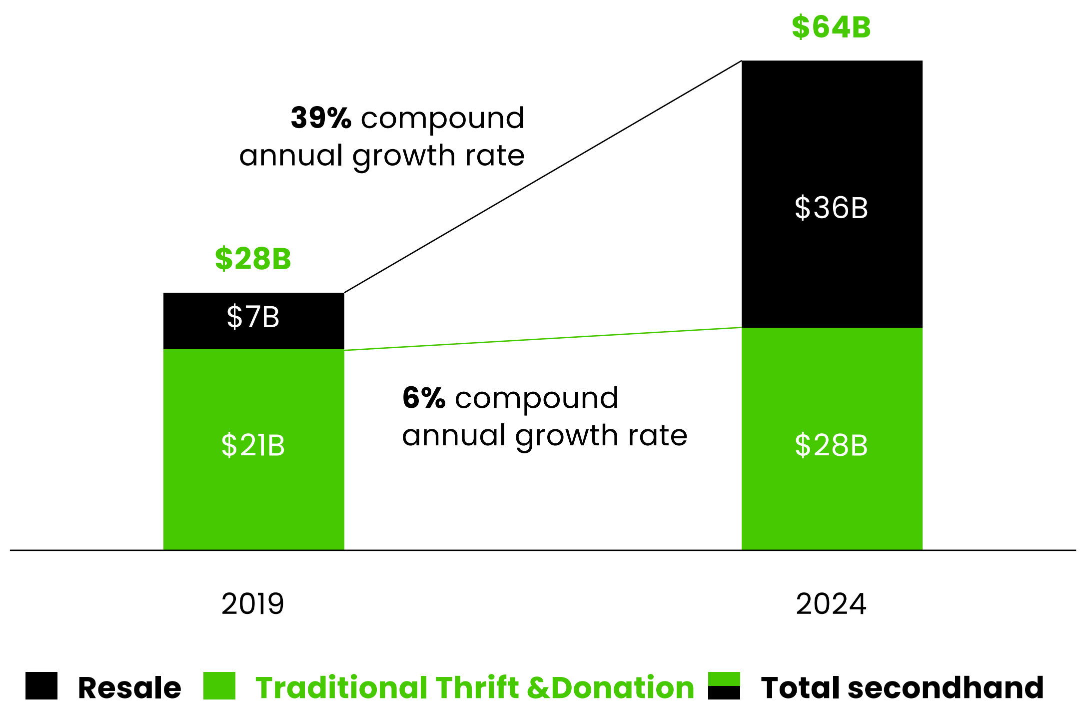
06 *THE SHIFT TO THRIFT*

OUTLOOK FOR 2021–23

As the overall retail sector shrinks, resale jumps by 40% a year. The second hand apparel market was valued at USD 28 billion in 2019 and is forecast to more than double its size over 5 years, reaching USD 64 billion by 2014, according to the 2020 Global Data study for resale site ThredUp. The market will not grow evenly though – the same study indicates that traditional thrift and donation, the currently dominant segment, will increase by a mere 6% a year from USD 21 billion to USD 28 billion, while the resale segment will catapult by 39% a year from USD 7 billion in 2019 to USD 36 billion in 2014.

SECONDHAND MARKET SET TO HIT $64B IN THE NEXT 5 YEARS

Resale is expected to overtake the traditional thrift and donation segment by 2024.



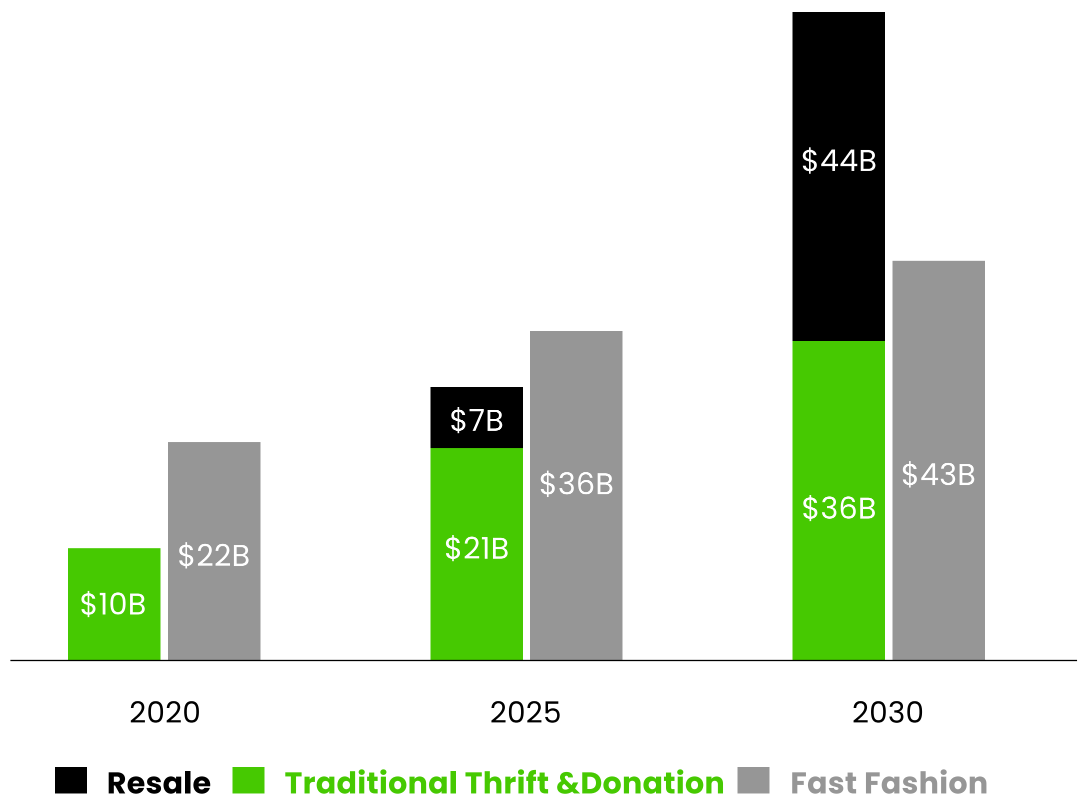
MARKET SIZING AND GROWTH ESTIMATES
GlobalData Market Sizing and Growth Estimates

Source: ThredUp

But even within the resale segment there is a clear line between losers and winners. The winners operate predominantly online. Within a shorter timeframe of 3 years between 2019 and 2021, they are projected to grow by as much as 69%. The offline second hand operators, on the other hand, will grow by just 2% over the same time (while still better than the 15% dip for the overall retail sector).

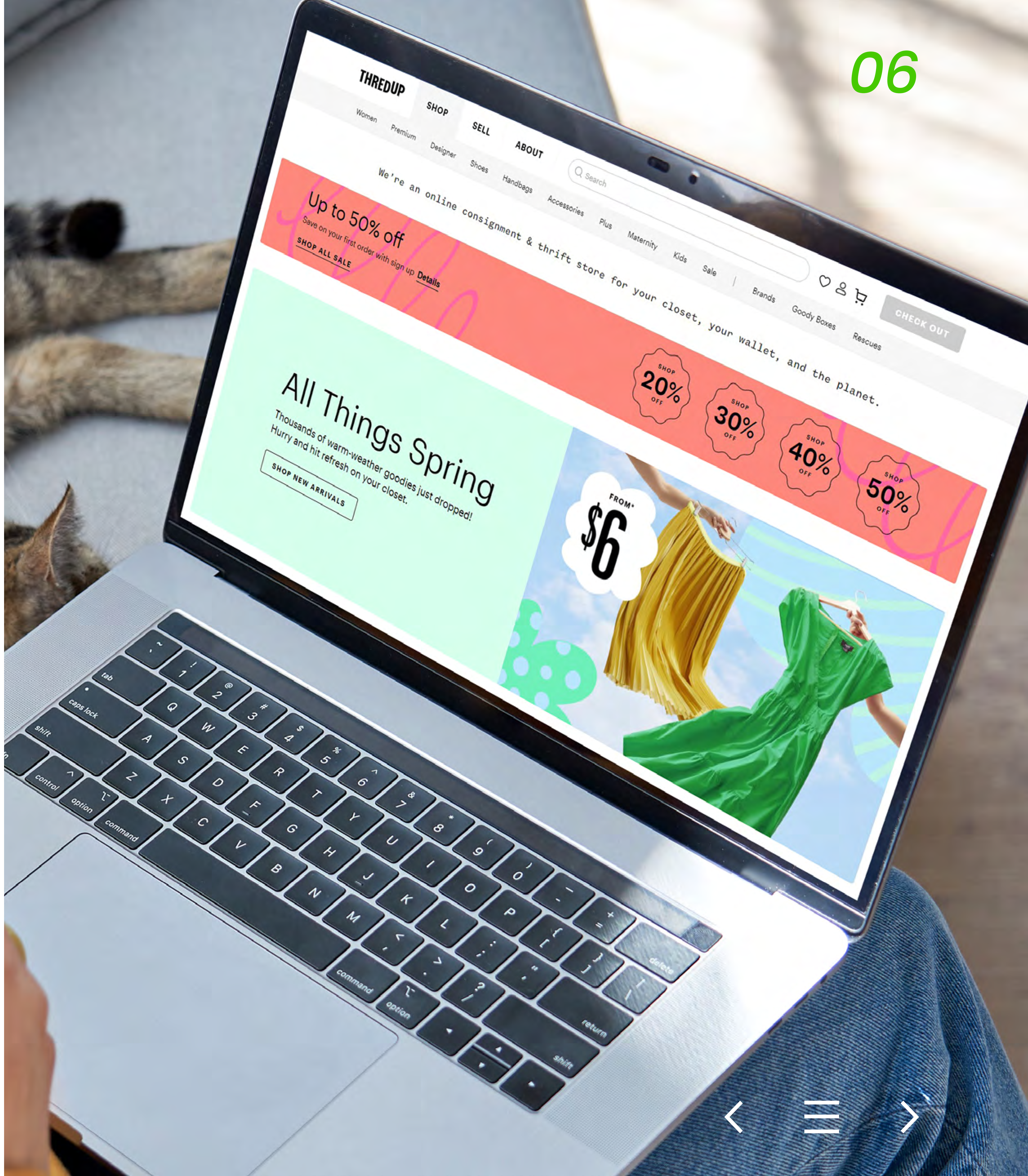
RESALE EXPECTED TO BE BIGGER THAN FAST FASHION BY 2029

Total secondhand market projected to grow to almost twice the size of fast fashion by 2029



Source: www.thredup.com/resale/#resale-growth

The key to securing fast growth in the online resale market going forward will be to generate more reasons for the younger generations to buy second hand as well as attract other, more mainstream social groups beyond Gen Zers and millenials. A solution that meets both ends is the continued expansion of the garment assortment and consequently the user choice by online sites striking deals with big retail chains. The latter can make mainstream users' life even easier by integrating vast online selection with their vast offline reach. Walmart shoppers, for example, can return used



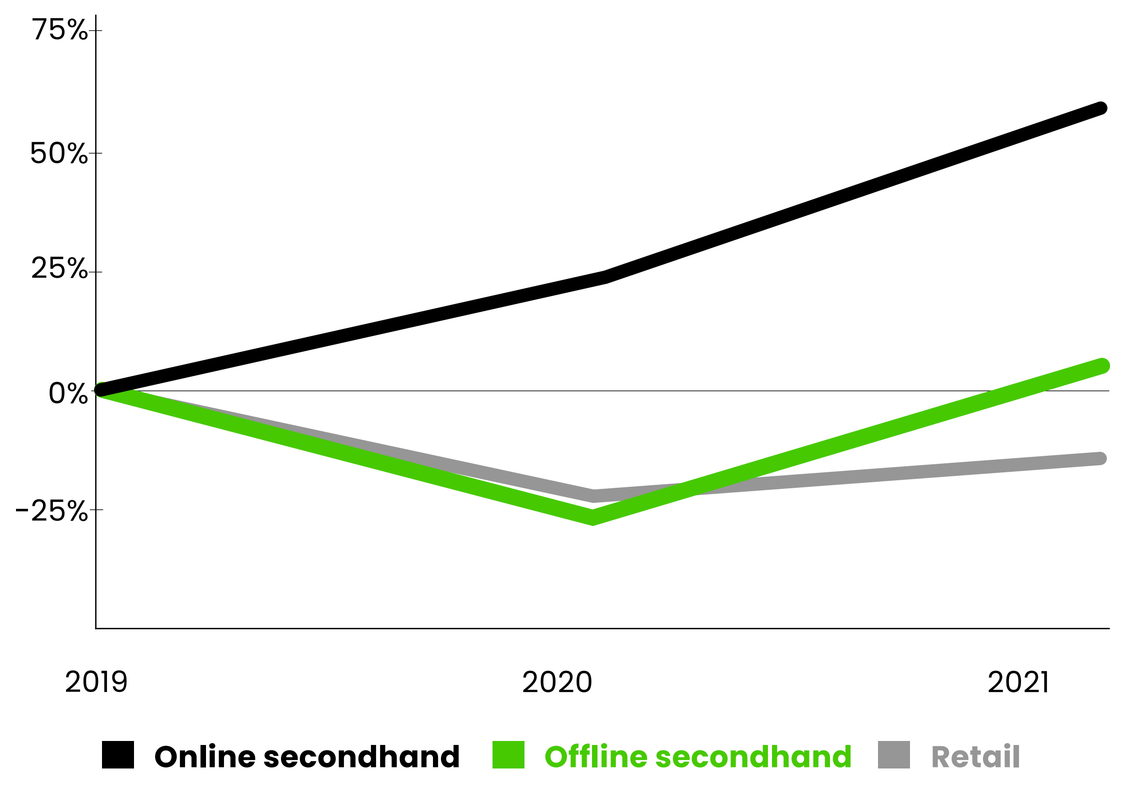
garments at a nearby store if they are not happy with the purchase.

Vintage and upcycling garments may soon join the ride. While second hand is already reaching the masses, similar but smaller trends can soon follow suit. Vintage clothing (generally, clothes older than 20 years) is a strong contender here, as celebrities pave the way. While Kim Kardashian, Meghan Markle and Amal Clooney were spotted wearing vintage clothes from Thierry Mugler and William Vintage on casual occasions, some celebrities made a mark presenting themselves in vintage clothes at televised award events. Gwyneth Paltrow wore a vintage (1963) Valentino gown to present an award at the 2019 Emmy's, Jennifer Aniston wore vintage Christian Dior by John Galliano gown at the 2020 SAG Awards, and Princess Beatrice wore a vintage gown by Norman Hartnel and on loan from the Queen at her royal wedding in 2020. Within 48 hours, Aniston's appearance caused a 40% spike in Internet searches for vintage dresses, while Princess Beatrice's a 297% increase in searches for vintage wedding dress on Lyst. Vintage-inspired Harry Styles had his JW Anderson cardigan spark a viral #HarryStylesCardigan challenge on TikTok, with searches for the knitwear going up by 166% during the last week of June 2020.

Celebrity endorsements are likely to translate into mainstream sales for vintage garments. So far the main market competitors – Rokit, Beyond Retro, Asos Marketplace, True Vintage, Absolute Vintage – operate on a few local markets and collaborate with small independent local boutiques to build up scale. The fragmented market leads to fragmented revenues. Rokit grossed USD 63.40 million in 2019, Beyond Retro generated USD 12,8 million the same year, according to ecommerceDB. But this may soon change. Vintage apparel sites have already started to partner with large retailers. In early 2021 Beyond Retro, UK's largest vintage site, announced it is making its assortment of vintage garments available to retailers for the first time at wholesale prices. A few months earlier the same vintage retailer struck a partnership with UK's department store chain Selfridges on a joint vintage 'Resellfridges' in-store scheme. In October 2020 global clothing giant Levi's joined the vintage trend by launching Levi's Secondhand. The site sells exclusively vintage and secondhand jeans, with most items purchased from customers or sourced in vintage shops.

ONLINE THRIFTING IS A BRIGHT SPOT IN BROADER COVID RETAIL SLUMP

With consumenr seeking bargains from home, online secondhand is set to grow **69%** between 2019 and 2021, while the broader retail sector is projected to shrink **15%**



GROWTH INDEXED TO 2019 MARKET SIZE
GlobalData Market Sizing and Growth Estimates

Related to secondhand and vintage clothing trends, but much smaller in scale, is a shift toward upcycling. More and more traditional clothing retailers launch programs where they buy worn clothes from their customers, repair them, upgrade by making a new design, and resell. By upcycling they reuse discarded items to create a product of higher quality or value than the original. Patagonia's Worn Wear program was a pioneer in the field. The more extreme version of the program, called ReCrafted, launched in late 2019 and offered designer versions of Patagonia's iconic products, made from scraps of fabric. Handcrafted products were priced between USD 57 and USD 231, much more than the original items, but were sold out quickly nevertheless. While Patagonia refuses to reveal exact sales data, it did report a record year 2020 for its Worn Wear program and "record sales months" for its up-cycled collection, ReCrafted.

Upcycling has also caught on in the luxury fashion business that used to stay away from resale sites or were outright hostile to them (Chanel once filed lawsuits against resale sites, including The RealReal). In October 2020, the world's luxury fashion brand Gucci launched a joint venture with The RealReal, a global resale clothing site with 17 million customers. Both companies launched an online shop featuring pre-owned Gucci items, sourced directly from Gucci, as well as from its own consignors. A month later, in November 2020, Miu Miu, an Intalian high fashion Prada brand, debuted with Upcycled by Miu Miu, a collection of 80 upcycled dresses, made from vintage clothes from the 1930s to the 1970s.

06 *THE SHIFT TO THRIFT*

CEO INSIGHTS

Phil Graves
Former VP Corporate Development, Patagonia

If you look at the carbon footprint of a used item and a new item (even if it's made responsibly), the used item reduces it by at least half. Simply keeping a jacket and using it for nine months reduces the carbon, water, and waste impact by up to a third. That's why the re-commerce side is so important for Patagonia and why we're scaling our division where we buy back our clothes from customers.

We have had our Worn Wear program for many years. It started out as a blog that encouraged consumers to repair their items and share stories of the jackets that they love. We then realized that with used items' carbon footprints being so much lower, we needed to play a bigger role in the secondary market for Patagonia gear. So we went all in for our repair and resale division in 2017. We have since given over 200,000 garments a second life in the Worn Wear program. It's a model that we want to open source and let others replicate.

This is how it works: if you have a jacket you're no longer using because it's the wrong size or it's in a sport that you no longer partake in, you can sell it back to us. You can go to a local Patagonia store or you can mail it in to us. We will then get it to our partner, Trove, who is our our re-commerce specialist. They will clean the item, inspect it for quality, and then publish it for sale online. We as a brand love the fact that we get to control that end-to-end customer experience. We ultimately have a program where we can offer used garments that are truly certified, function just as good as new items, and have a far lower carbon footprint. I firmly believe this is the future of business.

We want to keep items' end of life as far out in the horizon as possible through repair. We've been repairing garments since the 70s. We have repair centers that are located throughout the world. In one repair center in Reno, Nevada, we fix over 100,000 items every single year for our customers.

We want to ensure that if you no longer use a ski jacket, we put it in the hands of somebody that will use it, and thus will keep it out of the landfill.

But at some point, ideally decades down the road, the ski jacket will reach the end of its life and be at the point where it's beyond repair. And that's where we're investing heavily in new technologies to break down apparel at the end of its life. For example, there's a startup in Danville, Virginia, called Tyton BioSciences that can break down garments at the end of their life and then feed those materials at the polymer level back into the textile supply chain.

A 2019 Nielsen survey affirmed that 81% of customers are changing their buying habits to benefit the environment. So I'd encourage every company to explore building out their own reverse logistics supply chain and being an active participant in the secondary markets for their goods, then even going back further, designing for circularity. Circularity is a competitive edge for companies like Patagonia. But going forward, I truly believe that it will be a means for companies to survive.

This is an edited excerpt from Phil Graves' interview at Business Insider Global Trends Festival in October 2020

06 THE SHIFT TO THRIFT

LOCAL MARKET VARIATIONS

Australia

Sustainable fashion is a big talking point in Australia. In April 2021 we had Fashion Revolution Week, dedicated to encouraging Australians to ask who made their clothes. As shoppers become more aware of ethical and environmental issues, sites dedicated to secondhand fashion and designer rental services, like GlamCorner, are reaping the rewards. They also grow due to their partnerships with national department stores and fashion brands. Resale and rental sites provide Australian fashion industry players with insights and tech they need to research consumer tastes, test the new designs, and enter the circular fashion economy. In return, the sites get improved brand awareness for their business and increased sales. A perfect combination.

Melissa Matheson

Editor-in-Chief,
Business Insider Australia

Italy

From cars to furniture, secondhand goods are experiencing a rebirth, as they do in times of economic crisis. You get rid of things that are no longer useful and buy what you need at reduced prices. According to the latest BVA Doxa research for Subito, as many as 7 out of 10 Italians have bought and sold used equipment from March 2020 to March 2021. For many people it was already a habit (39%), but months of uncertainty have been an opportunity for saving, earning, and/or reorganizing priorities. For fashion, it is a real boom. Vintage has been a constant for years, with shops and markets offering vintage garments to new consumers. In 2020 and 2021 the buying and selling of all used clothes, not necessarily vintage, has been trendy. In the last 5 years, the secondhand sector has grown by 33%, reaching 24 billion euros in 2019, equal to 1.3% of the Italian GDP. The "products for the home and for the person" sector, which includes clothing, is worth 2.8 billion euros.

Between March and June 2020, Italy saw more people dropping off used clothing at stores (+137%) and purchasing used clothing (+128%), according to data by Vestiaire Collective for Il Sole 24 Ore. Three categories have boomed: menswear (+190%), women's ready-to-wear (+149%), and women's accessories (+108%). The data indicate that buyers are on average between 30 and 50 years old and sellers are between 35 and 45 years old. The biggest buyers of secondhand fashion are women between the ages of 25 and 34 (75%). Secondhand fashion has exploded during 2020, thanks mainly to three levers: economic, environmental, and social. The consolidation of this trend as a real new consumer habit is confirmed both by the development of online sales proposals (Depop; Vestiaire Collective; The RealReal; Vinted) and the many physical outlets for secondhand clothes and accessories. Italy is also following the global trend of a growing preference for secondhand fashion items. If the main reason for this fervor is economic. New generations – mainly Gen Z – are the driving force for this cultural change, proudly displaying their secondhand purchases in the name of sustainability. In this sense, it's important to underline the forecast regarding the trend between now and 2028. The value of the secondhand market will likely exceed fast fashion. According to various reports (BCG, thredUP and some national observers), it seems that fast fashion – especially in Italy – is living its last years at the top of the sector sales rankings.

Emanuele Orlando

Editor-in-Chief,
Business Insider Italy

07

LOSING A TASTE FOR MEAT

Growing concerns for personal health and the environment have pushed consumers around the world to consider meat substitutes. The number of flexitarians, or individuals who still eat meat but cut down on it for more plant-based meat alternatives, has risen to the point where industry-disrupting startups are facing competition from the least expected rivals: the world's largest meat processors.

KEY DRIVERS OF THE TREND

Health, environmental, and ethical awareness are giving rise to the mainstream 'flexitarian' consumer. Consumers around the world are losing a taste for meat. Global meat production has declined in 2020 for the second year in a row, and only the third year since 1961, according to the Food and Agriculture Organization of the United Nations. While the drop in per capita meat consumption is just 3%, it is unprecedented and could be the start of a more durable trend that is already evident in the beef segment (the industry's 2nd largest segment, accounting for 26.3% in 2017). Per capita beef consumption in the world's No. 1 meat market, the United States, has trended downward since the 1970s, dropping from nearly 80 pounds in the late 1970s to 65 pounds in the 1990s and early 2000s to 58.8 pounds in 2020, according to Economic Research Service (ERS), USDA's World Agricultural Supply and Demand Estimates (WASDE), and Statista.

One of the reasons for the drop is health awareness. Consumers realize overconsumption of animal-based meat may result in diet-related diseases such as obesity, type-2 diabetes, coronary heart disease, stroke, and certain cancers, as the 2012 study from Harvard School of Public Health (HSPH) found. Consumers also have growing concerns regarding the environmental and ethical impact of the meat industry. Livestock accounts for 14.5-18% of global greenhouse gas emissions, per the New York Times. In the US alone, 9 billion broiler chickens, 113 million pigs, 33 million cows and 250 million turkeys are raised in cruel and unusual ways before being slaughtered annually, the Humane Society of the United States (HSUS) estimates. A non-animal, plant-based alternative is devoid of such concerns. According to a University of Michigan study, producing the Beyond Burger (a flagship product of the plant-based meat market leader Beyond Meat) emits 90% fewer greenhouse gases and uses 99% less water, 93% less land, and 46%

less energy than a standard quarter-pound 80/20 beef patty, emits 90% fewer greenhouse gases and uses 99% less water, 93% less land, and 46% less energy.

The 'flexitarian' consumer is an individual who still consumes meat and dairy but wishes to reduce the quantity on ethical, environmental, and/or health grounds. Flexitarians account for one quarter of consumers in Europe and 30% in Germany, according to the 2020 survey of 7 countries in Continental Europe from plant-based supermarket chain Veganz. The share of consumers who identify themselves as flexitarians is higher in countries where the plant-based meat market disruption originated, namely the United States (36% flexitarians, according to a 2020 survey by consumer research firm Packaged Facts), the UK (34% in 2018, according to global research firm Mintel), and the Netherlands (50% in 2020, per Statista).

Vegetarians		Flexitarians
5.8%	Switzerland	20.5%
4.4%	Germany	29.1%
3.7%	Austria	31.8%
2%	Portugal	28.5%
1.7%	Belgium	16.1%
1.1%	France	18.7%
1.1%	Denmark	10.7%

Source: Veganz.com/blog/veganz-nutrition-study-2020

Problems with sustaining the supply of animal meat for an ever growing population. A continued increase in the global population, inefficient production of animal proteins, and shrinking arable lands are also prompting the move to plant-based protein alternatives. China realized how unsustainable relying on industrial livestock farming can be when 55% of the country's pig herd was wiped due to the coronavirus pandemic and African swine fever (ASF) between 2018 and 2019, as estimated by Rabobank. Pork consumption in China fell by about 25% and pork prices more than doubled in China in 2019 as a result, restricting consumption. Japan faced the same risk when it had to cull 5 million chickens as a result of its worst avian flu outbreak on record in December of 2019. Global outbreaks of COVID-19 also exposed the vulnerabilities of the animal-dependent food value chain and created an acute slump in conventional meat supply in 2020. Due to widespead infections among workers, Tyson Foods, Cargill, JBS USA, and National Beef Packing – some of the biggest meat companies in the United States – had to close down their operations in at least 48 plants and cull millions of animals in 2020, according to the Midwest Center for Investigative Reporting.

More investment for meat alternatives from high profile individuals and existing food industry players. Market disruptors like Beyond Meat, Impossible Foods, and other plant-

based meat producers have quickly attracted considerable funding from all sides. Bill Gates, Leonardo DiCaprio, Jack & Suzy Welch are among the first high profile individuals who have invested millions and provided popular recognition and credibility to the then small startup Beyond Meat. Other early celebrity investors in disruptive plant-based meat companies include Richard Branson, Serena Williams, and Google co-founder Sergey Brin.

Surprisingly, industry competitors and food multinationals have soon joined the bandwagon. Tyson Foods, the world's second largest processor and marketer of chicken, beef, and pork, bought a 5% stake in Beyond Meat as early as in 2016 (and sold it before the startup's 2019 IPO). Cargill, the world's third largest meat processor, invested in US cultured protein leader Mephis Meats in 2017 and 2020 (thus joining Tyson Foods) and in Isreal-based Aleph Farms in 2019. Unilever acquired The Vegetarian Butcher in December 2018. he funds flowing to big market disruptors are significant as leading alternative meat startup Impossible Foods has raised USD 1.5 billion over 13 rounds of funding, per Nasdaq. The tide is getting higher each year. Hoping to find the next Beyond Meat, venture investors have more than doubled their bets on alternative protein makers between 2019 and 2020, raising USD 1.4 billion for more than 20 faux meat startups in the first seven months of 2020, according to a report from London-based investor network Farm Animal Investment Risk & Return (FAIRR). Venture investments in plant-based meat and dairy alternatives soared to USD 1.1 billion in the first half of 2020, up from USD 457 million in all of 2019, while investments in companies that grow cell-based meat more than tripled to USD 290 million from USD 75 million in 2019, per FAIRR.

The alternative meat industry has also benefited from its positive publicity and wide market potential by going public. Beyond Meat has made the breaktrough for the new industry when it IPO-ed in May 2019. Its market capitalization soared over 820% since its stock market debut to reach USD 13.85 billion in its peak in July 2019. Two other vegan startups (The Very Good Food Company and Modern Meat, both trading at the Canadian Securities Exchange) have followed suit since then with more rumored to come in 2021.

Existing meat and food industry players are building their own alternative meat capacity as well. The world's No. 1 meat processor, Brazil-based JBS; the world's No. 4 meat procesor, US-based Smithfield; the world's largest pig farmer, China-based WH Group; and the world's biggest packaged food company, Nestle, have all launched their own alternative meat products in the last few years.

07 *LOSING A TASTE FOR MEAT*

OUTLOOK FOR 2021–23

The global meat substitutes market is expected to grow from USD 20.7 billion in 2020 to USD 23.2 billion in 2024, per market research company Euromonitor. The long term outlook is even more optimistic. Barclays estimates plant-based meat sales to increase by 1,000% over the next 10 years, from USD 14 billion in 2019 to USD 140 billion in 2029.

The pandemic is making a push. The prolonged coronavirus pandemic has accelerated the shift from conventional to vegan meat. Between 2019 and 2020 Covid-related labor shortages have cut the US production of conventional meat products by 28% year over year, according to the US Food and Drug Administration. A lower supply and higher prices of conventional red meat have produced an unprecedented upside in the meat substitutes sector. Grocery store sales of plant-based meat products were up 264% during a nine-week period ending on May 2nd, according to Nielsen. The trend is expected to continue even when the main hurdles in the conventional meat processing business are gone as consumers finally have the time during lockdowns to think about their health and diet choices.

Fast-food and grocery chains are moving from local tests to global rollouts. While rising consumer awareness is important, the main drivers of vegan meat sales growth are new big markets opening up in 2021 and beyond. The first big market are fast-food chains, grocery stores, and food-delivery services. Fast-food chains are finally moving from local tests to global rollouts. After the Canadian test of a plant-based patty sandwich in 2019, the world's largest fast-food chain McDonald's signed a 3-year global strategic agreement with Beyond Meat in February 2021. The vegan meat market leader will be the preferred supplier for the patty in a new burger and for other co-developed plant-based menu items to be rolled out globally. The world's sixth largest fast-food chain, Burger King, is not far behind its main rival. After adding its meatless burgers from Impossible Foods and Vegetarian Butcher to its menus across the United States in 2019, and Europe, Middle East, and North Africa in 2020, the chain is planning to roll them out to Latin America and China in 2021. Burger King is not just adding a vegan alternative to its menu, it is actively replacing meat with plant-based options – the menu at Burger King locations in the United Kingdom will be 50% plant-based by 2031, the chain's UK CEO announced in March 2021. Other big fast-food chains are following suit, with Beyond Meat's products waiting to be rolled out in the top 10 fast food giants, including KFC, Pizza Hut, and Taco Bell, in 2021.

Besides global fast-food chains, meat substitutes are offered in an increasing number of grocery chains. Four of the world's top 10 chains – Walmart, Costco, Kroger, and Target – all boast Beyond Meat products on their shelves. Impossible Foods' retail footprint is much smaller but rising fast, with the number of retail stores selling the company's products increasing 18-fold

in the first half of 2020 alone, as per Food Dive. Most grocery chains are also selling meat alternatives under private labels, and are planning to expand their meat substtitute shelves in the next few years. Tesco has set itself a bold objective to boost plant-based meat sales by 300% by 2025, according to BBC. Consumers will not only be able to buy meat alternatives in more outlets, but will have an increasingly wide choice, too. New food product launches are increasingy vegan, accounting for 17% in 2018 and rising to 23% in 2019 in the UK, per research firm Mintel. Globally, vegan product launches have doubled in 2020 compared to 2016, the same source reports.

China is opening its huge market to foreign and local disruptors. In 2016 China's government published guidelines to cut meat consumption in half by 2030 to reduce pollution and combat obesity. Given that China consumes nearly half the world's pork and 28% of the world's meat, the resulting boom for meat substitutes could easily be predicted. According to Euromonitor International, sales of plant-based meat in China increased from USD 7.2 billion in 2014 to USD 9.7 billion in 2018 and are forecast to reach USD 12 billion by 2023. A new massive market has already attracted interest from leading overseas players. Beyond Meat has partnered with Starbucks to offer meat-free substitutes across the coffee chains' Chinese locations and has announced plans to expand its manufacturing to Asia by the end of 2020. Impossible Foods is awaiting regulatory approval to enter the China market while US agriculture giant Cargill partnered with US-listed Yum China, the parent company for KFC, Taco Bell, and Pizza Hut, to trial its meat-free chicken nuggets across Yum China's fast food chain KFC in China. Even Nestlé, the Swiss food and drink giant, built a new manufacturing site in Tianjin—72 miles from Beijing—to enter into competiton for the Chinese consumer of meat alternatives and has partnered with Alibaba to sell its vegan brands online in 2021.

Foreign companies are facing fierce competition from local startups and established Chinese players alike. Hong Kong–based Green Monday's pork substitute OmniPork is now on the menu across China at thousands of Taco Bell, McDonald's, and Starbucks branches. The group that started operations in 2018 and already operates in 13 countries in 2020 has also partnered with Alibaba to roll out sales online. OmniFoods products are now available in Chinese supermarkets, too. The new market is expected to accelerate in 2021 as OmniFoods and foreign companies will open their new factories in China, expanding capacity and bringing prices down considerably (Change this sentence to read: (A 230-gram pack of Omnipork now retails for USD 5.5, while standard pork costs USD 7.7 per kilogram). The price drop will likely spur additional demand from the more and more environmentally-sensitive and cosmpolitan Chinese consumers. In 2008, just 5% of Hong Kongers classified themselves as vegan or flexitarian, according to a Hong Kong Vegetarian Society survey. In 2020 it was 40%.

07 LOSING A TASTE FOR MEAT

CEO INSIGHTS

Stuart Kronauge
Former CMO
of Beyond Meat

Plant-based meat is still a baby category, even though you hear a lot about it. It's got huge long term growth and we definitely think it's the future, but that means more people are going to try it and convert. We're still in that conversion cycle. Plant-based meat is not exclusively for vegans or vegetarians. They're very important, but we really want to target this group we call flexitarians. Flexitarians are people who still eat animal meat protein. We want them to try this as a different option. That's a pretty big group of folks out there.. Plant-based eating is definitely more mainstream in the US. We're a little bit behind the curve on plant-based food versus other places across the world, which is interesting, but more and more people are trying it.

The pandemic has accelerated the conversion cycle. People are more interested in their health and what they're eating. They are also willing to try different things for their meals, both in terms of what they eat and where they get their food from.

Accessibility. We want to make sure that wherever people are eating or shopping or living, they have a choice. That's why during the pandemic we focused on expanding accessibility. We had more distribution and club channels like Costco, BJ's and Sam's, and entered into the convenience store business with Wawa. We also launched our first direct to consumer site during this pandemic. We wanted to make sure that consumers could get a Beyond Meat product anywhere they were. To increase accessibility, we also introduced the CookOut Classic, our first ever bulk package with a better price per pound and most affordable and accessible offering to date.

Innovation. One of the things about the pandemic that I found personally interesting is that I was trying new products that I normally wouldn't try just to create some interest and curiosity. And I think that also happened with our products. At the same time, we saw shortages of certain foods and the price of animal meat protein rising. So we wanted to make sure that we had an option for each food so that when you walked into your local store, you could see a Beyond Meat product as another option to try. Finally, we noticed that people started eating more at home.

So we accelerated our innovation pipeline to make sure that we could address these needs. We launched four new Beyond Meat products like meatballs and sausages for breakfast. Burgers are the entry point for a lot of people, but now it sounds like breakfast is becoming a hot topic. A lot of people love breakfast, and it's my favorite meal because I can eat sweet and salty. So for us, this is a new occasion and a great opportunity. We have two new entrants there — breakfast sausage links and breakfast sausage patties — and we're really excited to give people another choice for breakfast.

This is an edited excerpt from Stuart Kronauge's interview at Business Insider Global Trends Festival in October 2020

Dennis Woodside
President, Impossible Foods

Traditional animal-based products are unsustainable. 17% of greenhouse gas emissions are coming from animal agriculture. China doesn't have enough land mass and water to support the protein needs of the country with meat from animals – they have to import meat to feed their population. As nations grow and become wealthier, people want to eat more protein. We want to ensure that that movement doesn't come at the cost of the environment.

The solution is to make meat sustainably, so that for consumers, it's not a sacrifice. First and foremost, people eat meat because it tastes great, so we always lead with taste. If we have products that are also healthier and much more sustainable at the same prices, then we've made it an easy decision for consumers. Our whole business exists to give people a choice and help solve the environmental problem at the same time.

Prices in the animal ag business are the lowest they can ever be. The industry is inherently inefficient. Converting plant matter to plant-based meat is about 90% more efficient than converting plant matter in the form of feed to animal protein. That means we can create the same amount of protein with 1/10th the amount of plant ingredients, which in turn allows us to use 1/10th the land and water to make our products.

From a manufacturing standpoint, it's important to remember that we're just a few years in, and we're competing against 100 years of optimization in animal farming. What matters to us now is scale. Over the past year, we've more than doubled our production as we scaled from just 150 grocery stores to nearly 20,000. We also launched Impossible Sausage, expanded internationally, and grew our restaurant footprint to nearly 30,000 locations.

With this growth, we're learning how to manufacture more efficiently and produce less waste, which lowers the cost of goods. We're passing those savings on to consumers and restaurants – in the past year, we lowered our prices by 15% for restaurant distributors on two different occasions, and just last month, we lowered our suggested retail prices in grocery stores by 20%.

Like electric cars, the shift to a plant-based food system is inevitable. What was unheard of five or even two years ago is totally plausible today. (Like General Motors pledging to go all-electric by 2035, for instance.) People are realizing that the animal agriculture industry is fragile and that cows and pigs are not going to get any more delicious. At the same time, we'll continue to bring our prices down until we undercut the price of animal products, all while making our products better in terms or taste, nutrition and sustainability.

07 *LOSING A TASTE FOR MEAT*

LOCAL MARKET VARIATIONS

The Netherlands

Vegan meat going mainstream is clearly a significant trend in the Netherlands. Entrepreneurs like Jaap Korteweg, founder of The Vegetarische Slager/The Butchers Daughter, made vegetarian burgers a standard product for supermarkets. He sold the company in 2018 to Unilever in order to accelerate the global rollout of his products. Now he is working on new food innovations like vegan milk.

Jeroen De Boer

Editor-in-Chief,
Business Insider Netherlands

Australia

Plant-based meat is a booming industry in Australia, with companies like v2food soaking up the success from manufacturing Hungry Jack's Rebel Whopper. While sales for plant-based meat products soared 32% to $185 million in 2020, the price of these products is a deterrent for a lot of Australian shoppers. Plant-based meat alternatives are, on average, 49% more expensive than animal protein sources at the supermarket.

Melissa Matheson

Editor-in-Chief,
Business Insider Australia

08

BRANDSTANDING TO BECOME THE NEW NORMAL

The events of 2020 brought brand purpose to the forefront, with consumers increasingly expecting brands to speak out about important social issues.

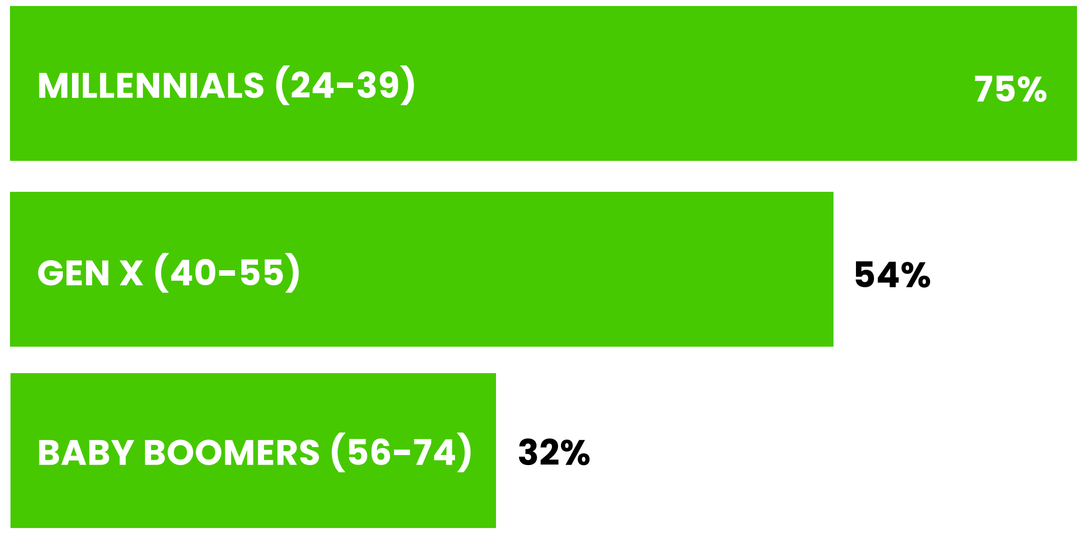
KEY DRIVERS OF THE TREND

Political polarization grows considerably across nations. A 2020 Brown University study found that Americans show growing negative feelings toward the members of the opposing party. While the average American rated members of their own party 27 points higher than opponents in 1978, the figure grew to 45.9 points in 2016. According to 2019 Pew Research survey, the animosity is intense. In 2019, 59% of Republicans said Democrats are more immoral than other Americans, up from 47% just 3 years earlier. Democrats claim the same of Republicans with the number of respondents approving of this statement climbing from 35% in 2016 to 47% in 2019. The percentage of people disapproving of their children marrying someone with different political party membership has more than tripled since the 1960s, a 2012 study from Public Opinion Quarterly found.

Growing political polarization is not just a US phenomenon — it has spread across the world. Global nonpartisan foreign-policy think tank Carnegie Endowment for International Peace has found that political polarization is tearing up democracies in Brazil, Colombia, Bangladesh, India, Indonesia, Kenya, Poland, and Turkey, as discussed in its 2019 book Democracies Divided.

US ADULTS WHO WOULD SUPPORT BUSINESSES/ CAUSES IN RESPONSE TO SOCIAL JUSTICE PROTESTS, BY GENERATION, JUNE 2020

% OF RESPONDENTS IN EACH GROUP



Source: Visa, "The Visa Back to Business Study" conducted by wakefield research, August 2020

Social tensions are breaking loose as a few social crises overlap in 2020. The overlapping tumultuous events of 2020 — including the pandemic, recession, and Black Lives Matter protests — have disillusioned many consumers, especially younger ones. In May 2020 people from New York, London, Berlin, Paris, Dublin, Rio de Janeiro, Toronto, and Sydney took to the streets to protest against social injustice and police brutality after the killing of George Floyd, expressing the need for police reform and racial equality.

The scale of social unrest has been unparalleled. According to Carnegie Endowment for International Peace, police brutality protests gathered 1 million participants in the United States (May 2020), 100,000 in Germany (June 2020), and 100,000 in France (November 2020 over a police security bill). The range of social issues that sparked massive outrage goes beyond racism and police brutality. Strict new anti-abortion laws pushed 430,000 Poles to attend more than 400 demonstrations in October 2020, per the New York Times. More than 2,900 climate change protests took place all over the globe in September 2020. This was a follow-up to one of the largest coordinated global protests in history, the week-long Global Climate Strike that took place in September 2019 and gathered over 7.6 million participants, according to the current tally reported by 350.org.

US ADULTS' ATTITUDES TOWARD BRANDS WHO SPEAK OUT AGAINST RACIAL INEQUALITY, BY RACE/ETHNICITY, JUNE 2020

% OF RESPONDENTS

	White	Multicultural*	Black	Hispanic	Total
Brands have an important role to play to speak out against racial inequality and injustice	65%	76%	81%	79%	68%
More likely to support brands who take meaningful action around racial inequality and Black Lives Matter rather than making posts and statements	65%	73%	78%	78%	67%
Don't think brands who speak out are genuine about the cause but are being opportunistic	62%	59%	63%	56%	60%
More conscious of where I'm spending my money in order to support more Black-owned businesses and creators	55%	67%	74%	65%	58%

Note: ages 18+; *all ethnicities excluding white. Source: Mindshare, "Coronavirus: US Insights," June 2020

08 BRANDSTANDING TO BECOME THE NEW NORMAL

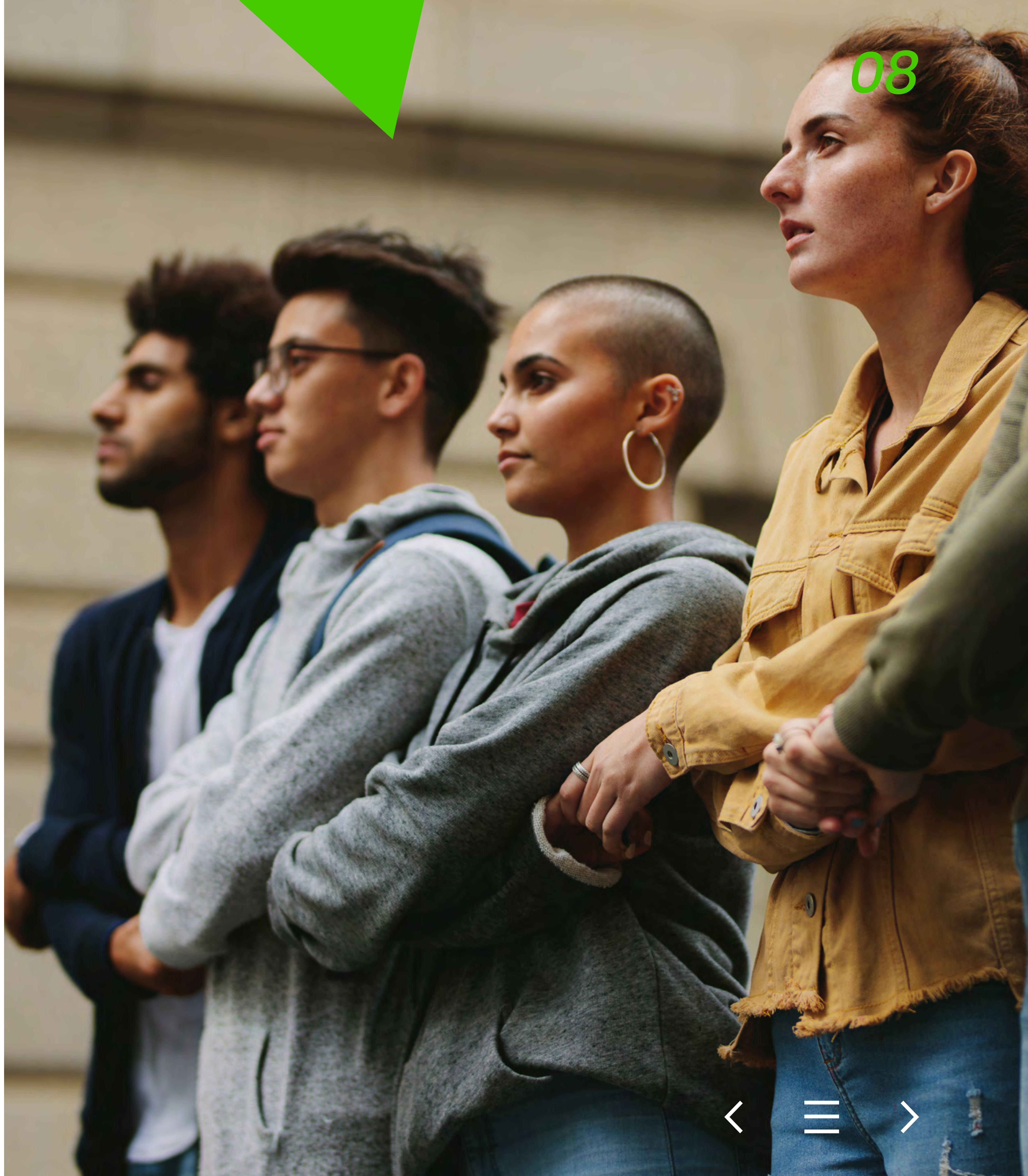
OUTLOOK FOR 2021–23

Consumers increasingly expect brands to take a stand on socio-political issues. Facing a lack of confidence in government and traditional institutions, consumers now expect the private sector to confront today's pressing crises and advocate for change.

While it was previously taboo to weigh in on polarizing topics, many brands are at a tipping point. Not only are consumers increasingly loyal to brands that support causes they care about, they're less likely to buy from those that don't. The percentage of consumers who are belief-driven buyers — those who say they choose, avoid, or switch products based on the brand's stance on societal or political issues — has grown from 51% in 2017 to 64% in 2018-19, according to 2019 figures by Edelman. The figures have increased lately as tensions around racial justice increase in the U.S. In June 2020, Mindshare found that more than two thirds (68%) of US adults believed brands should speak out against racial inequality and injustice. That number rises depending on a consumer's ethnicity or other demographic group, with 69% of Hispanics, 71% of LGBTQ+, 79% of Asian Americans and 82% of African Americans expecting brands to speak up about where they stand on current societal issues, Kantar found in 2020.

Millennials and Gen Zers have the highest expectations of all age groups for brands to speak out. 46% of millennials expect brands to be brave, followed by 42% of Gen Zers. Only 31% of Gen Xers and 22% of Boomers expect brands to take a public stance on social issues, according to the 2020 Kantar study. At the same time, as much as 75% of millennials would support businesses and causes in response to social justice protests, according to Visa.

Despite the overwhelming support for brave brands, consumers demand genuine meaningful action rather than empty solidarity. Nike was among the first to run an appeal to end systemic racism, in the form of a 60-second TV ad, and commited USD 40 million over four years to support organizations promoting social justice and racial equality. As a result, it reported a sales surge of 31% for its products in the days that followed the Colin Kaepernick Just Do It campaign in 2018. Many early movers, including The Walt Disney Co., Google, Netflix, Procter & Gamble, and Unilever, were also outspoken about their beliefs and commited money to the cause, reporting positive feedback. But consumers can punish the brave brands, too. A June 2020 survey by Mindshare found that 6 in 10 consumers believed brands that spoke out were being opportunistic. In 2020 Adidas, L'Oréal, Spotify, and even Nike came under fire from consumers who noted that despite running campaigns to support the Black Lives Matter movement and racial equality, none of these companies had a black executive in their boardrooms. In fact, as of 2020, only 4 out of America's 500 biggest companies had a black chief executive.



08

Millennials and Gen Zers have the highest expectations of all age groups for brands to speak out.

Brandstanding will intensify in 2021, as competition for values-driven customers ratchets up. However, in an era of polarized media, "cancel culture," and social media shade, companies must also understand the risks. Marketing strategists suggest brands to be authentic (in line with the company's mission and values), back up words with actions, know their customer base's values and demographics, and expect backlash but stay the course. And global brands are following this advice big time already. As MarketWatch reports, Budweiser decided to not run a commercial during the Super Bowl 2021 for the first time in 37 years and use that money equivalent to boost COVID-19 vaccine awareness instead. While the company wouldn't disclose an exact dollar amount, it declared its donation to vaccine education and awareness will be on par with the cost of running an in-game ad, calling it a "multimillion-dollar commitment."

TREND CATEGORY

TECHNOLOGY

09

TELEMEDICINE: VIRTUAL MENTAL HEALTH IS BOOMING

While telemedicine has risen sharply during the pandemic, most consumers who have used it and benefited from its affordability and availability say they would still prefer an in-person experience with their physician once the pandemic is over. But there is one area of healthcare where they want to stay online after COVID-19 and where medical cases have risen most: mental health. On-demand virtual mental healthcare is expected to be a potent, sustainable alternative to traditional mental healthcare across all demographics and social groups, but especially for Gen Zers and employees.

In April 2020, US telehealth claims were up by 8,300% and the number one diagnosis in telemedicine was mental health - independent nonprofit FAIR Health reports

KEY DRIVERS OF THE TREND

Telemental health services (like text-based therapy and behavioral health programs) offer patients flexibility in scheduling and greater accessibility to the care they need. 62% of US consumers surveyed by Amwell say they would prefer to stick to virtual mental health visits even after the pandemic.

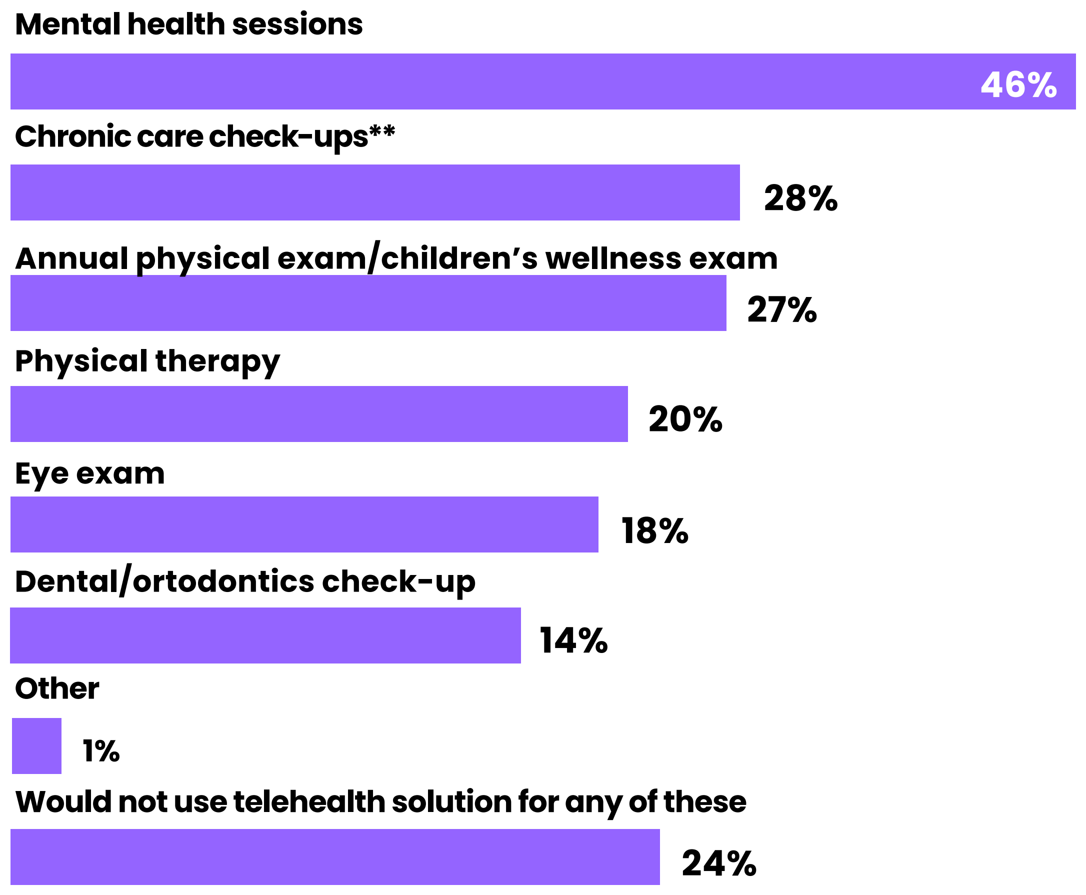
Interest in digital mental healthcare has spanned across demographics during the pandemic. In October 2020 global telemedicine leader Teladoc released data that showed its telemental health visits jumped 79% among men and 75% among women from 2019. And for boomers, use rates were up 16% from June to October 2020, while Gen Zers saw the largest year-over-year growth rate in virtual mental health visits (now comprising 14% of all of Teladoc's mental health visits).

Virtual mental healthcare can boost accessibility in rural areas facing massive shortages of mental healthcare providers. 77% of US counties are experiencing an extreme shortage of psychiatrists. And virtual options will likely entice mental health pros considering it minimizes the overhead costs of having a physical office and extraneous administrative tasks that can be streamlined in a digital platform. In fact, researchers from Harvard Medical School, RAND Corporation and the telehealth company Doctor on Demand found that US rural residents paid 64% more virtual visits during the pandemic (between February and June 2020) than in the same period the year before, compared to 58% US urban residents.

Consumers and employers report virtual health sessions to be effective. A 2020 study spearheaded by telemental health startup Ginger found that virtual mental health services, particularly behavioral health coaching, can diminish anxiety. Of 1,611 adults who underwent an 8-12 week telemental health treatment program for their anxiety, nearly 60% experienced a clinically significant reduction in anxiety. The benefits of online mental health care are discovered by employers, too. As employees confirm mental health challenges affect their job performance (61% of respondents said so in 2020 Teladoc survey), employers are expanding their offerings to include mental health resources. In fact, nearly 40% reported doing so in the Teladoc study. And it pays off. As Teladoc reports, employers using their mental health services are seeing an average of 52% improved presenteeism and 5.35 days of absence saved.

IN-PERSON APPOINTMENTS/PROCEDURES THAT US ADULTS WOULD CONSIDER HAVING VIA A TELEHEALTH SERVICE*, JUNE 2020

% OF RESPONDENTS



** (for diabetes, chronic obstructive pulmonary disease, other chronic conditions)

Note: n=5,005;*use of 2-way communication technology such as phone or video for certain health care services
Source: CynergisTek survey conducted by Allison+Partners as cited press release, August 2020

OUTLOOK FOR 2021–23

The mental health crisis, accelerated by COVID-19, is predicted to stretch into 2021 and beyond. Telemedicine will play an even bigger role in alleviating its symptoms than it does now. 65% of adults will use virtual care to manage mental health challenges brought by COVID-19, BCG found out in its 2020 survey of 800 US adults. The demand for virtual mental health care will grow to 138 million visits in 2021, according to Forrester. This means that 31% of all virtual care visits are expected to be for mental health, the same study reports.

The Forrester researchers estimate that American consumers will make roughly 480 million telehealth visits in 2021, with almost 40% of those visits for behavioral health care. The research firm predicts a slight drop in 2022 to about 440 million visits.

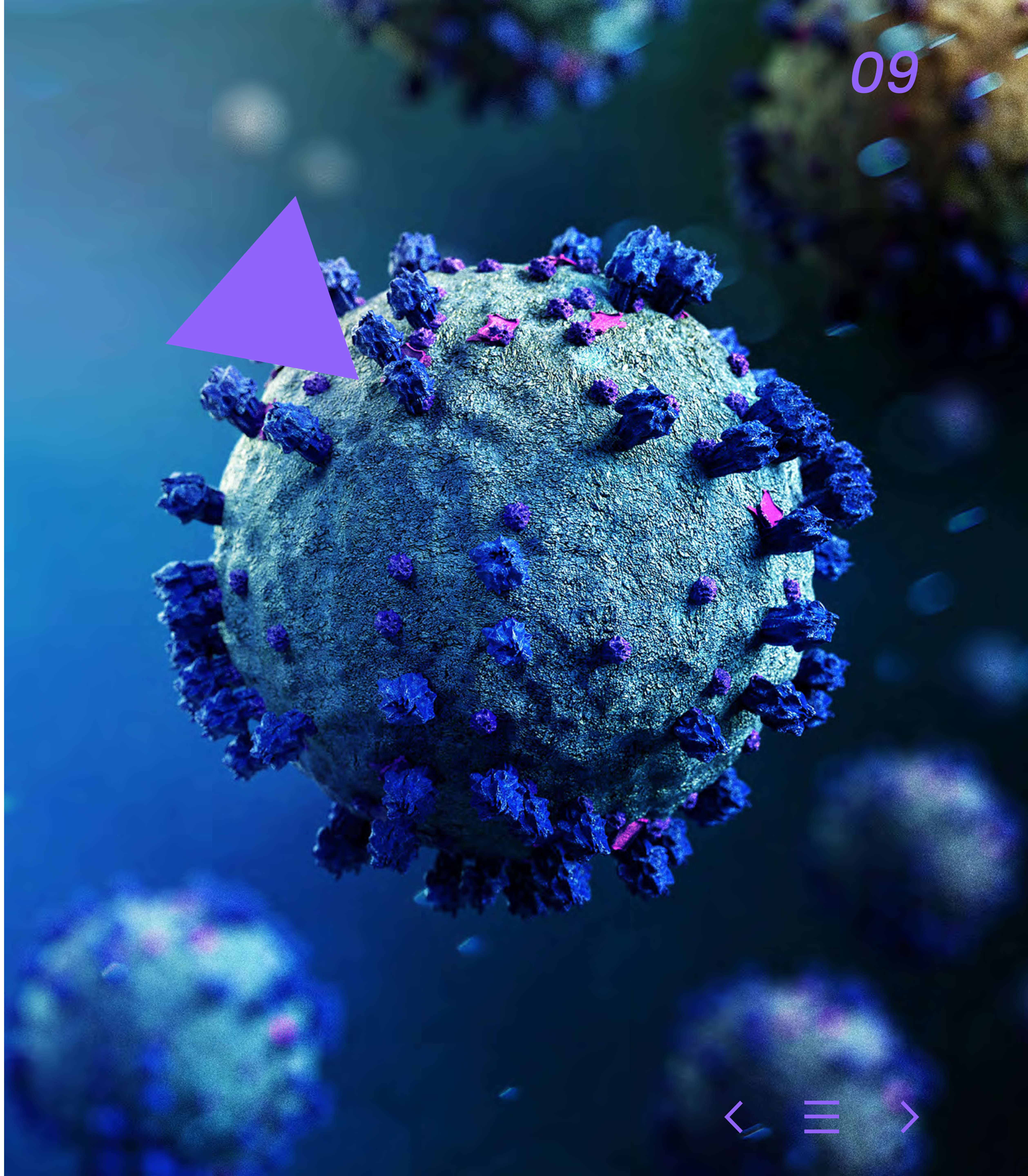
The surging consumer demand for virtual mental healthcare is reflected in healthcare provider offerings for 2021. Industry executives surveyed by PwC’s Health Research Institute most frequently cited mental health and psychiatry (58%) as the specialty in which their organizations will offer virtual visits in 2021 (versus 56% for family medicine and 44% for pediatrics).

As already noted, 62% of consumers would prefer a virtual visit for their regular mental health visits, even after it is safe to visit a doctor’s office in person. Virtual mental health care will enjoy broader consumer adoption than other diseases as besides offering ease, convenience and immediacy it provides convenient, stigma-free access to high-quality psychiatrists, psychologists, and therapists. It also overcomes a common pain point with telemedicine vendors that generally match a patient in need with an unknown doctor. When asked what might deter them from booking virtual appointments, one-quarter of patients cited discomfort with virtually visiting a new, unfamiliar clinician, per a March 2020 Sykes survey of 2,000 US adults.

A strong stimulus for a higher adoption of virtual health care will come from employers. They well understand that remote work is likely to become the norm even after the Covid restrictions are eased or lifted. A survey from U.S. based Enterprise Technology Research, expects the percentage of full-time remote workers around the world to double from 16.4% before the coronavirus outbreak to 34.4% in 2021.

With that permanent shift to remote or hybrid work styles, employers will need to add mental wellness programs to their annual budgets in the years to come to preempt burnout and anxiety and keep their staff productive. Employers realize that. A McKinsey study of about 1,000 employers noted that about 60% said they were starting, continuing, or expanding their behavioral health services.

Telemedicine operators come forward, too, to meet corporate demand. In October 2020, the listed global telemedicine leader, Teladoc (close to USD 1 billion in revenues in 2020, with



09

Industry executives surveyed by PwC's Health Research Institute most frequently cited mental health and psychiatry (58%) as the specialty in which their organizations will offer virtual visits in 2021 (versus 56% for family medicine and 44% for pediatrics).

163% more visits in the first 3 quarters of 2020, and 79% more revenues vs 2019) announced the launch of Mental Health Care, its new mental health telemedicine service for employees. Other providers are about to follow suit as investors pour massive money into the telemedicine segment. As digital health venture fund Rock Health reports, in the first half of 2020, digital behavioral health companies already received roughly the annual funding for this segment in any previous year (USD 588 million in H1 2020, vs. USD 539 million in 2019: USD 658 million in 2018, and USD 273 million in 2017).

09 *TELEMEDICINE: VIRTUAL MENTAL HEALTH IS BOOMING*

CEO INSIGHTS

Carlos Nueno
President of Teladoc Health International

The pandemic has greatly accelerated virtual care. Before the pandemic, telehealth was already a reality, and we were seeing double digit growth rates in its adoption. But clearly, the pandemic has lifted most of the past barriers like access, awareness, regulations, reimbursement, and acceptance by patients and physicians. In 2020, we experienced a rapid increase in the overall awareness of virtual care and quickly moved to consumer acceptance.

Now that more people have experienced the convenience and quality virtual care has to offer, telehealth options are solidified as a consumer expectation. In fact, a recent survey indicated that 76% of consumers in the United States who have used telehealth services are likely to keep using them, compared to 11% in 2019. In 2020, Teladoc Health directly delivered 10.6 million visits, up from 4.1 million visits in 2019, and 2.6 million visits in 2018.

As people embrace virtual care in record numbers, they are expanding from episodic use to regular and more comprehensive whole-person virtual care adoption. At Teladoc Health, mental health is one of our fastest growing segments, and visits increased over 500% in 2020. Virtual care in this area has spiked around the world.

A few factors will push telehealth even further. First, employers, health plans and health systems are adopting telehealth and reimbursing for care. Teladoc Health has more than 12,000 global clients, including more than 40% of Fortune 500 employers. Second, governments around the world are adopting new regulations to incentivize the adoption of virtual care. Public systems in countries like Germany are starting to reimburse for digital therapies, such as mental health care or diabetes management. Finally, physicians feel more comfortable adopting virtual care. A McKinsey study shows that 64% of providers are now more comfortable using telehealth.

People have come to expect the quality and convenience that virtual care has to offer. When you account for factors such as people's longer lifespans, the prevalence of chronic conditions around the world, and a need for physicians, it's clear that virtual care will be key for the sustainability of the healthcare market.

09 *TELEMEDICINE: VIRTUAL MENTAL HEALTH IS BOOMING*

LOCAL MARKET VARIATIONS

Poland

2020 was a good year for Polish startups from the medtech sector, especially those working on telehealth or technologies like AI-based diagnosis. Polish DocPlanner, already a worldwide brand, introduced video consultations and a module for e-prescriptions. Infermedica, working on AI-based diagnostics tools, raised USD 10 million for its expansion in the US and Germany. Therapify, a platform and app for finding the right psychological help and managing psychological treatment, had its first serious round of funding: over USD 600,000. According to a recent report by Startup Poland foundation, 84% of Polish medtechs are planning to expand abroad, with the main areas of their work being telemedicine and mobile health, mostly in cardiology and psychology.

Mikołaj Kunica
Editor-in-Chief,
Business Insider Poland

India

Telehealth is an opportunity for emerging economies like India to take modern healthcare where it has never been before. COVID-19 has led to a significant acceptance as well. Over 60% of people, both urban and rural, “definitely prefer” telehealth over physical visits in India, a new survey has shown.

Sriram Iyer
Editor-in-Chief,
Business Insider India

Spain

Telehealth is a top trend due to the coronavirus. With the lockdown, the volume of medical consultations boomed in Spain, mainly those related to COVID-19, general, and mental health. Startups such as HumanITcare, an AI telemedicine platform that monitors remote patients, worked with hospitals and doctors to reduce the spread. Before the pandemic, Global Market Insights forecasted the Spanish market to be worth around EUR 6.7 million in 2025, but this figure is expected to rise significantly. The enormous interest is driving investment to this emerging sector and stimulating the launch of new projects.

Yovanna Blanco Reinosa
Editor-in-Chief,
Business Insider Spain

Sub-Saharan Africa

Telehealth is a booming trend in Africa, but it is booming from the grassroots. This is because the lack of digital skills and literacy – and a large gender gap regarding device ownership and access – are significant barriers to Telehealth adoption across the continent.

According to The State of Mobile Internet Connectivity Report 2019, 750 million people around remain outside of mobile broadband coverage and 40% of these live in Sub-Saharan Africa. A further 3.3 billion people worldwide live in areas with coverage, but do not use mobile internet, and almost half a billion of these people live in Sub-Saharan Africa.

Furthermore, Sub-Saharan Africa has the least affordable data globally (75% of countries in the region remain above the target threshold of 2% of monthly income for 1GB of data), although significant improvements have occurred in the past few years. Similarly, the number of smartphone connections continues to increase across the African continent – however the cost of an entry-level internet-enabled device is equivalent to nearly 400% of the monthly income of the poorest fifth of the population (a challenge globally, but a particularly stark figure for the continent).

Telehealth depends on high-quality broadband, which is an obvious problem for Africa; and given the continent's many connectivity challenges, people must be brought online before they can fully leverage the benefits of these technologies.

Victor Oluwole

Editor-in-Chief,
Business Insider Africa

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PROTECTING REMOTE WORKERS: NEVER TRUST, ALWAYS VERIFY

The coronavirus pandemic has forced companies to quickly enable remote work where possible and craft new work-from-home (WFH) policies. But as IT departments struggle to connect and secure remote workers via VPNs and firewalls, hackers have rushed in to exploit security gaps. Realizing the traditional security approach cannot do the job in the remote setup, companies are shifting away from VPNs toward a Zero Trust model of security.

Never trust, always verify – a growing approach to securing the distributed enterprise

KEY DRIVERS OF THE TREND

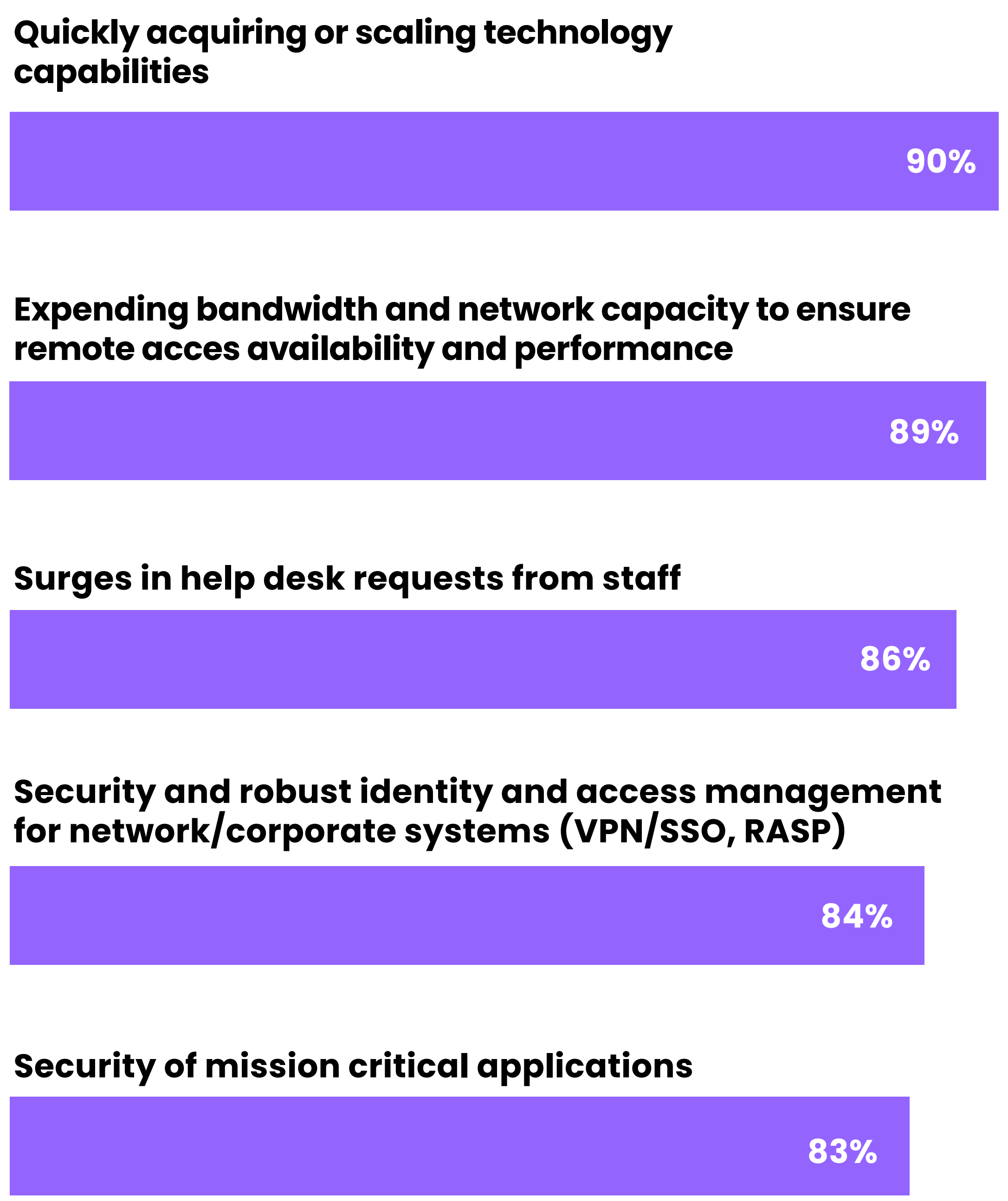
A staggering number of employees have moved to a new and lasting mode of remote work in 2020. IT and cybersecurity professionals were suddenly tasked with moving large portions of their company operations to remote work settings in 2020. A September 2020 survey from endpoint security firm Malwarebytes, for example, found that 70% of US respondents had moved 61% or more of their workforce to a work from home model. And of the companies that had more than 700 employees, 38% moved between 81% and 100% of their employees to remote work.

IT departments experienced challenges while rapidly moving to work from home. IT departments reacted to the rapid move to work from home by adding network, virtual private network (VPN), and firewall capacity to keep up with user demand. However, quickly acquiring and scaling needed technologies during the pandemic has been a major challenge, according to 90% of IT professionals worldwide cited in May 2020 data from AppDynamics. Of note, expanding network capacity was highlighted by 89% of respondents as a challenge—which is unsurprising, given that provisioning network capacity from carriers can take anywhere from one to three months on average. Survey respondents also noted challenges with single sign-on (SSO), VPN, and runtime application self-protection (RASP) technologies (84%).

With IT departments struggling to connect and secure remote workers, hackers have rushed in to exploit security gaps. 90% of C-level executives and vice presidents in the US, UK, France, and Germany said their organizations experienced an increase in the frequency of attacks in 2020 after they shifted to a distributed workforce, according to security firm Tanium. In particular, hackers are taking advantage of remote workers with an increased use of spam, impersonation attempts, and malware, while consumer-grade devices, services, and networking equipment are also providing additional vectors for cyberattacks. Remote workers are not without guilt. One in five (20%) UK employees have downloaded commercially sensitive or confidential company files on a personal device whilst working from home, a new study from gadget insurance firm Protect Your Bubble has found. 40% of these respondents admitted that there was either no password protection or up-to-date security installed on these devices, which include desktops, laptops, tablets or smartphones. Hackers have adjusted their tactics to take advantage of the move to work from home. For example, an August 2020 advisory from the FBI and the Cybersecurity and Infrastructure Security Agency (CISA) warned that cybercriminals were targeting remote workers with a novel voice phishing campaign that specifically sought to steal virtual private network (VPN) credentials to gain access to company databases. In fact, 96% of 50 top security officers on the advisory board of security-focused venture investment firm YL Ventures admiited to seeing a rise in phishing incidents as a result of expanding their remote workforce in 2020.

WHAT ARE THE MAJOR DIGITAL WORKPLACE CHALLENGES IT PROFESSIONALS WORLDWIDE FACE IN MOBILIZING A REMOTE WORKFORCE DURING THE CORONAVIRUS PANDEMIC?

% OF RESPONDENTS, MAY 2020



Source: AppDynamics, “The Agents of Transformation Report” May 26 2020
Methodology: Datais from the May 2020 AppDynamics “The Agents of Transformation Report.” 1,000 IT professionals worldwide from various industries were surveyed by Insight Avenue during April 22-May 6, 2020. Respondents were based in Australia, Canada, France, Germany, Japan, Russia, Singapore, UK, UAE, and US. AppDynamics, a Cisco company, is an enterprise application analytics platform and Insight Avenue is a B2B and technology market research firm.

OUTLOOK FOR 2021–23

To more effectively address the challenges of securing remote workers at scale, IT departments are considering to adopt ZTNA services. In the traditional enterprise security model, company data and resources were secured by owning and managing every asset that accessed those resources. This model assumed that all users were in a fixed location behind a set of security appliances called firewalls. Using the enterprise network as the boundary between the organization and the 'outside world' did not acknowledge the need to use public networks—like the internet—or to allow remote workers and partners to access internal assets from a variety of devices, including some that weren't owned or controlled by the enterprise. On top of that, the scaling of virtual private networks (VPNs) for work from home proved to be expensive and time-consuming. The difficulty of managing a fast-growing number of VPNs could also cause issues such as misconfiguration or a reliance on passwords instead of multifactor authentication (MFA), allowing for increased vulnerability.

As a result, a growing number of chief information security officers are looking at the Zero Trust concept and ZTNA services. The Zero Trust model requires verifying a user's identity and role in the organization before giving them access to only the applications they need for their function. VPNs have many shortcomings in terms of cost and performance that will require the use of newer, cloud-based technologies. ZTNA services are increasingly being considered by chief information security officers because—unlike older hardware and software-based security products such as VPNs—this newer generation of cloud-based services promises to enable better security without sacrificing application performance for users.

ZTNA adoption will surpass VPN usage by 2023. Interest and investments in cloud-based Zero Trust technology solutions are coming at the expense of VPN technology. 38% of C-level executives said they plan to invest in Zero Trust to reduce their reliance on VPNs, according to security firm Tanium. They do not hesitate to act quickly. Venture investment firm YL Ventures interviewed 50 top security executives on its advisory board (including Google, Microsoft, Samsung Electronics, Twitter, Netflix, GSK, Walmart, Nielsen), and found in the second quarter of 2020 that 19% had already acquired new Zero Trust solutions post-lockdown, while 32% had acquired MFA tech (a key component for user identification). Market research firm Gartner predicts that 60% of enterprises will phase out their remote access VPNs in favor of ZTNA by 2023.

COMPARISON OF ZTNA AND VPN TECHNOLOGIES

Features	VPN	ZTNA
Security	• IP-based access-network IPs need to be open to the internet to receive inbound requests • No risk assessment of devices • Difficult to enforce least privilege access	• Identity-based access - applications are only avaliable once a user's identity and permissions are determined • Continuous risk assessment at the device, user, and application levels • Secure access for any application, cloud or on-permise regardless of user location
Appliance/ Service Management	• Usually appliance-based • Equipment/software is installed in multiple data centers; limited capacity • IT personnel required to install, manage appliances and policies	• Usually cloud-based; some services use client-side software • Automatically scales according to business needs • Underlying equipment managed by service provider; provisioning and policy management done through user portals
User Experience	• Users often experience need to re-authenticate • Traffic is routed back to a central data center, creating speed and connectivity issues for users needing access to SaaS and other applications in the public cloud	• Cloud-based services are designed for ease of use, availability • Provides a consistent access process regardless of application type while providing better performance for SaaS applications

Source: Insider Intelligence

10 *PROTECTING REMOTE WORKERS: NEVER TRUST, ALWAYS VERIFY*

CEO INSIGHTS

Poppy Gustafsson
CEO of Darktrace

Cybersecurity used to be all about trying to keep all the bad guys out of the network. So there was a lot of work about understanding the threats, writing this into rules or signatures, and securing the boundaries of the business.

But what we are seeing now is that whatever walls and defenses you build, the attacker is just building a longer ladder. So we have fundamentally transformed the approach to cybersecurity. Instead of focusing on the boundary, we try to keep everyone out. We focus on how the business normally operates and use this understanding to build up an identity, a digital fingerprint of the business.

We call our product the enterprise immune system, because we replicate the human immune system. If you think about our bodies, we have this wonderful layer of skin that keeps out the vast majority of viruses and bacteria. It's brilliant and you'd never want to be without it. But when something does come in, it comes face to face with your immune system.

Cybersecurity has always been about protecting the weak link. What 2020 has shown us is that those weak links can pop up in places that you haven't necessarily expected. And in times of a big shift, such as the shift to remote working, those new weak links are exposed.

We've seen a significant increase in attacks on collaborative working tools, for instance. With all of these technologies, especially the ones that are rushed out quickly, you'll have people working at home that send a link for a meeting or some new technology interface, and you download that quickly. The human security teams haven't necessarily thought about how they're going to protect these infrastructures, especially when they haven't worked with them in the past. And yet you've got employees downloading new technology, perhaps even daily.

We've also seen a big rise in spear phishing campaigns. This is where you get very highly targeted email campaigns that convince employees to click links and add software that they otherwise wouldn't. A lot of those communications are based around the pandemic. What gets interesting is that hackers are starting to incorporate the latest technologies around machine learning and artificial intelligence into the attack site itself. There is technology today that can autonomously read transcripts of humans and mimic their communication style. And it will be very easy for the hackers to automate a lot of the hacking process so that they can create very convincing emails.

This is an edited excerpt from Poppy Gustafsson's interview at Business Insider Global Trends Festival in October 2020

10 PROTECTING REMOTE WORKERS: NEVER TRUST, ALWAYS VERIFY

LOCAL MARKET VARIATIONS

United Kingdom

The SolarWinds hack has taught us that hacks will only get worse. We will need to learn to live in a world where we know that doing anything online is the same as being naked in public. For increased security around important material, we might see a return to Cold War-style security. You can only be sure no one is reading your messages if you hand-deliver notes and documents on non-digital hard copies.

Jim Edwards

Editor-in-Chief,
Insider News / UK

Spain

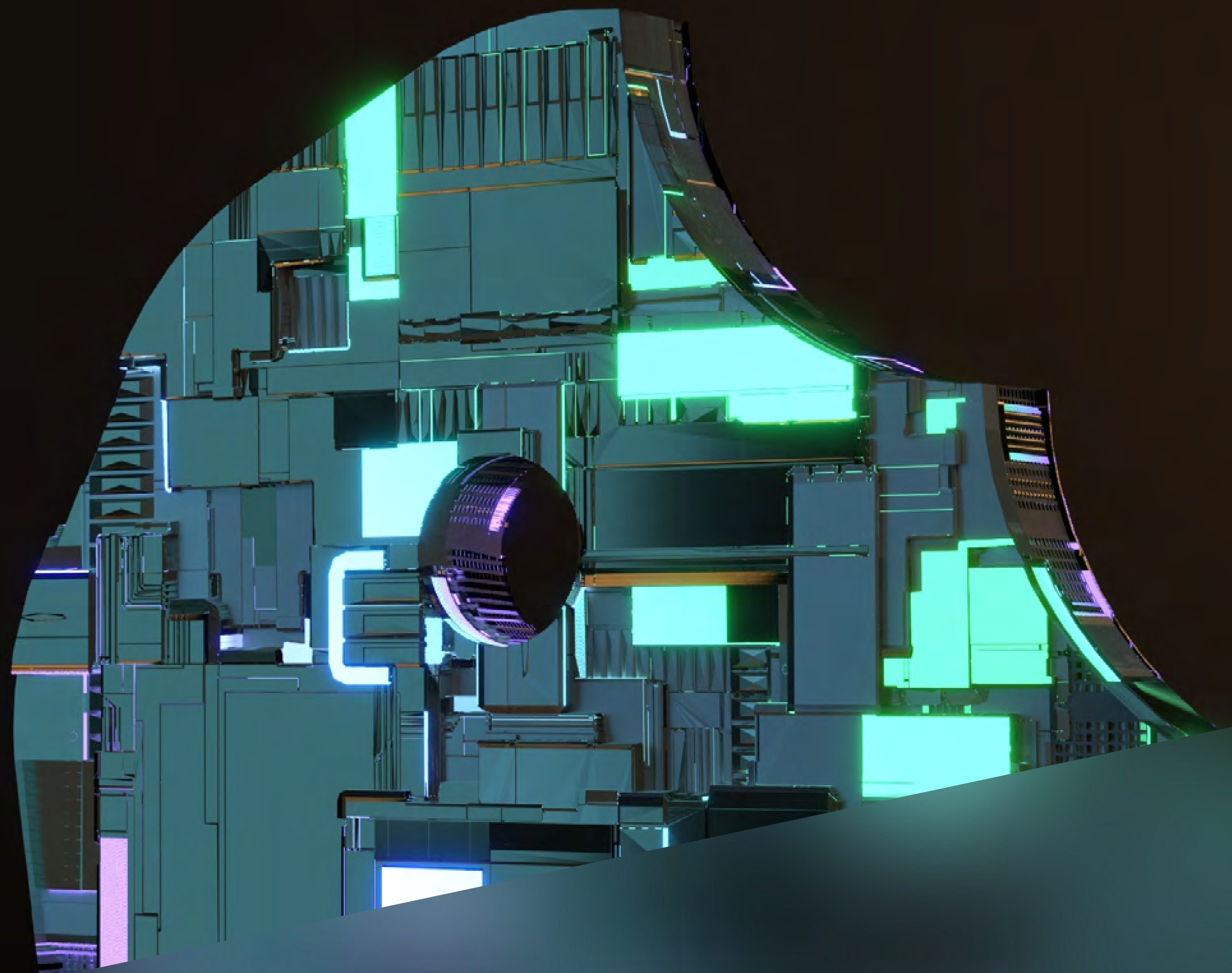
Cybersecurity is now in the top of mind for companies. Before the pandemic, IDC Research Spain estimated Spain to spend Euro 1.381 million on cybersecurity in 2020 (+6% compared to 2019 and +5,8% in average growth from 2019 to 2022). And, according to McAfee, cybercrime caused Euro 800.000 million in losses around the world, more than 1% of the global GDP. Cybercrime played a leading role in 2020 - remember Solar Wind, Twitter and Garmin? - and Spain was no exception: big companies such as Endesa, Adif, Mapfre or Adeslas were among the targets.

Yovanna Blanco Reinosa

Editor-in-Chief,
Business Insider Spain

11

DIRECT SERVING WITHOUT COOKIES



With 3rd party cookies banned from 2022, brands will no longer reach out to customers via data collection intermediaries. As consumers become more difficult to track in other channels, ad dollars will flow to walled gardens like Facebook that offer authenticated, logged-in users. Brands can succeed, too, provided they invest more in direct-to-consumer marketing.

KEY DRIVERS OF THE TREND

Search engines will phase out third party cookies by the end of 2021. Apple's Safari and Mozilla's Firefox, the second and third search engine in the world in terms of reach, have blocked third-party cookies since 2013. Microsoft's Internet Explorer 10 followed suit partially, by making Do Not Track the default setting the same year. But it wasn't until Google announced a similar move in January 2020 that the online advertising world began to recognize the seriousness and inevitability of the change. No wonder. In late 2019, Google Chrome made up more than 56% of the web browser market. Chrome also accounted for more than half of all global web traffic. Chrome will phase out third party cookies by the end of 2021. This will deliver a fatal blow to third-party data companies that have built a USD 19 billion industry (estimates by Ryan Pauley, Vox Media's chief revenue oficer) by inserting themselves between publishers and advertisers.

Governments have constrained the processing of personal data without consent. US tech companies took the lead in changing online advertising rules, but legislators followed soon. European Union's GDPR and California's CCPA regulations set a new legal standard to consumer privacy on the net. The two strict data protection laws were enforced in May 2018 and January 2020, respectively. Similar, though usually more liberal, laws have been enacted in the rest of the world since then. 128 out of 194 countries can boast such laws now, accoding to United Nations Conference on Trade and Development. As a result, customer personal information in most of the world can no longer be collected, tracked and shared with third parties without the customer agreeing to that.

11 *DIRECT SERVING WITHOUT COOKIES*

OUTLOOK FOR 2021–23

Social networks will win in the cookieless world. 2020 was the year marketers came to grips with the fact that an essential tracking feature—the third-party cookie—is going away. As consumers become more difficult to track in other channels, Insider Intelligence expects ad dollars will flow to walled gardens like Facebook that offer authenticated, logged-in users.

In 2021, Facebook's US ad revenues (including Instagram) will reach USD 40.76 billion, up 21.8% over 2020, Insider Intelligence estimates. It will take in 23.8% of total digital ad spending, up from 23.5% in 2020.

The potential for using a data clean room will also be a plus for Facebook. That's a place where an advertiser and a platform can each share data about their users in a privacy-safe way so that neither side can see the other's actual data, but the advertiser can still measure effectiveness and attribution. Facebook has offered data clean rooms to certain advertisers since 2017; Google and Amazon also have their own versions.
Not very many marketers use data clean rooms as of now. They can be expensive to operate, and they typically require a marketer to have a strong handle on their first-party data, something that many still struggle with.

According to research conducted in September 2020 by Epsilon in partnership with Phronesis Partners, 24.8% of US advertising decision-makers working in consumer packaged goods, financial services, restaurants, retail, or travel were planning to get a data clean room to address the impact of the deprecation of third-party cookies, while 61.9% were exploring first-party data strategies. The combination of Facebook's millions of logged-in users and the potential for interacting with the platform in a data clean room will likely prove attractive to marketers.

STEPS TAKEN BY US MARKETERS' COMPANIES TO ADDRESS THE IMPACT OF THE DEPRECATION OF THIRD-PARTY COOKIES, SEP 2020

% OF RESPONDENTS

	Consumer packaged goods	Financial services	Restaurants	Retail	Travel	Total
Building a customer data platform (CDP)	66.7%	62.5%	70.8%	66.7%	70.0%	67.3%
Strategizing around first-party data	88.9%	58.3%	58.3%	38.9%	55.0%	61.9%
Building out a private ID graph	44.4%	58.3%	58.3%	77.8%	70.0%	60.2%
Moving to contextual targeting strategies	59.3%	54.2%	58.3%	55.6%	40.0%	54.0%
Getting a data clean room	22.2%	12.5%	29.2%	33.3%	30.0%	24.8%

Note: n=259
Source: Epsilon, "Preparing for a world without third-party cookies" in partnership with Phronesis Partners, Oct 27, 2020

Winning brands will invest more in direct-to-consumer (D2C) marketing. The year 2020 was all about survival. Marketers had a scant moment to take stock of what they were doing and reprioritize. For many brands, 2021 will be the year where that critical evaluation will occur, and as a result, brands will reinvest in anything that allows them to own and strengthen the direct customer relationship rather than going through intermediaries.

Here's how brands can double down on owned channels and first-party data in 2021 and beyond: Improve the purchasing experience. Many brands and retailers have driven conversions with existing and fresh calls to action. Click and collect, in particular, will grow 60.4% year over year in the US by the end of 2020.

Invest in email marketing. Email marketing was one of the success stories of 2020. Open rates soared during the early days of the pandemic. Acoustic, a marketing tech firm, found a 23.8% jump in open rates worldwide between February and March. In 2021, marketers will build on this growth in an intentional manner, improving in areas such as personalization, testing, measurement, and acquisition.

Launch SMS programs. While email works, inboxes are crowded—which will lead to SMS marketing's rise in prominence in 2021. Some consumers aren't yet comfortable with receiving SMS messages from brands, but that is rapidly changing. A January 2020 study from business-texting software provider Zipwhip found that 43% of US consumers had proactively texted a business. Integrate customer data platforms (CDPs). For brands that have put off this step, 2021 will be the year they can no longer afford to do so. CDPs enable brands to create a single view of their customers and employ that data to improve customer experience through marketing orchestration, on-site personalization, and audience segmentation. In an August 2020 Advertiser Perceptions study, 89% of US marketing tech decision-makers said that CDPs have significant or some improvement on online sales, with 92% stating that CDPs had significant or some improvement on ROI.

Create virtual event experiences. Before the necessitated pivot to virtual events, the costs of throwing an in-person extravaganza were too much for most brands to consider. In 2021, brands will realize the power of building strong customer relationships through owned events, which will put the brands in the driver's seat to increase their reach. In fact, in August 2020, 80.2% of marketers who organize virtual events said reach was a benefit compared with in-person events, per a study fielded by Bizzabo in Asia-Pacific, Europe, and North America.

What it means for marketers: Increasing restrictions on data collection and the death of the third-party cookie will mean that winning brands will place a greater focus on shoring up first-party data strategies and making smart partnerships to enhance measurement and analytics before third-party cookies go away. In short, more direct-to-consumer (D2C) marketing and less (though still plenty of) advertising.

11 *DIRECT SERVING WITHOUT COOKIES*

LOCAL MARKET VARIATIONS

France

Since April 1st, all French websites must allow their visitors the option to refuse advertising cookies. The possibility for users to refuse must be as visible as the one to accept. As expected, the American giants did not apply this new requirement — not Google, Amazon, Facebook, or Apple. Since the advertising revenue lost by French publishers will undoubtedly end up in the pockets of these companies, it's a real distortion of competition. Complaints have been filed. But the possible fines will probably be derisory for these web giants.

Gilles Tanguy

Editor-in-Chief,
Business Insider France

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AI ACCELERATING DRUG DISCOVERY

The pharmaceutical industry has been lagging behind other industries when it comes to digitization, but incumbents are now signaling their interest in digital health—and incumbents are tapping disruptive AI technology to slash the time and resources needed to bring a drug to market.

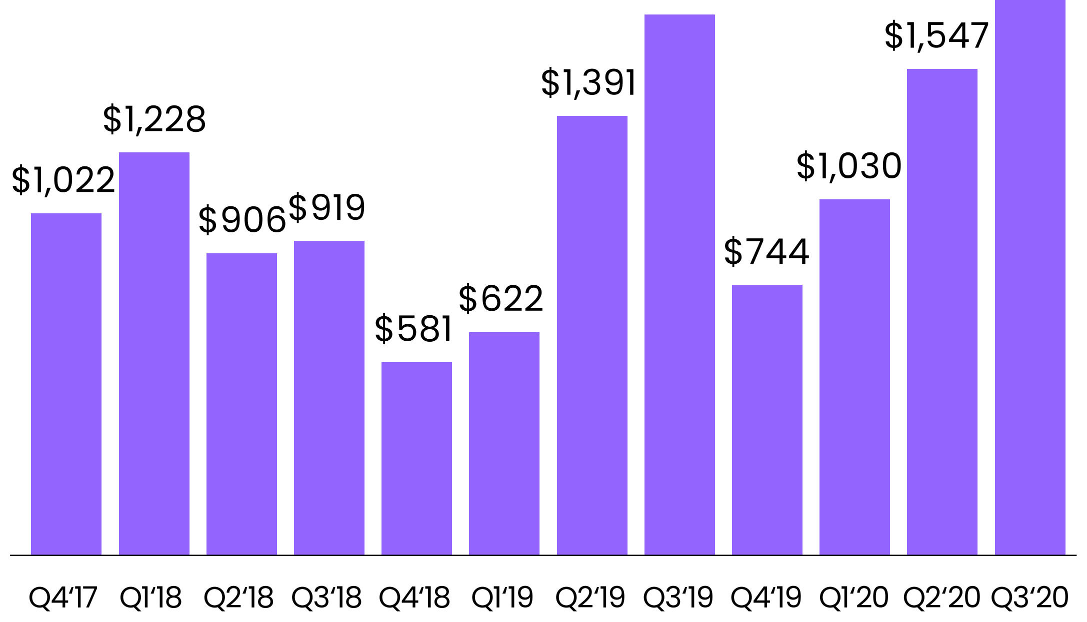
KEY DRIVERS OF THE TREND

The pharmaceutical industry has historically lagged behind other industries on digital transformation, but incumbents are now signaling their interest in digital health. Pharma companies have taken a longer time to implement digital strategies, making broad-scale digital transformation difficult: 60% of pharma companies said their digital initiatives are only partially linked to their broader strategy, per a 2016 McKinsey survey. Fewer than 15% of pharma companies have defined roles for core digital processes—compared with 38% for digital leaders across industries. But pharma companies became much more active investors in digital health in 2020: They were responsible for 20% of digital health funding rounds in the first half of 2020—up from 11% across 2019.

AI is the most disruptive technology in pharma—incumbents are tapping the tech to slash the time and resources needed to bring a drug to market. Many of the largest drugmakers have started applying AI to speed up drug discovery and development, which could take up to 12 years and cost nearly $3 billion traditionally. AI can both move drugs through the R&D process faster and ensure they're successful: If a drug makes it through discovery and preclinical development but can't go any further, for instance, it could result in a waste of more than $300 million. Novartis is a front-runner in the space, out-

FUNDING FOR GLOBAL HEALTHCARE AI STARTUPS HIT THE $2 BILLION MARK FOR THE FIRST TIME IN Q3 2020

MILLIONS



Source: CB Insights, "The State Of Healthcare Report Q3'20," October 2020
Methodology: CB Insights tracked equity financings emerrging healthcare AI companies. Equity financings include: convertible notes, seed, Series A–E+, private equity, growth equity, other venture capital, and other investment rounds.

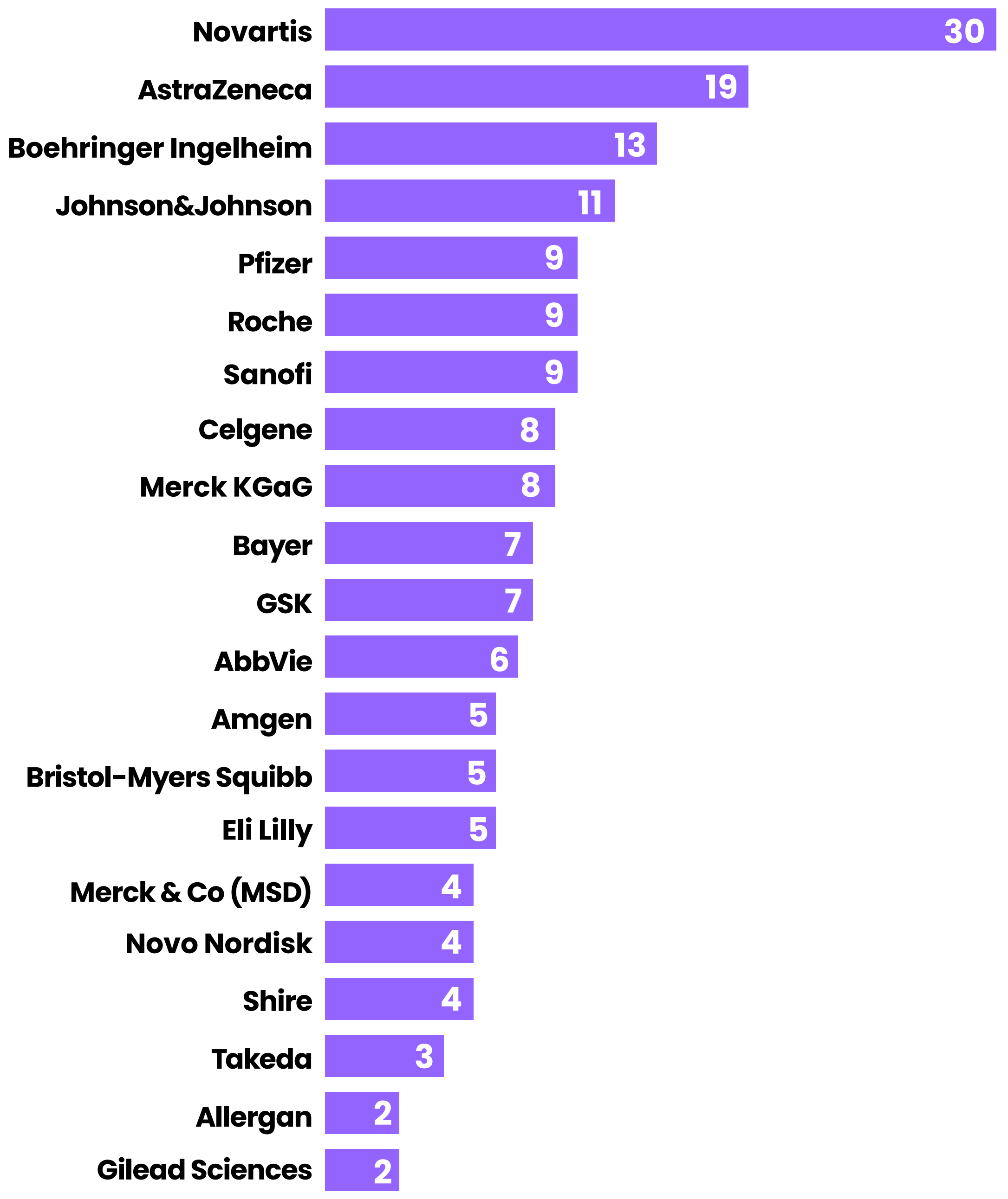
pacing its biggest competitors in AI investments from 2014–2018 with 30 funding deals, compared with AstraZeneca's 19 (the second-most deals of all other pharma incumbents) and a mere 9 a piece from the likes of Pfizer, Roche, and Sanofi.

AI-focused digital health startups are helping big pharma by designing algorithms and platforms for specific stages within drug discovery and development. Startups architecting algorithms for specific phases of the R&D process—like drug discovery or clinical trials—are breaking onto the scene. And they're becoming funding magnets due to their high potential to transform the pharma space: In Q2 2020, for instance, startups applying AI to drugmakers' R&D pocketed the largest funding rounds compared with other healthcare AI firms. After surpassing the $1 billion mark for the first time in any quarter in Q2 2019, healthcare AI startups raised a whopping $2.1 billion in Q3 2020, according to CB Insights' tracking. And those using AI to streamline the drugmaking process were the recipients of some of the heftiest sums compared with startups deploying the tech in other healthcare segments: Recursion Pharmaceuticals, XtalPi, and Atomwise—all three of which deploy AI to enhance the drug R&D process—raised the heftiest sums per CB Insights tracking, bagging $504 million, $384 million, and $176 million, respectively, in Q3.

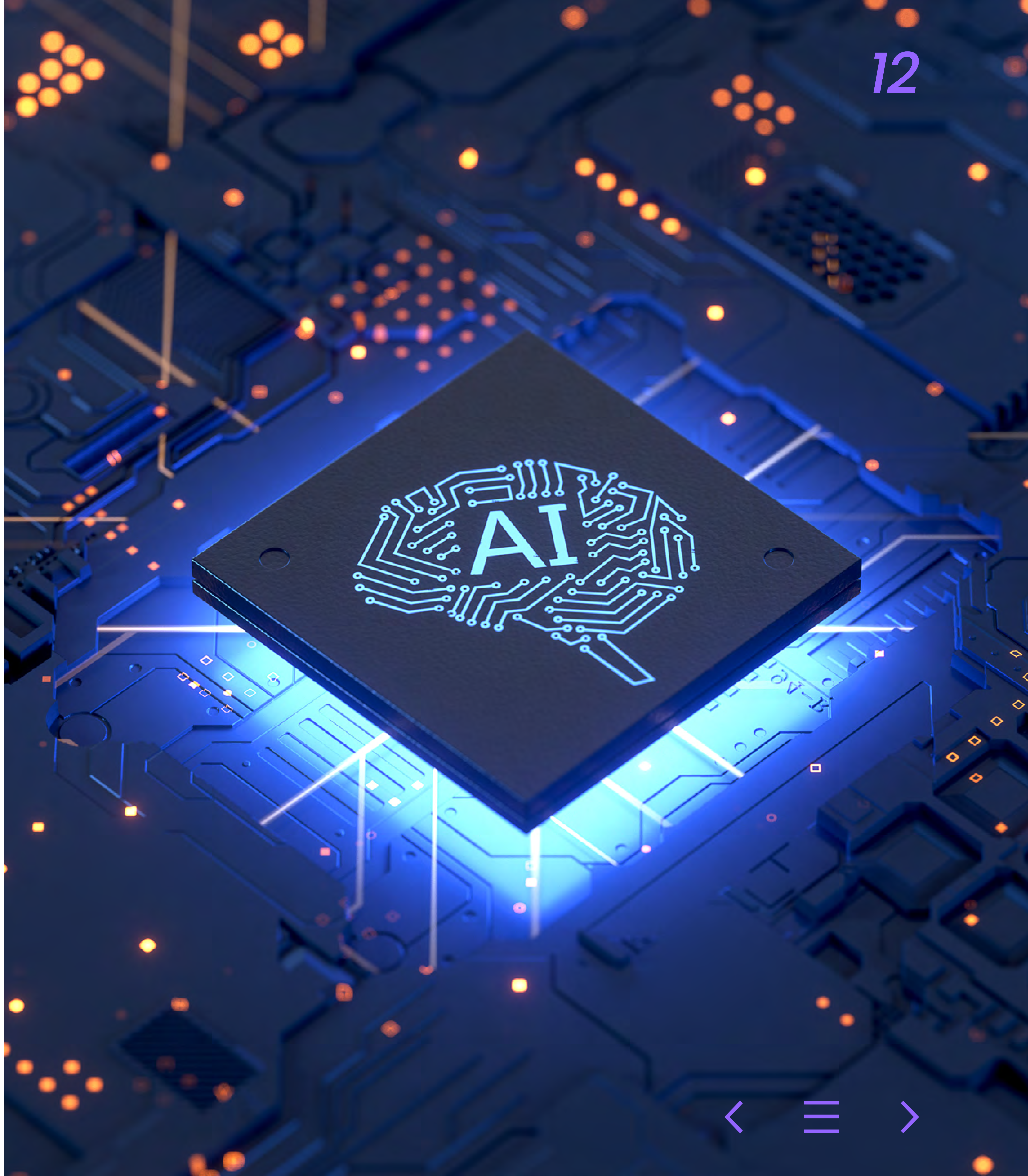
Tech giants are also moving in on the space, using their AI and cloud computing brawn to land tie-ups with pharma companies. Big names in AI and cloud—including Amazon, Google, and Microsoft—are partnering with drugmakers to streamline the drug development process. Alphabet boasts its own life sciences arm, Verily, which is involved in projects—like its Project Baseline—that are amassing troves of data that could eventually help make care and treatments more precise and effective. Verily is also working with Novartis, Sanofi, Otsuka, and Pfizer to make it easier for pharma companies to amass enough participants for

NOVARTIS TRUMPED OTHER PHARMA COS IN AI FOR R&D FROM 2014-2018

NUMBER OF AI-RELATED ACTIVITIES



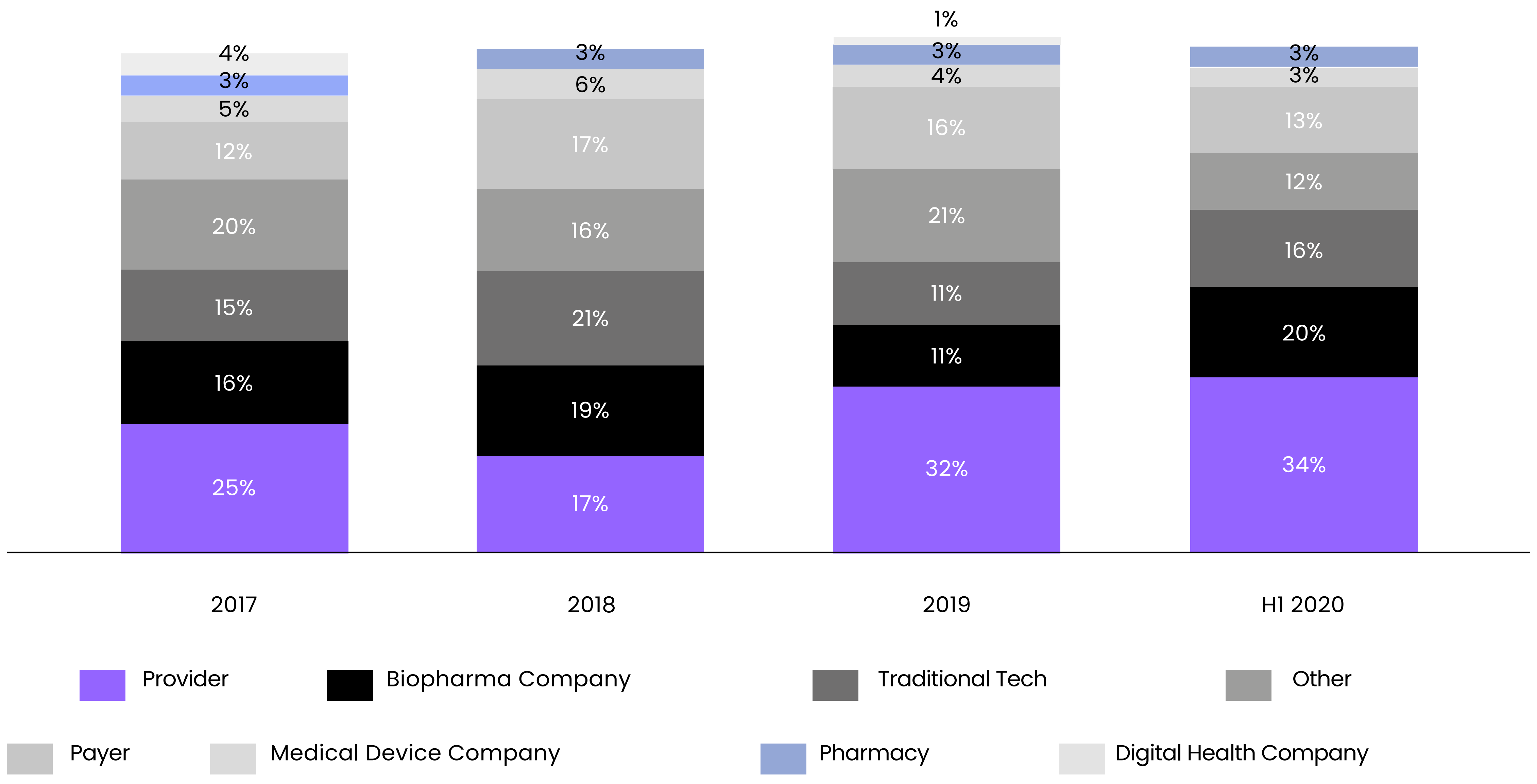
Note: AI-related activities include JVs, acquisitions of and in startups, R&D alliances, and internal R&D projects. Sources: Drug Discovery Today, "The upside of being a digital pharma player," June 2020; Forbes, July 2020. Methodology: Researchers analyzed the state of AI in pharmaceutical R&D for 21 companies from 2014-2018 and published results in Drug Discovery Today; Forbes displayed the findings in July 2020.



clinical trials and to introduce tools that make it easier to aggregate and use data across sources. And other tech giants like Amazon and Microsoft are using their AI and cloud computing power to aid in drugmakers' R&D. Sanofi works with Google to deploy AI in a range of areas, with the broad goal of speeding up development. Novartis tapped Microsoft to apply AI to a wide array of procedures, including speeding up drug discovery, per Financial Times. Moderna leans on AWS' computational capabilities, powerful analytics, and ability to automate manufacturing processes to speed up the development process. Moderna has slid into the spotlight as a top contestant in the race to develop a coronavirus vaccine. The company has developed a cancer vaccine in just 40 days using the approach. The fact that the biotech rose to prestige has highlighted the benefits of working with a leader in cloud computing and analytics.

PHARMA COMPANIES ARE ACTIVE INVESTORS IN DIGITAL HEALTH STARTUPS

Percentage of transactions



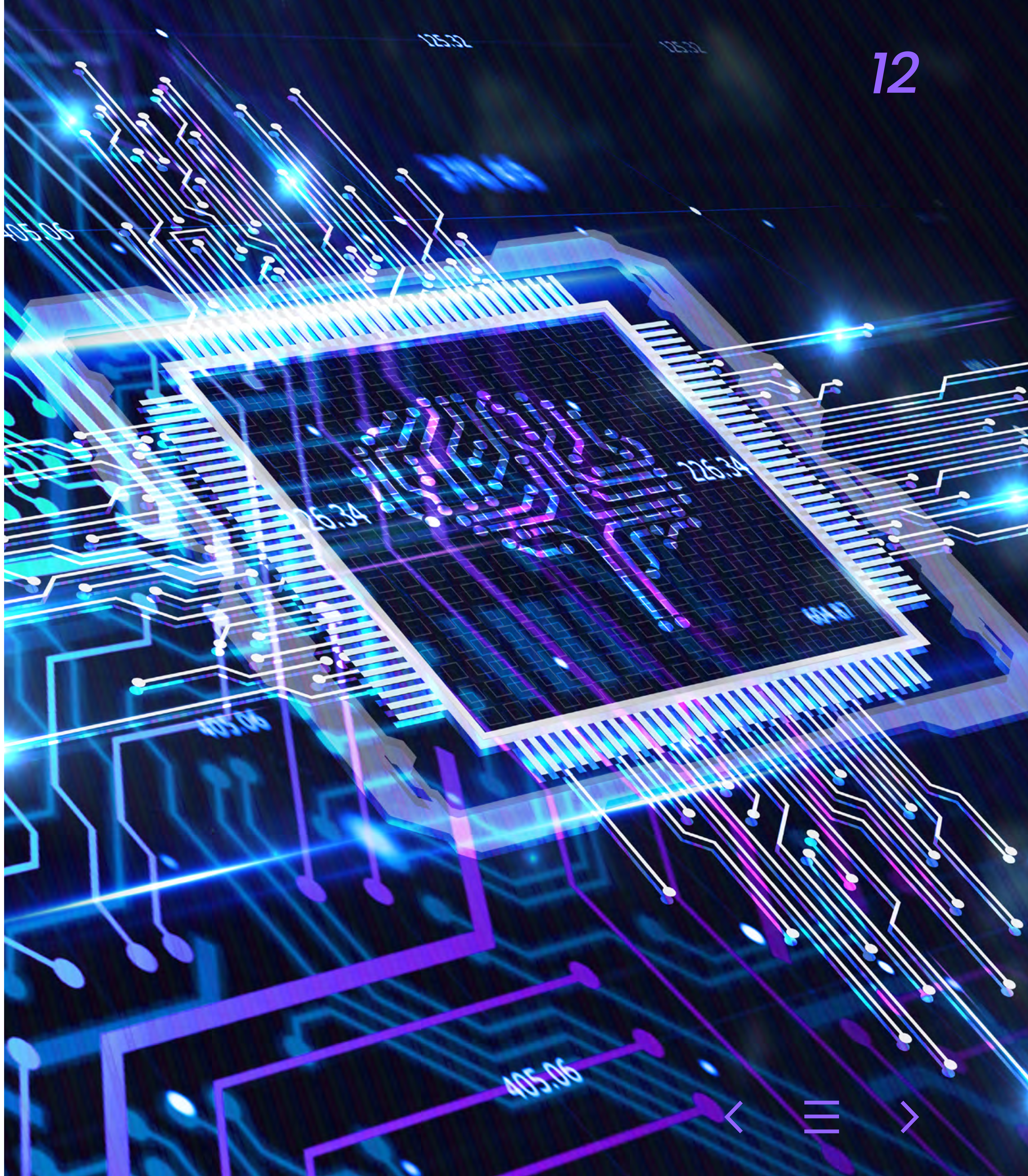
Source: Rock Health, "2020 Midyear Digital Health Market Update," July 2020
Methodology: Rock Health analyzed the types of corporate investors contrinuting to US-based digital health startups' funding rounds from 2017 through the first half of 2020.

12 *AI ACCELERATING DRUG DISCOVERY*

OUTLOOK FOR 2021–23

The global AI-enabled drug discovery market is projected to reach USD 3.9 billion by 2027, with an annual increase of 40.5%, according to Data Bridge Market Research. Much of this growth is expected to come from big tech and startups. The first months of 2021 are already bringing a series of big new announcements of such collaborations with pharma giants. In February 2021, Microsoft announced it is expanding its partnership with global pharma giant UCB to accelerate drug discovery and development using Microsoft's computational AI and cloud capabilities. This collaboration bloomed from UCB's recent joint effort with Microsoft to develop an oral antiviral drug for COVID-19. In January 2021, AstraZeneca declared to partner with AI company AliveCor to uncover new ways to manage cardio, renal, and metabolic diseases, including evaluating whether patients' potassium levels can be measured accurately via electrocardiogram data versus blood samples.

As anticipated, investor attention has continued to grow in 2021, with AI drug discovery startup Valo Health raising USD 190 million in Series B funding in early January 2021. Valo has developed its own drug discovery computational system, dubbed Opal, to predict molecules that can be used to combat new diseases and what effect drugs will have on a patient's body. The new round of funding is expected to help the company expand its work on identifying multiple targets for different cancers. And funding rounds for AI drug discovery startups will likely only rise: Pharma companies like Novartis, AstraZeneca, and Boehringer Ingelheim have steadily increased their number of AI-related activities over the last few years, signaling pharma's vote of confidence in AI.



12 *AI ACCELERATING DRUG DISCOVERY*

CEO INSIGHTS

Dr. Friedrich von Bohlen
CEO of Molecular Health, Supervisory Board member of CureVac

The molecular and the digital revolutions are fundamentally transforming medicine, health-care and pharma. Molecular biology provides a better understanding of health and disease and allows for truly individual diagnosis and therapy. Advances in computing help implement these changes.

The challenges are different from other digital transformations. First, we don't know and cannot yet measure everything. The molecular revolution began with the availability of the human genome, but there are many "omes" still to come. Second, data sources can be wrong, ambiguous, and incomplete. This is true for all available data, including peer-reviewed publications and individual patient data. Third, biologic, clinical, drug and patient data don't speak the same languages.

Securing high-quality data and integrating and mapping that data as unambiguously as possible is key. Data curation, complete ontologies, and domain-specific integration technologies are at least as important as AI.

The best way to turn pharma's molecular and digital transformation challenges into a competitive advantage is to become a total clinico-molecular digital-based committed organization. Such organizations need to find a proactive strategy to partner with providers and clinics to get early and continuous access to clinico-molecular patient information.

Pharma would then be able to:

- better generate hypotheses through causal elucidation and understanding of disease models
- better select drug targets
- install a better patenting strategy
- better select and stratify patients, which leads to smaller trials, shorter studies, higher development success rates, and longer patent protection of marketed drugs
- better select in-licensing and M&A opportunities
- better manage a portfolio strategy
- improve competitive differentiation of drugs under development and in the market

A quantitative example: Today's success rates in clinical trials are 52% (Phase I -> II), 29% (Phase II -> III), 58% (Phase III -> NDA/BML), 91% (NDA/BML -> approval). So the overall POS (probability of success) of a drug candidate to get approval is 8%. Usual methods to predict POS are 55% correct. An AI-based system exists which predicts success/failure with robust >75% accuracy. An NPV calculation shows that an increase of 25%-points prediction accuracy leads to a 100% NPV improvement of a pharma R&D pipeline.

The future of pharma will build on deep molecular understanding of patients, diseases and drugs and the ability to digitally access, clean, integrate and understand these diverse data and the many different data sources for ever better decision making throughout the complete pharma and partner value chain. For better drugs. For better healthcare.

TREND CATEGORY

ORGANIZATION

13

HYBRID STYLE OF WORK

Safety concerns, shorter or no commutes, and more lifestyle flexibility have encouraged some employees to adopt remote work as their preferred work pattern. Technological capabilities, operational savings, and surprising productivity gains are convincing companies to embrace the forced-turned-preferred work pattern, too. But as organizations rethink how they work and identify what can be done remotely, they will need to decide which roles must be carried out in person and to what degree. As a result, work will gradually become not only more remote, but also more flexible.

KEY DRIVERS OF THE TREND

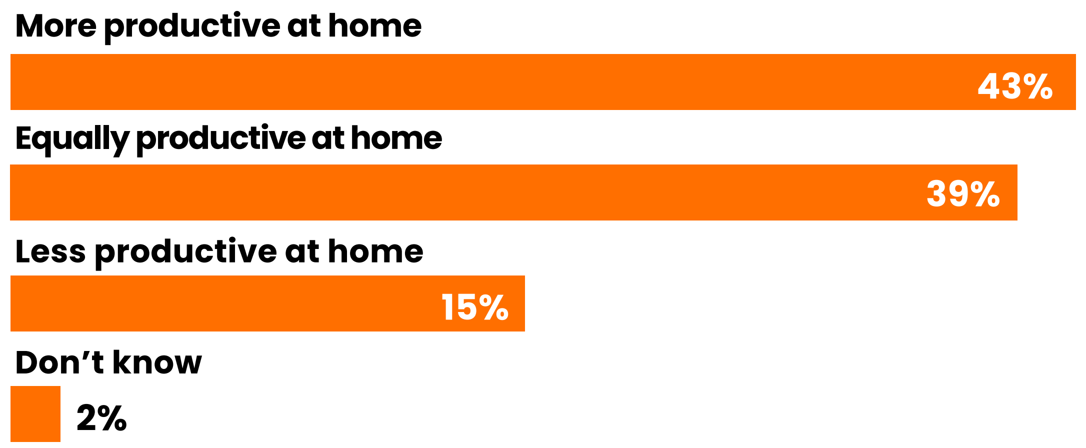
Pandemic-related safety concerns and government restrictions have forced companies to adopt remote work as a quick and temporary solution. For knowledge workers, the coronavirus pandemic brought an abrupt change to daily work life. As many companies shut down their corporate offices—some out of regard for employee safety and others due to government mandates—the norm of conducting business from an office ceased. Without an in-person option, teams were forced into a distributed work model and given little to no time to prepare.

According to a May 2020 survey from The Adecco Group, 69% of US employees said they had to make major changes to their usual ways of working to adapt to the pandemic. A National Association of Corporate Directors (NACD) poll from the same month found that 54% of US directors cited changing the way in which work gets done as a leading trend that would impact their company's post-coronavirus recovery.
A June 2020 survey from Workable, a talent-acquisition tech provider, found that among human resources and talent acquisition professionals and business leaders worldwide, 30.9% said their employees were now fully remote, up from just 6.0% before the pandemic. Moreover, the percentage of respondents who said that one-quarter or less of their workforce was remote fell from 68.0% before the pandemic to 15.7% in June.

Productivity gains, lower infrastructure costs, and favorable attitudes of workers toward flexible work schemes convince employers to adopt a more strategic and permanent hybrid work style. Companies made the hasty shift to remote work despite their executives' growing concerns over employee productivity and morale, smooth

PRODUCTIVITY LEVEL: WORKING FROM HOME VS. OTHER WORK ENVIRONMENTS ACCORDING TO US REMOTE WORKERS, JAN 2021

% OF RESPONDENTS

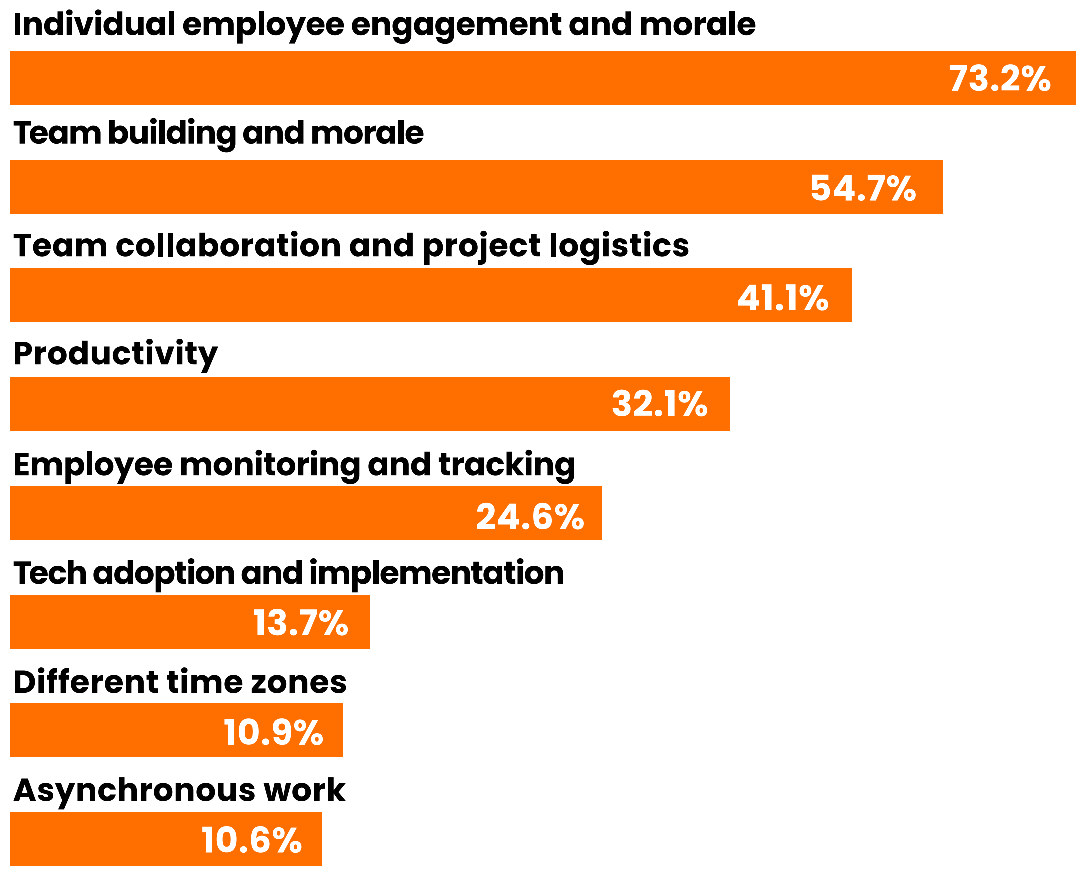


Note: n=538; numbers may not add up to 100% due to rounding
Source: YouGov as cited in company blog, Jan 19, 2021

technological transition, and vulnerability of remote systems. But while employees did experience more burnout and anxiety, employers were surprised to report some positives, too. According to BCG's survey from August 2020, some 75% of employees said that during the first few months of the pandemic they have been able to maintain or improve productivity on their individual tasks (such as analyzing data, writing presentations, and executing administrative tasks). Employees also see value in their ability to work from home. In the same BCG research, 60% of employees said they want some flexibility

MOST SIGNIFICANT CHALLENGES IN A NEW REMOTE WORK ENVIRONMENT ACCORDING TO HR/TALENT ACQUISITION PROFESSIONALS AND BUSINESS LEADERS WORLDWIDE, JUNE 2020

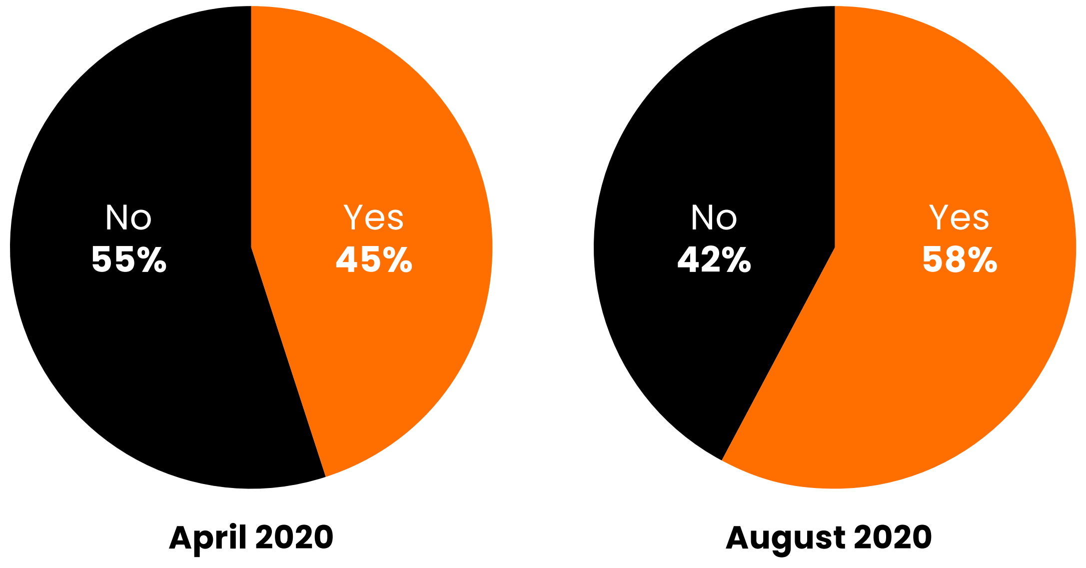
% OF RESPONDENTS



Note: top 3 responses
Source: Workable, "The New World of Work," Aug 3, 2020

US EMPLOYEES WHO ARE FEELING BURNOUT AT WORK, APRIL 2020 & AUGUST 2020

% OF RESPONDENTS



Source: Eagle Hill Consulting, "2020 Eagle Hill Consulting COVID-19 Employee Burnout Survey" conducted by Ipsos, Sep 2, 2020

in where and/or when they work. This response was most pronounced in the US (67%), while the figure was 50% in India. In a more definitive statement, over 75% of the 25,000 US adults surveyed by IBM in April 2020 indicate they would like to continue to work remotely at least occasionally, while more than half – 54% - would like this to be their primary way of working.

As a result, companies are considering the once ad-hoc solution to last much longer. Technology giants were the first to call the new direction, with Google prolonging remote work for its 200,000 employees at least by September 2021, Facebook extending its work-from-home policy until July 2021. Airbnb, Uber, American Express, Apple, Microsoft have announced plans to extend remote work until the third quarter of 2021. Marketing survey platform Instapanel told its employees they would remain distributed until at least 2022.

13 HYBRID STYLE OF WORK

OUTLOOK FOR 2021–23

Remote work is here to stay (even after offices reopen). The number of permanently remote workers is expected to double from 16.4% in 2019 to 34.4% in 2021, according to 1,200 chief information officers from around the world and from across different industries (from telecom and finance to energy and utilities) who were surveyed by U.S.-based Enterprise Technology Research (ETR) in October 2020. They claim this is due to the remote workers' higher pandemic productivity. Of the more than 1,000 CIOs interviewed for the ETR survey, 48.6% reported that productivity has improved since workers began working remotely, with only 28.7% of respondents indicating a decline in productivity.

Many global corporations will not see their employees back at least until the end of summer 2021. But companies don't just extend remote work until it is safe to go back to the office again. Executives of large organizations have already announced they will implement working from home as their permanent, indefinite work policy even after their offices reopen. Twitter, Square, and LivePerson have already allowed their employees to stay home indefinitely. Google is considering to do the same as well as try a part-time program where employees work two days a week from home. Microsoft's employees will be able to work from home less than 50% of the time without approval or permanently on a case by case basis. Starting in September 2021, Google employees will go back to the office part-time, working a minimum of three days in the office and the rest at home. Facebook CEO Mark Zuckerberg told employees in late May 2020 that many would be able to work from home indefinitely. Japanese electronic giant Hitachi also allowed employees to work from home amid the pandemic, and committed to having 70% of its employees work from home permanently. In fact, as much as 67% of IT decision makers expect that their work-from-home policies will become permanent, or at least remain in place for the long term, a survey from 451 Research, a unit of S&P Global Market Intelligence found in June 2020. Analysis firm CCS Insights predicts that in 2022 more than half of all office-based employees will still work mainly remotely.

Companies will need to increase investments in four areas to stay productive when going remote. Executives make it clear in surveys that they adopt remote work policies for the long-haul, because they see positive impact of home office on productivity. But this is not the full story. When asked about the activities where they have seen their productivity improve, some 75% of the employees pointed to their individual tasks, such as analyzing data, writing presentations, and executing administrative tasks. In the same study BCG released in August 2020, only 51% of all the respondents said they have been able to maintain or improve their productivity on collaborative tasks, such as exchanges with coworkers, working in teams, and interacting with clients. Interestingly, 79% of remote workers that claimed their pro-

ductivity in collaborative tasks stayed the same or increased were very satisfied with four factors: social connectivity, mental health, physical health, and workplace tools. On the other hand, only 16% saw their productivity remain or rise if they were dissatisfied with three or four of these factors. The difference is almost 400%.

Some of this difference can be closed by allowing employees to collaborate with coworkers and clients one or two days a week in the offices, once they reopen. But for those employees that will work remotely full time and require collaboration with others, companies will need to invest in those four areas: social connectivity (e.g., establishing virtual coffee breaks at set times during the week), mental health (offering free confidential therapy or counseling sessions for employees and family members), physical health (offering meditation sessions, online fitness classes, and health webinars), and workplace tools (giving allowances for the purchase of equipment or delivering technology and office equipment to homes). If companies think they already help in those areas and their investments will not need to be high, they should think again. In an IBM Institute's survey from the end of September 2020, 80% of executives said that their organization is supporting the physical and emotional health of its workforce, while only 46% of employees agreed. When asked if their organization is helping staff learn the skills need to work in a new way, the gap was similar, with 74% of executives and only 38% of employees agreeing with the statement.

Not just remote, but hybrid. The future of corporate work will most likely be far from just remote work. As already noted, some companies have already announced that they are planning to mix remote work at home with working in the office. Flexible schemes will also be allowed.

In June 2020, Gartner asked company leaders worldwide what type of flexible workplace arrangements they would provide for their employees post-pandemic. The vast majority (82%) indicated they would let employees work remotely some of the time, while 47% said they would allow remote work all the time. Some 43% reported they would offer flex days, and nearly the same percentage of respondents said they would allow flex hours, per Gartner. Only 6% said they wouldn't offer any of these hybrid arrangements.

On top of this, businesses are also contemplating the adoption of different work styles, requirements, and setups for different employee groups, depending on their roles and responsibilities. So the hybrid work model may look different for sales staff who are often mobile, creatives and consultants who work with clients at client sites, and administrative staff who tend to be desk-based.

The mixture of work schemes will require investments in different infrastructure configurations and systems that will limit the company's exposure to cybercrime. Investments will also need to increase in quite unsuspected areas like recruiting and human resources. By opening up to flexible schemes, companies can attract social groups that have so far been underserved and time constrained, such as women on maternity leave, students or specialists working in different time zones. Remote work schemes can, on the other hand, attract talent from distant locations in industries where talent is scarse or too expensive in some city centers or countries. Companies will need to learn how to manage a diverse workforce that the new hybrid workstyles will bring. Diversity and inclusion policies and specialists will likely be in high demand.

13 HYBRID STYLE OF WORK

CEO INSIGHTS

Alain Dehaze
CEO of The Adecco Group

Flexible work is here to stay. We recently conducted a study in eight countries with some 8,000 participants. And we found that there is a new universal ideal emerging where work will be split 50-50. In other words, 50% of work will be done in the office and another 50% remotely. This ideal applies to any age, marital status, or type of job, especially in the knowledge work area. Half of work will remain at the office because onboarding, team collaboration, creativity, and the nurturing of corporate culture and values isn't quite as easy digitally. People are ultimately also looking for social contacts.

The new work environment will also increase the demand for soft skills. There will be a huge need for emotional intelligence as a key to staying connected with the needs of remote workforce. In this study that I mentioned, about 26% of people's mental wellbeing suffered because of lockdowns and isolation. And only 1 in 10 of respondents said that their managers had lived up to their expectations in this area. At the end of the day, it is all about emotional intelligence. So if you are in a management position, this is one important factor to keep in mind going forward.

I'll give you an example. The Adecco Group has some 30,000 colleagues spread over 60 countries and 5,100 locations. But during the lockdown, we had a company with colleagues in 30,000 locations because they worked remotely. How do you make sure that these people have the proper guidance and support? How do you make sure they are motivated and engaged in what they do? This calls for much more communication and new types of skills.

Managers also need to increase their own mental resilience. If you want to keep your workforce engaged, how do you keep yourself motivated and engaged at the same time? Keeping yourself in balance so that you can provide energy to others is important. Therefore, coaching is in huge demand right now, especially from knowledge workers and managers.

Prof. Nicholas Bloom
Stanford University

I've been running monthly surveys of 2,500 working-age Americans. They showed that 42% of people worked from home in May 2020, almost all of them full-time. That was the peak and a 20-fold rise in the number of remote workers from before the pandemic. Then the data gradually dropped to 34% toward the end of 2020. The same surveys have shown that the people that are working full-time tend to be much more educated. Those with a university or graduate degree, MBAs, doctors or lawyers, for example — more than half of them are working from home. People who have a high school degree make up 21% of remote workers, and about 10% of people who left school before getting a high school degree are working from home. This illustrates a big inequality in the sense that high earners, professionals, managers, and graduates make up a very high share of people working from home, while less educated people tend to have more physical face-to-face jobs and are far less likely to be working from home.

What's the future of work post-Covid? We're certainly not going back to what we saw before. We asked people what they want to do post Covid, and 20% of people never want to work from home. They tend to be young, single, and living in small apartments. They want to get out and meet people. They don't want to stay in their bedroom all day, every day. 24% of people at the other end want to work from home five days per week. They tend to be married with kids, living in a house. Most people are somewhere in between. They want to work from home two to three days a week and go to the office two or three days a week.

That matches what employers want to do. Most of the couple of hundred firms I spoke to are thinking about being in the office Monday, Tuesday, and Thursday, and working from home on Wednesday and Friday. They want to give enough face time per week to be creative, to remain motivated, keep culture up and running. But they also want to give their employees a couple of days to concentrate on work at home.

Differences show up when you compare how many days per week people want to work from home and how much they earn. If you're earning a quarter of a million dollars or more a year, your employer is basically planning for you to work from home for a couple of days a week on average, which is basically what you want. So that group of workers is very happy. They're getting what they want. If you look at low-earning people, their employers on average are not planning for them to work from home much at all. This is a group that's going to feel really angry after the pandemic. They've had to suffer through the pandemic. They've had to go into work and face health risks, because their job is typically face-to-face. And after the pandemic, they're not going to get any of these advantages. I raise that as a long-run issue. Working from home is great for society post-pandemic, but it's going to worsen inequality.

Jayshree Ullal
CEO, Arista Networks

As a company, we've always been very global. So the post-pandemic era will be one we can easily adapt to because we were not in one location. We're in 10 different locations all over the world — including Australia, India, Ireland, Canada, and three or four locations in the US — so we span many continents. One of the beauties of that is, you learn to collaborate and work with each other in different time zones across the internet anyway, right? So we expect, in the post-pandemic world, that we will move on to these distributed workspaces. And we're not going to rely on just brick and mortar as a way for people to engage and collaborate, especially in software development.

Now, there are obviously places where looking at people in the eyeballs or solving a hardware problem requires you to come to the lab. So I would say it's a tale of two halves, where software developers can collaborate all over the world and don't always have to come to the office. But eyeball contact with customers, hardware design, and things that you have to touch and package and feel are also required.

I think as a leadership team, you have to rely on nimble, agile decision-making. And as we worked with our customers, we noticed that they have to think and plan a lot differently because it's a lot easier when you meet face-to-face and you can draw on the board, and now things like that can take longer. So as a team, you don't want it to take longer if you want to continue to be nimble and agile. And in order to do that, you have to create a set of planning processes. Step one was for the customers to understand that some of the things they would have done in their labs, you can do as a virtual proof of concept, and then because you don't have the chalkboard and the eye-to-eye contact, you have to more than make up for it with virtual collaboration.

That's why we all have so much collaboration fatigue over the day. So our leadership team has had to adapt. And I think our leadership team has also recognized that this is not fixed hours. You could be doing this at odd hours of the day, depending on when you're dealing with your family and when you're dealing with work. So the good news with our leadership team is, we worked together for several years, and sometimes even decades at prior companies. So there is no getting to know each other, but there is an adaptation to work-family balance, collaborating all over the world in different time zones, and also making more agile and nimble decisions.

Luvleen Sidhu
CEO and Founder, BM Technologies

Being able to turn on the remote workforce [virtually] overnight has proven it is something that works. In fact, 2020 was possibly our most productive year yet. The amount of work done by our team was honestly fascinating to me, and a big surprise.

As a leader, my personal view of working from home has changed. Previously, we would say we wanted to provide flexibility, but given how well we've been able to maintain productivity — going forward it will be more of a choice. There will be a hybrid solution.

Before the pandemic we also had a New York office, and traveling between three offices was something I tried to do a lot. Now we are able to feel connected despite not being together physically.

We've really upped the communications. We continue to do quarterly town halls. Before the pandemic we had to split up between three locations. Now we have the whole community together rather than broken up between offices. We provide all the materials beforehand, and people have more time to prepare and make the meetings even more productive.

Two-thirds of our customers are women, and two-thirds of those are minority women, so in our customer base today, we already reflect and attract people who are underrepresented by traditional financial services.

We have done a great job of providing financial access to those who need it most. And now with our new head of marketing, who is also a woman of color, we will be able to work on enhancing our marketing strategy, identify even more pain points for this demographic, and provide even better solutions through education and our full suite of financial-services products.

Not only am I happy and proud of the customer base that we serve but I am also proud of the representation at our company. Today, about 48% of our employees are women, and we have great representation of women at the C level and at the board level. Additionally, at the time we went public [in January], I was the youngest woman founder and CEO to take a company public, and also the youngest minority woman to do so. I am grateful I can hopefully serve as inspiration to other young women and women of color to also break through and fulfill their dreams, especially in business and fintech.

I was happy I could do my [pre-IPO] roadshow with investors virtually rather than in a new city every day. I got more investor meetings in because they were literally back-to-back — and I wasn't recovering from a plane ride or a hotel room.

Jennifer Jordan
Professor of Leadership and Organizational Behaviour at IMD

A recent article reported that in New York City, 90% of office spaces are vacant. People are not commuting to their offices, sitting behind their desks, and convening around the coffeemaker. Recently we were extolling the virtues of organizations that provided beautiful and well-stocked places for their employees to work, offering amenities from in-house basketball courts to espresso bars and massage tables. But these courts, bars, and tables are now virtually deserted while the people who once inhabited them are working in pajamas at their kitchen tables. But is this life behind the camera in our slippers here to stay? Or, like the in-office juice bar, is this a trend that will fade?

My instinct tells me that it will not and that virtual working (at least on some level) is here to stay. While we are still in the midst of movement restrictions throughout the world due to COVID, virtual work will continue after the pandemic for four reasons.

First, people have gotten used to working outside the office and see the personal benefits of doing so. As one employee said, "I love working from home because I feel like my employer trusts me to do the right thing more than when I worked in a monitored office space." Once people start to form habits (and realize the benefits of them), they are really hard to break.

Second, we have discovered that who populates our "teams" can be much broader than just those who are willing to live in our cities. With the expanded adoption of virtual work, we can now hire the best people for the job – even if they live thousands of miles away. Additionally, with these expanded geographic boundaries comes the opportunity for more diversity.

Third, working from home saves a lot of money. One survey estimated that between rent, food, cleaning services, and taxes, a company saves around $11,000 per employee each year that he or she works outside the office.

Lastly, while I do believe that with the rollout of vaccines, people will become less worried about freely moving around, vaccines won't eliminate the virus in the near future. At least for the foreseeable future, concerns about the virus are likely to still be on people's minds and hearts, reducing their desires to be highly populated and closed spaces. The home will just feel safer.

With these four factors at play sustaining this new way of working, organizations and leaders will need to rethink how they interact with their remote employees in order to maintain productivity, emotional connection, and identification.

Nadia Rawlinson
Chief People Officer
of Snack

It is no longer sufficient to say the world is adjusting to remote and hybrid work as the "new normal." We're more than a year into the pandemic and it is increasingly clear that how we work will never look the same.

The Future Forum, a Slack-backed research consortium, recently found widespread agreement that digital-first working models can support both productivity and work-life balance. But leaders must be intentional about both their culture and their tools in order to successfully reinvent how their employees will work together in the future.

Slack's culture has always been intentional and people-centric, and we had a foundation that translated successfully to remote work—with a few improvements. During the pandemic, Slack prioritized employee access to emergency resources, with every employee receiving 80 hours of paid emergency time off in addition to regular paid time off. We also now take one Friday off together per month to allow us to catch our collective breaths and recharge.

More than a year of remote work also taught us the power of Slack's platform in helping our employees stay in lockstep, while still balancing the demands of their personal responsibilities. We updated status options to include "caregiving" and "taking a break," used automated timezone statuses to alert colleagues if they messaged us outside business hours, and embraced pausing notifications and alerts to work in "focus mode." And as we begin to welcome offices back to the mix of tools available to support collaboration, remaining digital-first will give everyone continued transparency and the information they need to embrace a truly asynchronous way of working.

Navigating this digital-first way of working is a continuous journey, but our goal at Slack is clear: to create a place where everyone is supported and empowered to do their best work—whenever and wherever they choose.

13 *HYBRID STYLE OF WORK*

LOCAL MARKET VARIATIONS

Italy

After the pandemic work patterns won't be the same, even in Italy. In February 2020 the country that was at the bottom of the European chart for remote working – according to BCG just 8% of Italian employees worked remotely pre-Covid vs. 16% in Europe – was forced to introduce a new way of thinking about work. A paper by Banca d'Italia reveals that last year 82.3% of Italian firms adopted some kind of remote working. The figure was just 28.7% in 2019.

As offices are going to reopen, the hybrid formula is going to become mainstream. Business International - Inaz research shows that in the so-called new normal just 6% of Italian firms would return to the old model, without remote working at all, while 43% would implement remote working systematically. 18% would use it even more. Allowing employees to work from a place different from the office would be the preferred choice for 35% of the firms, while 39% would choose a pattern like two days out and three in the office, and 13% will opt for just one remote day per week.

Hybrid work poses a lot of challenges for Italian firms. According to the survey, these are related to needing a new leadership approach based on mutual trust, a drop in the perception of belonging to an organization, and the fact that many people live in places not suitable for working from home. Italian firms should address these issues if they really want to adopt a hybrid approach to work.

Emanuele Orlando

Editor-in-Chief,
Business Insider Italy

The Netherlands

After Covid going back to work will certainly not be business as usual in the Netherlands. Surveys show most employees would like to continue working from home about one or two days a week. At the same time there is a clear need for direct interaction with colleagues, especially for creative work which involves discussing new ideas with others in an office environment. Another clear trend in the Netherlands: there is a growing supply of home-office solutions, with specialized companies offering employers the opportunity to provide their employees working space solutions at home, in the garden (tiny office), or outside the office.

Jeroen de Boer

Editor-in-Chief,
Business Insider Netherlands

Mexico

Mexico had a unique working culture in which companies always wanted employees at the office or it was assumed they were not working. The pandemic caused a change, and companies realized that when possible, home office or hybrid schemes increased productivity and people's wellbeing.

Congress even passed a regulation for home office work. Benefits include employers subsidizing a portion of home electrical bills and internet connections, providing ergonomic chairs for home office work, and determining working hours and the right of employees to disconnect. It also prevents salary reductions and losing any labor rights. Mexico is one of the countries where people work more hours. According to the OECD, Mexicans work 2,246 hours per year, 480 hours above the average, which does not necessarily mean increased productivity.

Home office and hybrid scheme working environments are the new normal, and Mexican employees are not going back. Now they have the possibility to have a better balance between work and personal life and be more productive, less stressed, and less exhausted. As a country we still have a long way to go, but Mexico is leading these new working conditions in Latin America.

Verónica Galán

Editor-in-Chief,
Business Insider Mexico

14

RETHINKING THE OFFICE

As the office is no longer the epicenter of the organization, its role will soon be redefined. Say hello to collaboration rooms and fit-for-purpose office designs. With most individual work done remotely, most office space will be redesigned to accommodate collaboration rooms. Fit-for-purpose office designs will be supplemented with a portfolio of flexible space solutions: owned space, standard leases, flexible leases, flex space, co-working space, and main-and-satellite office setups. More radical real estate savings beyond negotiating new lease rates on the current office space are expected, too.

KEY DRIVERS OF THE TREND

The pandemic has lowered demand for permament office space for all employees. A third of US employees are working from home. In Stanford profesor Nicholas Bloom's monthly survey of 2,500 working-age Americans, the proportion of remote workers has stayed so high throughout the pandemic, peaking at 42% in May 2020 to gradually drop to 34% in October 2020. As large corporations have already announced, most of these primarily knowledge workers will return to their corporate offices once it is safe to do so, but only for a few days a week. While it is not certain how office work will be scheduled exactly, office space is likely to not be used as intensively and permanently as it used to be before the pandemic.

In-home or remote work is not effective in task collaboration. Remote workers' overall productivity has increased during the pandemic, but as BCG research show sit is mostly true for individual tasks (75% of BCG respondents said so). Collaborative tasks have lagged behind in productivity (54% respondents said they saw their productivity increase in such tasks). Conference rooms, so characteristic of traditional office spaces, seem to be a much natural setting for team collaborations.

Employees are still concerned about their health when they return to the office. Voice of the employee data will be critical in designing a return-to-office strategy. And in doing so, health concerns need to be addressed first, as they are raised most often. In April through May 2020, Blue Fountain Media found that 38% of US employees reported feeling nervous about going back to the office and were waiting to see what safety measures were in place, while 33% said they were looking forward to going back. In a June 2020 poll by Salesforce about going back to offices, the majority of employees worldwide said they had major to moderate levels of concern about their health (40% had major concerns about health, and 35% had moderate concerns), the experience of being in the building (36% vs. 37%, respectively), commuting, family or personal requirements, and their own productivity.

14 *RETHINKING THE OFFICE*

OUTLOOK FOR 2021–23

Less physical space. With hybrid work becoming a permanent solution, office space will no longer be needed for all the employees all the time. While organizations share this view, they refrain themselves from making the necessary cuts now. As many as 82% of primarily US tech executives anticipate that they will need less space within the next 12-18 months, but only 55% anticipate disposing of some portion of their space in the same period, per a Savills survey from September 2020. US tech excutives' outlook is representative of other regions and industries, too. In fact, 53% executives worldwide whose companies had over 10,000 employees and represented a cross-section of industries stated they would cut on their office footage in a Dimensional Research survey sponsored by Cisco Webex and published in October 2020. A slightly higher number (55%) have already moved from predictions to actions. America's high tech hub, San Francisco, reported its office-vacancy rate at 16.7% at the end of 2020, up 11% from a year prior, according to a report from commercial real estate brokerage Cushman & Wakefield. That's a higher level than in the aftermath of the 2008 recession and the highest on record, according to commercial real estate firm CBRE. Downtown Toronto saw office vacancy climb 4.7% quarter-over-quarter to reach 7.2% in the fourth quarter of 2020, CBRE reports. Morgan Stanley predicts the trend toward shrinking physical office space to continue, with vacancy rates in New York increasing from 8.7% in mid 2020 to 10%-12% in the next two to five years. Morgan Stanley and State Street Corp are just two large corporations that have already announced they will significantly cut their office footage in 2021. More than 25 large companies plan to follow their suit in that same year, as a Reuters analysis of quarterly earnings calls from June 2020 shows.

The cutbacks on office space can be dramatic, as the outdoor retailer REI's remote-work-related sale of its brand new, unused 8-acre corporate campus in Bellevue, Washington (announced in August 2020). But the consensus is that companies will not ditch their offices altogether, but rather cut back on underutilized space. Green Street Advisors expects that office demand will be reduced by up to 15% as a result of work from home policies once the coronavirus pandemic is contained.

The office's primary function will be team collaboration. Since individual work can be done from home, the office will gravitate toward its collaborative work function where it can offer higher productivity. There are likely to be more breakout rooms and gathering spots for onboarding, training, meetings, team-building, and team collaboration. Some companies go as far as to devote the entire office to collaborative space. Early in 2021 Dropbox announced that once its offices reopen, they will be off limits to individual work and will get transformed into "Dropbox Studios" for meetings and collaboration among teams. In an interview for The Wall Street Journal, the Dropbox CEO has declared this deskless workplace a permanent shift.

Health and safety as the immediate priority. Companies that wish to bring employees back to the office must consider several issues related to the employee experience and public health that were previously not in their purview. Sizable proportions of US remote workers said they wanted their employer to limit the number of people gathered in one space (53%), to mandate COVID-19 testing for all employees (47%), and to require all employees to wear masks when in the presence of others (41%), according to CNBC polling conducted by SurveyMonkey in May 2020.

The new health precautions will likely also include temperature checks at work, increased cleaning rotations, virus-killing ultraviolet light to disinfect surfaces, upgraded air filters, and filtration systems. In the interest of social distancing, businesses will likely introduce occupancy maximums on elevators, staggered arrival times, shift-based schedules, or specified circulation routes. In fact, the highest number of tech executives pointed to the social distancing of workspaces as the number one safety procedure they will institute upon opening their corporate offices, with this measure selected by 79% of respondents in a Savills survey from September 2020. To ensure all these health precautions work, Uber is planning to allow only 20% of its staff in its San Francisco office building on any given day once it returns to the office. WeWork already reduced the amount of seating in lounges and conference rooms and created one-way hallways.

Workplace layouts and employee densities will also need to change significantly to address some forms of social distancing. Open plan layouts that accounted for up to 70% of office space as of the first quarter of 2020 (according to JLL) are likely to decrease dramatically. The (fully or mostly) open plan offices in tech companies will decline from 89% before the pandemic to 55% going forward, per commercial real estate firm Savills' survey of 250 tech executives in September 2020. Those open plan playouts that stay will undergo transformation nonetheless. Office interior design firms such as Knotel, whose clients include Uber and Netflix, are inclined to redo open floor plans to give more consideration to personal space and stricter cleaning schedules. Fewer desks and more space around each desk will become the norm, but the exact norm has not been settled. Before COVID-19, a majority of the tech organizations surveyed by Savills had a density planning target of less than 150 RSF (rentable square footage) per seat. Only 34% of the tech companies from the same study declared that they wanted more space per seat, while 40% have not decided on the updated density target yet.

As organizations outline these policies, many are turning to health technology companies to facilitate the necessary precautions (including installing more touch-free technology, such as automatic doors and sinks) and to track employee health.

14 *RETHINKING THE OFFICE*

CEO INSIGHTS

Prof. Nicholas Bloom
Stanford University

One big question I get all the time is "Will Covid destroy offices?" And the answer is no, but it's going to change them. I've been running a survey with the Atlanta Fed and Chicago University, whereby we asked firms about their long-run demand for office space post-Covid. And on average, the demand was about flat. Surprisingly, there's no change in total demand.

There are a couple of things pushing down the demand for office space. One is working from home. The number of days working from home will probably increase from 5% before Covid to 25% post-Covid. So the reduced demand for office space is 20% less footfall. On the flip side, social distancing is never going to totally unwind. When you talk to managers of firms and employees, they don't want to go back to pre-Covid density and being packed in elevators and subway trains. The feedback I get is that the offices are probably going to be a bit more spacious. So as a result, the demand for office space will be flat.

What is going to radically change is what offices people want to be in. Covid is the skyscraper killer. Skyscrapers feel like cursed buildings right now. No one wants to work in skyscrapers, because of the density issue first on mass transit and then in the elevators. So what's been happening is a big movement away from skyscrapers into office parks. You can park and you can use stairs. No one has to get in and out of an elevator.

This is an edited excerpt from Prof. Nicholas Bloom's interview at Business Insider Global Trends Festival in October 2020

14 *RETHINKING THE OFFICE*

LOCAL MARKET VARIATIONS

United Kingdom

The pandemic taught us how little of our old office time was spent meeting people in the office. What is the point of "going" to work if most of my work is spent meeting people remotely? Offices will have to morph into event spaces, where perhaps sone or two days per week are reserved for face to face time. Employees otherwise can work from home, and perhaps some workers need a base in the city for client meetings or privacy from their families and housemates.

Jim Edwards

Editor-in-Chief,
Insider News / UK

15

LEADING FROM A DISTANCE

Leaders who are meant to set direction, create opportunities, motivate, and develop their staff are suddenly reduced to a frame on a computer screen. They need to ensure the high performance of the team they don't see in person. Yet, as international business trips are cancelled, leaders have more time to spend with their subordinates. They can identify their weak spots in remote leadership and have the time to work on them. But the gap between executives' felt needs and planned investments shows that old habits die hard.

KEY DRIVERS OF THE TREND

Hybrid work is the new normal. In February 2021, 56% of US workers worked remotely all or part of the time, down only slightly from 58% in the preceding 4 months. Permanent remote workers make a major share of the workforce. 1,200 chief information officers from around the world surveyed by US-based Enterprise Technology Research (ETR) in September 2020 expected this group to reach 34.4% in 2021. These figures are much less dramatic than the 70% of remote workers Gallup reported in April 2020 but do confirm that business world has changed for good for both employees and leaders.

The pandemic-driven overnight shift of the workforce to remote work has proven a serious challenge for leaders. First, it has taken them by surprise. Over 60% of organizational leaders say they were unprepared for such abrupt change, according to PwC. A need to reorganize companies quickly coupled with managers' low self-confidence in leading their remote teams. In a July 2020 survey published by Harvard Business Review, 39% of the 215 supervisors and managers confessed to not being confident they can manage a team of remote workers. Similar numbers reported lacking the confidence to influence remote workers to do their job well. No wonder: most managers just did not have the relevant experience. 77% of leaders have never managed a fully remote team, and 89% never managed a partially remote team, as remote teams platform Terminal found in its July 2020 survey of 400 HR and engineering leaders. As a result, most leaders have been discovering what is effective in their new remote role mostly by trial and error.

15 *LEADING FROM A DISTANCE*

OUTLOOK FOR 2021–23

Leaders focus investments on setting up hybrid work infrastructure. As COVID-19 vaccine deployment progresses around the world and the outlook for opening offices in 2021 is real, executives are focusing their attention on providing the right infrastructure for the new hybrid work setup. Over 70% of US executives expect to raise spending in 2021 on virtual collaboration tools and IT infrastructure to secure virtual connectivity, according to a PwC remote work pulse survey published in January 2021. Among the top investments planned to support hybrid working in 2021 are conference rooms with enhanced virtual connectivity and desk booking applications. The only investment area that directly affects the effectiveness of leaders in managing their remote teams is "training for managers to manage a more virtual workforce", with 62% of US executives planning to invest in 2021, per PwC.

Executives have learned what it takes to lead remotely but struggle to adopt the new mindset and behaviors. After hybrid work infrastructure comes the need for new leadership styles across their organizations. CEOs of companies that outperformed the market both in 3 consecutive years before the pandemic and in the pandemic year 2020 cite leadership as critical to business performance. In fact, 85% of outperformers say so, compared to 69% of underperformers, according to IBM Institute for Business Value that surveyed 3000 CEOs from nearly 50 countries and 26 industries in February 2021. The problem is that the critical ingredients of effective remote leadership are the same ones that leaders find the most difficult to adopt. The three critical ingredients that executives will need to focus on in 2021 and beyond include:

- **Communication.** CEOs view communication and collaboration as by far the most important component of effective remote leader-

REMOTE WORKING: CHALLENGES

RESPONDENTS WERE ASKED TO SELECT THEIR TOP 5 CHELLENGES IN MANAGING REMOTE TEAMS

Maintaining culture	60%
Enabling effective collaboration and communication	58%
Managing workloads and work/life balance	39%
Strategic alignment and productivity	38%
Fostering creativity and innovation	37%
People/carrer management	34%
Lack of childcare for staff	26%
Employee home set-ups	25%
Training	22%
Project management	19%
Technology support	19%
IT/data security	18%

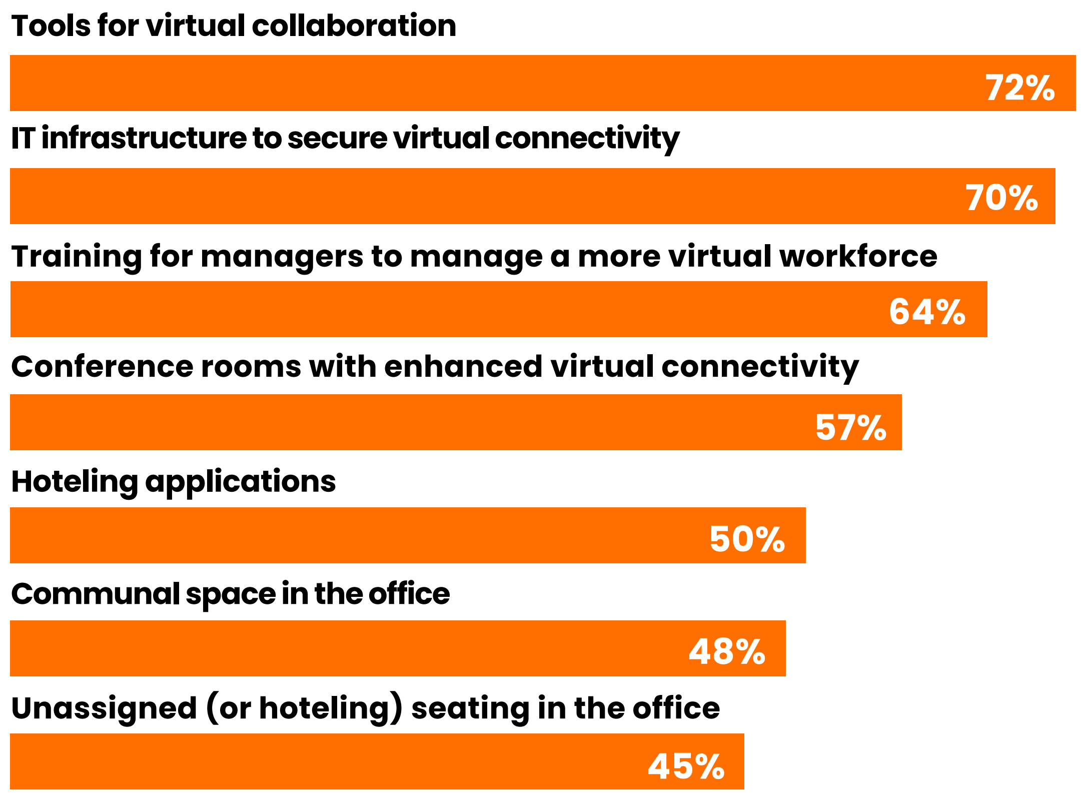
50% of workers regularly use personal devices for business activities, which increases the risk of cyberattacks and data compromise, yet only **18%** rated this as a key issue, suggesting vulnerabilities which businesses are not focused on

Source: Survey of CEOs of 500 global companies in „Remote work: The CEO Perspective" whitepaper, Chief Executive Group, October 2020

ship. One third of 500 global CEOs responded as such, Chief Executive Group found in its October 2020 survey. Leaders agree that their remote communication must be much more proactive and intensive than before the pandemic. They feel they need to compensate for the lost small talk and interruptions leaders shared with their direct reports throughout the office work day while standing by the coffee machine, walking in and out of the building, or passing in a corridor. To break the silence, leaders overcommunicate. They write thank you emails or communicate regularly in their company's internal social media, interacting with posts both work-related and non, or creating and sharing content. They also frequently use technology to pulse

US EXECUTIVES PLANNING NEW INVESTMENT TO SUPPORT HYBRID WORKING

% OF PLANNING INCREASED INVESTMENT



Q: How do you plan to change investment levels, if at all, in the following areas?
Source: PwC US Remote Work Survey; January 12, 2021. Base: 127 US executives

check with their direct reports on their well-being and workload. Besides proactive communication, leaders also make themselves available for unscheduled communication (e.g. by making their calendars transparent). However simple this may sound, proactively communicating with empathy is not an easy feat. In fact, executives consider this the second biggest challenge in leading their remote teams, with 58% of the 500 global CEOs in the Chief Executive Group survey agreeing to this statement.

- **Culture.** The number one challenge leaders face in managing their remote teams is maintaining culture. As many as 60% of 500 global CEOs find this difficult, per Chief Executive Group. It comes as no surprise that only 27% of leaders say they have a strong and thriving remote culture today, according to remote teams platform Terminal's 2020 study of 400 HR and engineering leaders. While 42% of leaders from the same study say their culture is "okay for now," they admit it's not optimized for the long term. There are no easy fixes. 59% of leaders who responded to the Terminal study don't count Zoom happy hours as company culture. Companies that outperformed the market for three years before the pandemic broke and during the pandemic year 2020 have found that what was critical to engaging employees was a sense of purpose and mission. In fact, the outperformers in the February 2021 IBM study singled out this factor much more than the underperformers (by 53%). Even though leaders consider maintaining culture the number one challenge, it ranks only fifth in their assessment of importance for their job.

- **Performance management.** Virtual distance can lower a team member's trust by 83%, according to Deloitte's March 2020 Leading Virtual Teams report. The same principle applies in the opposite direction, though, with remote leaders losing trust in their team members. Managers who have not had experience with leading remote teams are particularly prone to bias about their team members' productivity while working from home. A 2020 study published in Harvard Business Review revealed that 38% of managers believe remote workers usually perform worse than office workers, and 22% were unsure. A large proportion, 41%, were also skeptical about whether remote workers could stay motivated in the long term, and a further 17% were unsure. While leaders may be skeptical about the tools for remote productivity, they officially support trust, or rather setting clear expectations and goals and trusting direct reports to deliver on them. In fact, 78% of leaders favor trust over tracking tools when it comes to evaluating employee productivity, as Terminal's 2020 survey found. In practice, however, 34% of leaders in the same study still say they have taken a tech-based approach to tracking remote productivity. And 29% require employees to report how they spend their time. The "big brother" approach is actually on the rise. During the pandemic, more than one out of four companies has purchased new technology, for the first time, to passively track and monitor their employees, according to Gartner. New and old clients combined, the global sustained demand for employee monitoring software was 51% higher over June to September 2020 than before the pandemic, according to internet security and digital rights firm Top10VPN. While employee surveillance software will continue to be popular among employers, leaders need to realize it may undermine the trust that has been proven to be critical for engaging remote employees.

15 *LEADING FROM A DISTANCE*

CEO INSIGHTS

Mark Dekan
CEO of Ringier Axel Springer Media

Future leadership may not be remotely distant at all. By far the most trending leadership topic discussed during the pandemic has been the challenge of increased distance. It's a plausible narrative; after all, people are clearly working more virtually. It's also seductive in its nostalgia for good old office days with sadly absent colleagues. However, it's a narrative which misunderstands the nature of the leadership evolution ahead of us.

It's an inconvenient truth, perhaps, but distance and leadership are not new to each other; arguably, leadership has actually been defined by exclusive distance for decades, from executive parking spaces to oversized director offices on top floors to the felt relationship gap between senior and junior. Distance, whether physical, hierarchical, or emotional, is almost synonymous with leader-follower relations. The explicit and repeated efforts to close this distance, such as open-door policies or MBWA (management by walking around), are testament to its existence.

Today, this privilege of distance is literally "out of place." Intern and CEO now inhabit a new same space: same Teams software, same sized video image, same functionality. Physical walls and barriers are gone, and people are now just one click away. This reduction of distance is also felt in new relationships forged in a crisis where leaders had to care intimately for people, sitting connected by technology within the heart of people's homes and private lives, listening to deep fears and anxieties. Rather than increase distance, remoteness saw people come much closer together.

15 *LEADING FROM A DISTANCE*

LOCAL MARKET VARIATIONS

India

The playbook for remote leadership is still a work in progress. Both "earning the trust" and "keeping the faith" are going to get tough. There is an opportunity to redefine professional relationships so that inspirers will excel more than taskmasters. And communication will form an integral part of this process. It's not enough for leaders to know their core teams and cliques that get work done. Every cog in the corporate wheel must feel acknowledged and appreciated. This has the potential for a cultural revolution in workplaces. Every remote manager, irrespective of his or her rank, will need the skill and maturity that was once expected of a CEO of a multinational corporation. This kind of managerial talent will be rare and will command a premium. As the world's outsourcing capital for over two decades, there are a lot of learnings that India's team leaders may have to share.

Sriram Iyer

Editor-In-Chief,
Business Insider India

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EMPLOYEE WELLBEING AS A COMPANY ISSUE

Every day employees strike a new balance between work and private life as boundaries between them are blurred in the home office setup. They need to manage both the regular work stress caused by deadlines or workload, and new anxiety related to their personal life, caring responsibilities, and relationships. Companies are rushing to support their staff with investments in wellbeing programs, especially mental health ones, but the effectiveness of these actions is unclear.

KEY DRIVERS OF THE TREND

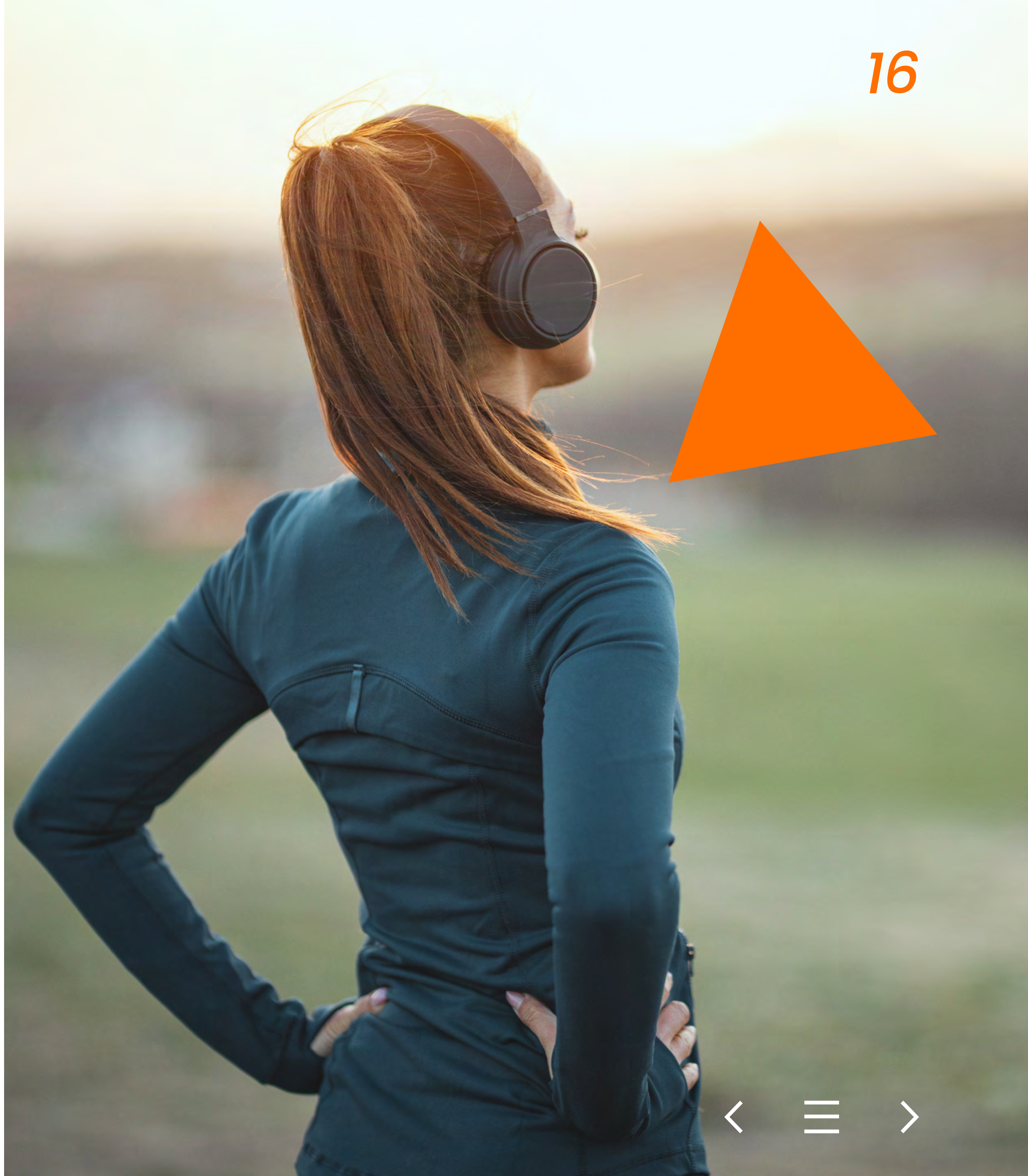
COVID-19 and employers' response have significantly undermined people's (and employees') mental, physical and financial wellbeing. The coronavirus pandemic has taken a toll on people's experience of health, happiness, and prosperity. 4 in 10 US adults reported symptoms of anxiety or depressive disorder between April 2020 and February 2021, up from 1 in 10 adults who did so from January to June 2019, per Kaiser Family Foundation. Many adults had difficulty sleeping (36%) or eating (32%), used more alcohol (12%), and noticed worsening chronic conditions (12%) as a result of worry and stress over the coronavirus, a KFF Health Tracking Poll from July 2020 found.

Employers are adding their fair share to the problem. 57% of employers surveyed by Reward and Benefits Association (REBA) in 2020 agreed that organizational change is posing a significant threat to employee wellbeing, compared to just 17% in 2019. No wonder: the number of temporary layoffs across the European Union reached 2 million in the third quarter of 2020, up from 300,000 for the last quarter of 2019. A fear of losing a job coupled with heightened health insecurity might be why EU employees reported, surprisingly, the lowest levels of holiday-related work absences since 2006 (7.6 million in 2020 with a dramatic drop between 2019 and 2020, per REBA's Employee Wellbeing research.)

As employees moved from office to home, they faced additional stress and anxiety from problems emerging in their personal lives. Remote work has not lifted the regular pressures employees felt before the pandemic. Work stress caused by deadlines or workload was still the highest-ranked factor causing mental health issues, such as burnout, for employees in 2020 (78% in 2020, up from 72.8% in 2019 and 73% in 2018), according to Reward and Benefits Association's annual survey. But as employees had to relocate from office to home, personal problems affected their wellbeing to a similar extent for the first time. 71% of employers saw this happening with their staff in 2020, per REBA survey. The reported problems related mostly to mental health, ranging from overload (managing kids during school closures and managing daily home chores, on top of work tasks), to children's increased anxiety and depression, and personal relationships.

Companies are seeing positive impact of their early actions against mental health issues. Recognizing the scale of the challenge, companies have extended their wellbeing programs from HQ positions to all roles and geographies. While only 25% of firms had wellbeing programs that covered all staff before the pandemic in 2019, the number doubled to 51% in 2020, according to REBA. Mental health has taken center stage within these programs. As many as 89% of companies considered mental health their boardroom's top two priorities in 2020 (with physical health receiving 69% of indications), with 45% of wellbeing budget increases being moved to mental and emotional well-being programs, per Gartner.

Companies not only reallocated resources to wellbeing, but made it quickly, too. By late March, 68% of organizations had introduced at least one new wellness benefit to aid employees during the pandemic, Gartner found. The decisive actions paid off. According to Gartner's 2020 ReimagineHR Employee Survey, employers that supported employees saw a 23% increase in the number of employees reporting better mental health and a 17% increase in the number of employees reporting better physical health. Employers benefited, too. Firms that supported their staff's wellbeing during the pandemic saw a 21% increase in the number of high performers compared to organizations that didn't provide the same degree of support to their employees, per Gartner.



16 EMPLOYEE WELLBEING AS A COMPANY ISSUE

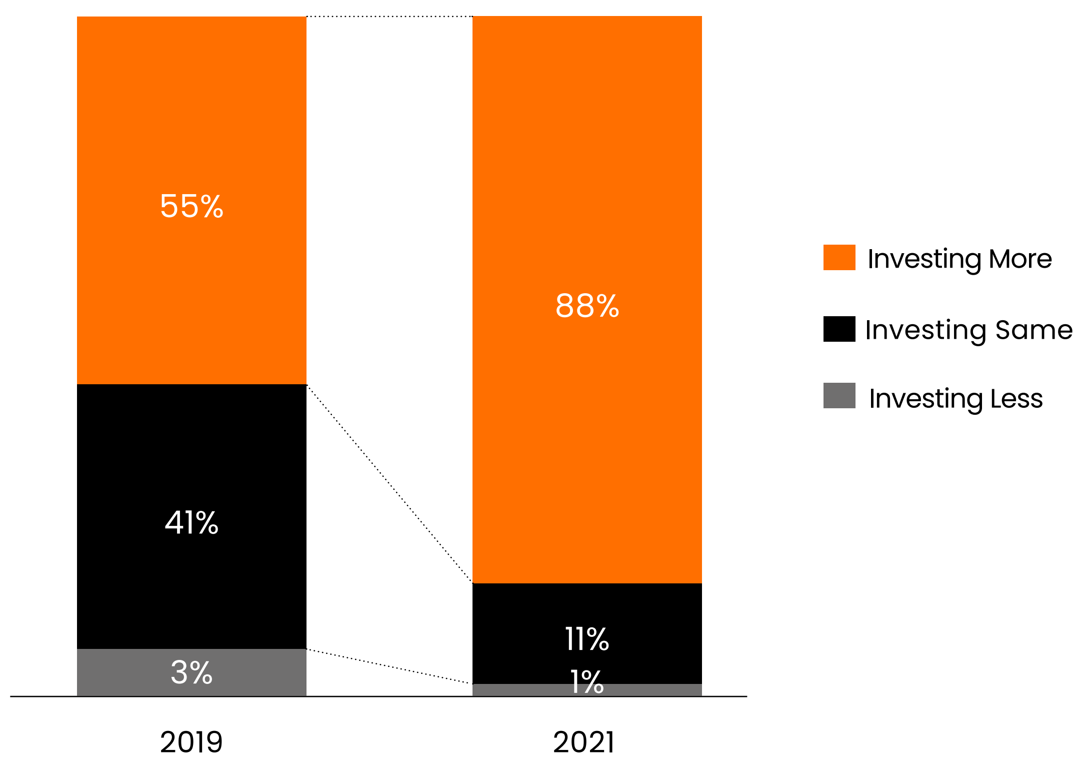
OUTLOOK FOR 2021–23

Almost all companies will invest more in wellbeing benefits related to mental health. The global corporate wellbeing market is expected to grow from USD 53.6 billion in 2018 to USD 90.7 billion in 2026, per Deloitte. A major share of this growth will come from employees' mental health programs. They are already at the top of all employers' mind, with three out of five largest wellbeing investments being devoted to this issue. In 2021 US companies declare to invest most in mental health (88%), telemedicine (87%), stress management/resilience (81%), mindfulness and meditation (69%), and COVID-19 risk intake/wellness passport (63%) programs, the US wellness technology platform Wellable found in its November 2020 survey.

The rise in mental health investments deserves a seperate mention, as the number of companies claiming to boost investments in this area has boomed from 55% in 2019 to 88% in 2021. Only 11% of employers are planning to keep this area at the same level of spending as last year, and 1% plan to decrease the 2020 amount. Mental-health/bereavement counseling sessions will grow at the expense of traditional wellbeing benefits that took place in congregation areas like kitchens and break rooms or assumed some form of sharing. Benefits that US employers expect to spend less on in 2021 include: health fairs (60%), free healthy food/stocked kitchens (54%), biometric screenings (53%), on-site fitness classes (48%), and gym membership reimbursement (38%).

Companies will invest in measuring progress in wellbeing. Burnout has long been found to seriously undermine worforce retention (per a 2016 study by Kronos and Future Workplace). In fact, 94% of HR leaders surveyed by Deloitte in 2020 agreed that wellbeing drives organizational performance to some extent. And yet 61% of the Deloitte survey respondents said that their organizations are not measuring the impact of wellbeing on organizational performance at all, and those respondents whose organizations did measure wellbeing's impact on performance were most likely to report that that impact lay largely in improving the workforce experience. Those companies that do measure wellbeing still use proxy figures, such as employee engagement, rather than attempting to see shifts at a strategic business level. HR leaders claimed they were unable to assess wellbeing effectiveness properly because of limited availability of (49%) and poor quality of data (43%), lack of

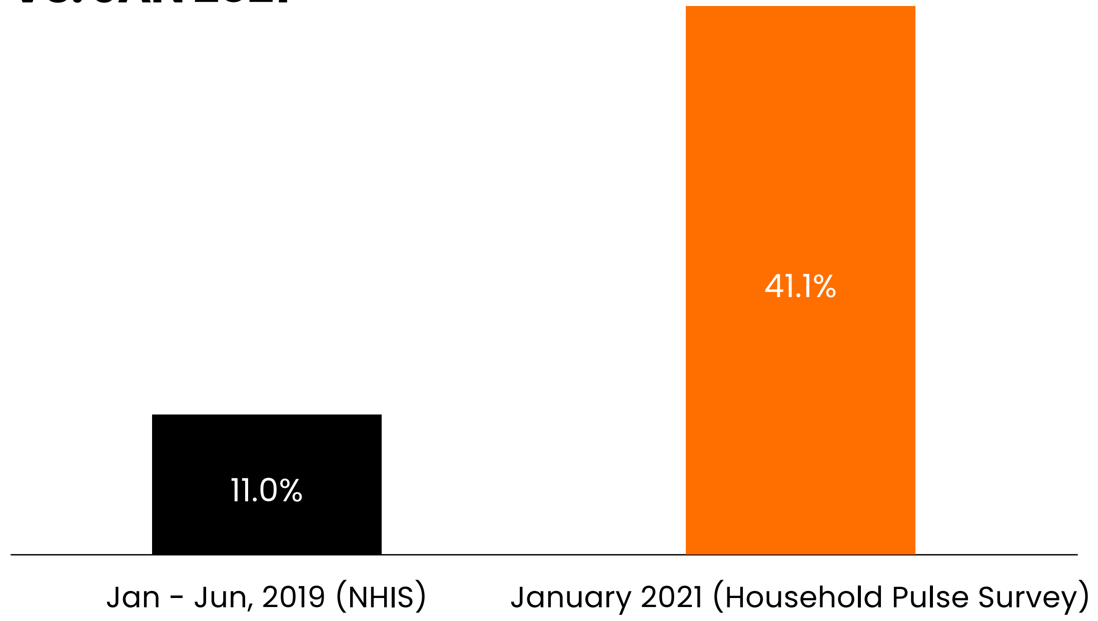
MENTAL HEALTH INVESTMENT TREND



Source: 2020 Employee Wellness Industry Trends Report, January 2021, Wellable

a suitable data collection method (36%) analytics platforms (31%), according to Reward and Benefits Association (REBA)'s 2020 survey. As a result, wellbeing investments are far from being effective. While 96% of companies globally provided additional mental health resources to employees, only one in six employees reported feeling supported, the November 2020 report from McKinsey & Company showed. Given the importance of mental health and wellbeing for organizations during the pandemic, companies do take action to improve their measurement skills. 47% of employers responding to the 2020 survey by benefits consultant Willis Towers Watson are planning to measure employee anxiety or are considering doing so. Roughly two-thirds of employers (66%) plan to use organizational analytics to test the effectiveness of their wellbeing strategy in the next three years, up from 21% in 2020, the same source found.

AVERAGE SHARE OF ADULTS REPORTING SYMPTOMS OF ANXIETY DISORDER AND/OR DEPRESSIVE DISORDER, JAN-JUN 2019 VS. JAN 2021



Notes: Precentages are based on responses to the GAD-2 and PHQ-2 scales. Pulse findings (shown here for January 6-18, 2021) have been stable overall data collection began in April 2020
Source: NHIS Early Release and U.S. Census Bureau Household Pulse Survey.

16 EMPLOYEE WELLBEING AS A COMPANY ISSUE

CEO INSIGHTS

Philip Vanhoutte
Founder of Ozadi

Notwithstanding a solid applied economics degree and a maverick consulting career start, it took me decades to sharpen my leadership act. I was also slow to self-discover and direct my career and wellbeing. There must be a faster path to learning what personal and organizational well being is all about. The pandemic and its bulging burnouts are painful reminders that leadership needs a more human touch.

During my first general manager assignment I was thrilled to enlist Vielife, a leader in corporate wellbeing programs. Having earned their spurs with fighter pilots, F1 drivers, transatlantic sailors and CEOs, their focus was on stress, sleep and nutrition. Associates and especially leaders benefited!

It was the introduction of Smarter Working during the financial crisis that highlighted how our leadership style was out of date. We embraced Daniel Pink's Drive, got generous with autonomy and blessed each other with 100% trust. It became the rocket fuel for talent realization with stunning business results.

In parallel we shaped a network of SoundScape offices with great acoustics so people could perform their individual/focus and team/collaboration rituals unseen. Sadly distributed work caused digital presenteeism that kept associates logged in too long, producing a burnout rise. We called upon the European Mentally Fit institute to discover the majority of our leaders had sleeping disorders, worked far too many hours, and didn't focus on energizing for resilience.

Enter WorkEvohlution, now part of Humance, who offered their Distributed Leadership Assessment tool to diagnose and upgrade capabilities around relationships, flexibility, productivity, and culture. At last we had a framework to coach the entire organization.

I grew increasingly fed up spending so much time working indoors and was introduced to biophilia as part of a new HQ building project in a Dutch sustainable office park. It dawned on me that disproportionate attention was given to sustaining the planet but not the humans working and living on it. Working outdoors and bringing nature indoors became a priority.

This is what next gen leaders do. They:

- Get serious about ergonomics (physiological, cognitive, organizational)
- Take more breaks to energize with nature and coach others to do so
- Embrace self-determination and give autonomy and trust to drive intrinsic motivation
- Establish exemplar positive servant leadership to realize talent potential

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DIVERSITY AND INCLUSION IN THE SPOTLIGHT

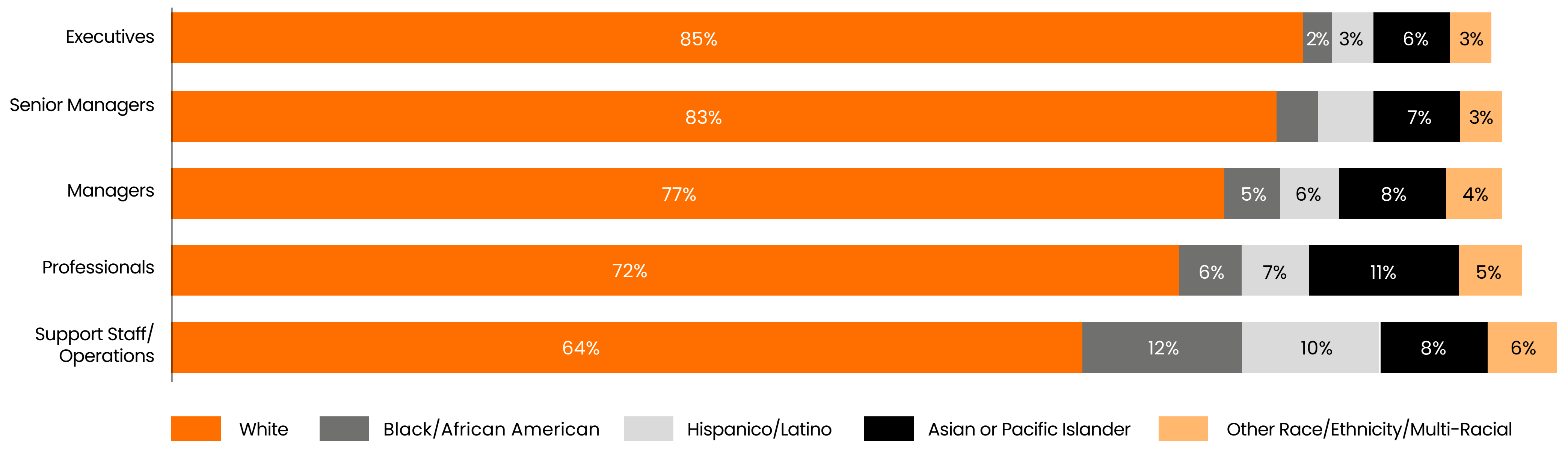
By embracing and reflecting real-world diversity, marketers can build greater brand affinity and deeper customer relationships while working to effect positive change. To be effective in embracing diversity, brands should not just promote the new values in marketing campaigns. They need to prove they are authentic in their new approach.

KEY DRIVERS OF THE TREND

International Black Lives Matter protests following the death of George Floyd and the disproportionately high unemployment and death toll among ethnic minorities during the pandemic lit a fire under brands in 2020 to address diversity, equity, and inclusion (DEI) in deeper ways than they have in the past. In response to growing consumer expectations, many marketers are striving to be more inclusive, especially as they relate to people who have been historically underrepresented, excluded, and stereotypically portrayed. In fact, marketers have addressed the implicit biases in their marketing strategies and invested 8.8% more in marketing spending on diversity, equity, and inclusion in 2020, according to Deloitte.

Large underrepresented consumer groups reward inclusive brands. Many of today's consumers, especially younger demographics, LGBTQ individuals, people of color, and

DISTRIBUTION OF ALL EMPLOYEES BY RACE AND ETHNICITY AND CAREER LEVEL

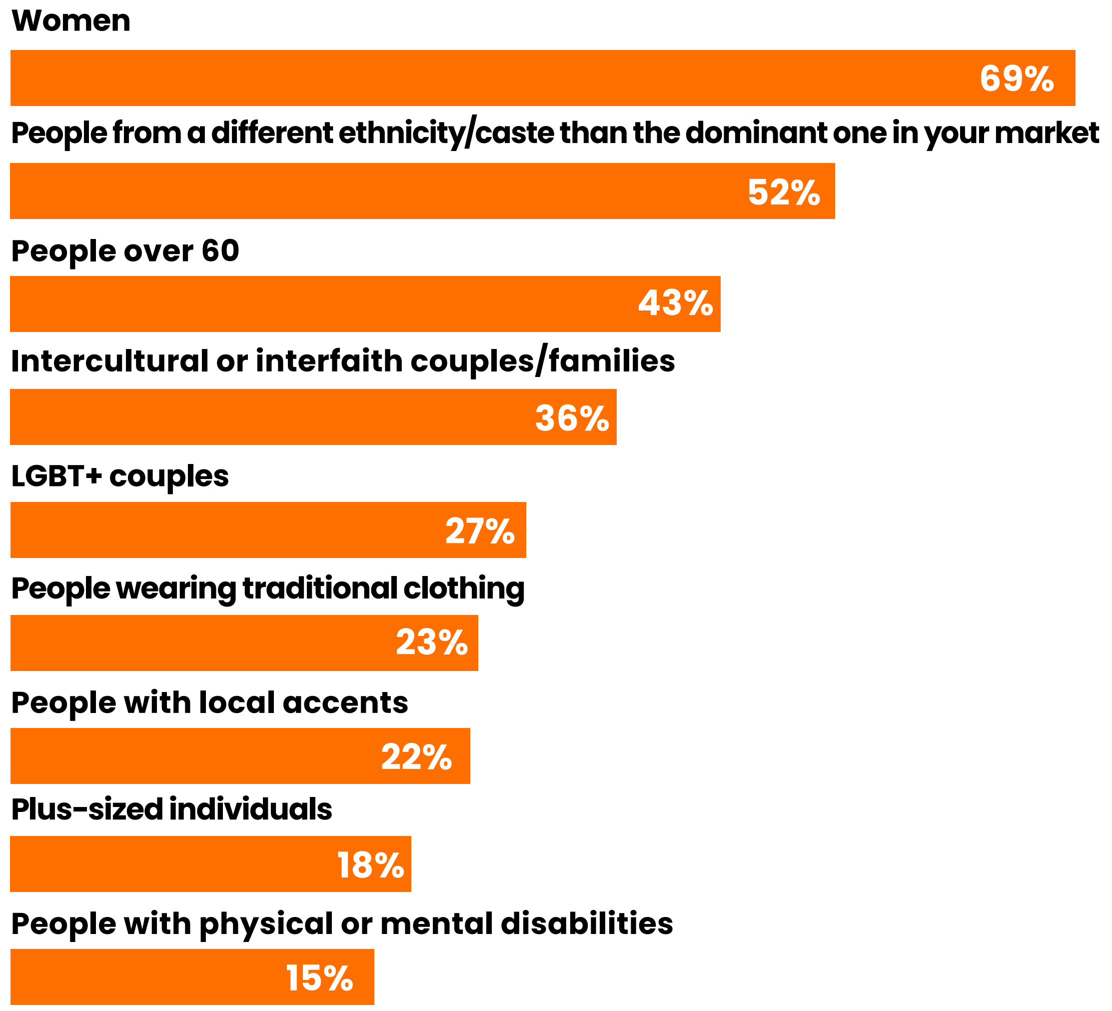


Source: Mercer, United States Census Bureau people with disabilities, are rewarding brands that capture diversity, share their inclusive values, and espouse causes that support social equity.

A May 2019 survey by Adobe found that 62% of US adults said diversity in a brand's advertising had at least some impact on the way they perceived that brand's products and services, with 24% reporting it had a "major" impact. More than six in 10 (61%) respondents said diversity in ads was somewhat important or very important, and 38% said they'd be more likely to trust a brand that showed diversity in its advertising. Multicultural and minority consumers react most favorably to content in which they can see themselves and their communities represented positively and realistically. The Female Quotient, Google, and Ipsos surveyed nearly 3,000 US consumers from diverse backgrounds in August 2019 to try to understand the relationship between diverse and inclusive ads and people's behavior after seeing those ads. Respondents were asked to consider 12 attributes: gender identity, age, body type, race or ethnicity, culture, sexual orientation, skin tone, language, religious or spiritual affiliation, physical ability, socioeconomic status, and overall appearance of people featured in each ad. The study found that 64% of overall respondents reported taking some type of action after seeing an ad they thought was diverse or inclusive. These percentages were significantly higher among those who were Latino (85%), Black (79%), Asian or Pacific Islander (79%); LGBTQ (85%); millennials (77%); and teens (76%). The younger age groups are particularly sensitive to diversity in marketing. Almost three-quarters of millennials are more likely to choose a brand showcasing a commitment to diversity and inclusion through its promotions and offers, according to the 2018 Accenture Holiday Shopping survey.

WHICH GROUPS CAN MARKETERS WORLDWIDE RECALL BEING REPRESENTED POSITIVELY IN THEIR RECENT CAMPAIGNS?

% OF RESPONDENTS, OCT 2019

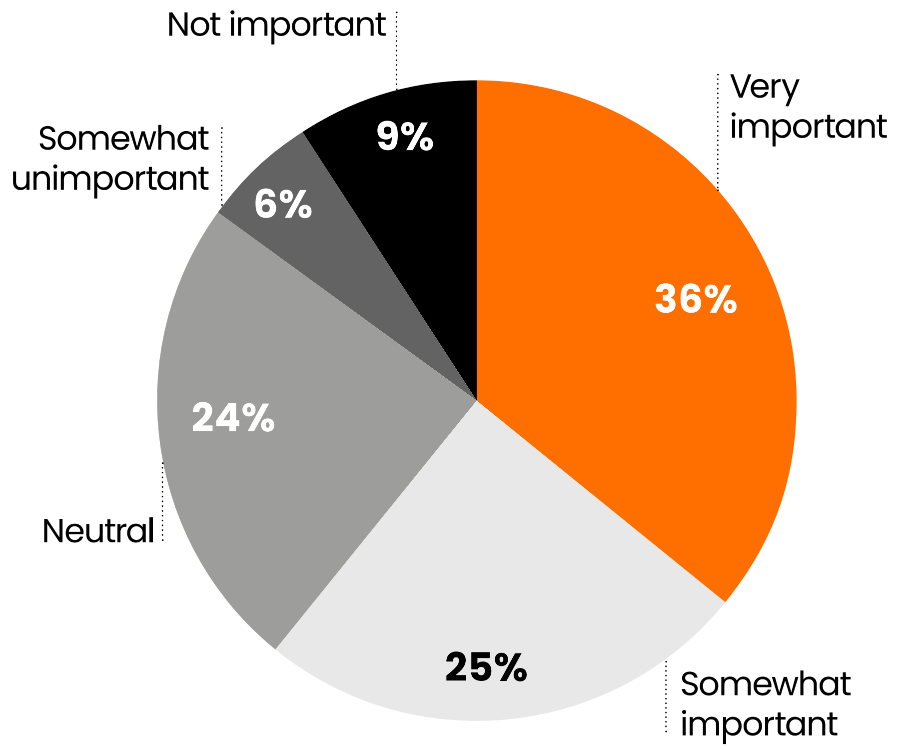


Note: campaigns that ran within the last 6 months
Source: iProspect, "Future Focus 2020," Feb 11, 2020

Consumers' declarations on inclusive marketing do correlate with their shopping behavior. 69% of brands with ads that represent diverse individuals in a three-dimensional way, rather than relying on stereotypes, saw an average stock gain of 44% in a seven-quarter period between 2017 and 2019, according to Heat and Deloitte Digital.

IMPORTANCE OF DIVERSITY IN ADVERTISEMENTS ACCORDING TO US ADULTS, MAY 2019

% OF RESPONDENTS



Source: Adobe, "Diversity in Advertising," June 17,2019

Marginalized consumers also have the power to hurt non-inclusive brands. At the other end of the spectrum, perennially non-inclusive brands risk backlash from consumers who feel maligned or marginalized. For example, while more than one-third (34%) of US adults said they either temporarily or permanently stopped supporting brands they felt did not represent them, significantly higher percentages of LGBTQ (58%), African American (53%), and Hispanic respondents (40%) said the same, according to the Adobe survey.

17 *DIVERSITY AND INCLUSION IN THE SPOTLIGHT*

OUTLOOK FOR 2021–23

Consumers worldwide have begun actively searching for inclusive companies. 181% more of them searched for "diverse brands" between January 2020 and January 2021, according to Google search data. They use the internet to find the leaders they can support and to see the proof that a brand is not just saying the right things to capture their attention and wallets. DEI leaders increasingly follow three types of actions to prove their authentic commitment to inclusivity and diversity.

Monetary support. In March 2021 Adweek made a poll of 2200 Americans gauging their response to marketing campaigns around Women's History Month. About a third of Americans said they would purchase from a brand because they acknowledged Women's History Month. However, about half (47%) would do the same if the brand donated to organizations that advocate for women. Brands that followed this path supported charities that combat ovarian and breast cancer, advocate for women's education, and fight for women's equality and champion mental-health initiatives. In March 2021 Google donated USD 25 million in grants to empower women economically. In terms of financial commitments for wider minority causes, Unilever announced in January 2021 that by 2025, it will spend EUR 2 billion a year with suppliers owned by underrepresented groups. This will include companies owned and managed by women, minority ethnic groups, people with disabilities, and the LGBTQ+ community. The figure marks more than a sixfold increase compared to the current budget of EUR 300 million. Unilever has also vowed to increase the number of advertisements that feature or are created by people from diverse groups to "help tackle the prevalence of stereotypes that are often perpetuated through advertising, and promote a more inclusive representation of people."

Year-round advocacy. Year-round representation is a major factor when trying to authentically reach underrepresented communities. The March 2021 Adweek survey found that over half of American consumers believe brand acknowledgements of Women's History Month appear inauthentic. However, they also indicated that if the campaign lasts year-round, instead of ending after March, they are more likely to see the initiative as genuine.

Advocacy for a cross-representation of marginalized communities. Consumers consider a brand authentically inclusive when it shows a wide spectrum of underrepresented communities. The Adweek poll around Women's History Month 2021 showed that 42% of consumers are more likely to buy from a brand that advocates for Black women's empowerment and 36% for LGBTQ+ women's empowerment. But consumers want to see women in positions of power across industries. For example, 41% of consumers are more likely to buy from a brand that advocates for women running for political office, 44% for women in Science, Technology, Engineering, Mathematic careers, and 48% for women's financial independence.

17 DIVERSITY AND INCLUSION IN THE SPOTLIGHT

CEO INSIGHTS

Annabella Bassler
Chief Financial Officer of Ringier AG

As many as 75% of all Swiss media reports are about men. According to the Global Media Monitoring Project 2016, the global figure is as high as 82%. Women account for 40% of athletes in sport. Yet they are only mentioned in 4% of all articles.

Little has changed over the past three years: Blick.ch currently reports about men in 75% of its articles. This raises questions: are there not more women worth reporting on? Do men make for better headlines? Or is the skewed media portrayal simply a mirror of the labor market, where women are still under-represented in the boardrooms? Academics have coined the term "gender content gap" to describe the phenomenon. It is a widely discussed issue that frequently comes up at Ringier, a globally active media corporation.

We want to achieve greater equality of representation between women and men in our media. To that end, in November 2020 I launched the EqualVoice initiative, which is aimed at making a difference both internally and externally.

The entire initiative is based on the EqualVoice factor, a metric that indicates the visibility of men and women on the websites of Ringier and Ringier Axel Springer Switzerland. For each website, Ringier analyses its own data tool, STAR, the number of articles on women and men, and the number of articles on the subject. It then produces two scores: the "teaser score," which evaluates the representation of women in images, headlines and leads on the Ringier websites, and the "body score," which analyses the article texts in terms of the male and female voices included. Amazon Rekognition automatically detects and analyzes the people depicted in the article images. The data experts and editors of Ringier regularly examine the accuracy of the algorithms and the quality of the collected data to ensure that the artificial intelligence continually acquires new knowledge.

I have great confidence in the algorithm that was developed for the initiative. Our access to data on the representation of women and men in our media will help us enormously with our efforts as we no longer have to rely on our subjective perceptions.

Instead of promoting quotas, we are using our journalistic and technological influence to advocate for and implement equal representation. Ringier will be sharing the evaluations and key indicators of the EqualVoice factor with its employees on a regular basis and publish them regularly.

17 DIVERSITY AND INCLUSION IN THE SPOTLIGHT

LOCAL MARKET VARIATIONS

France

In France, where the value of equality has been fundamental since 1789, the population has always been very demanding in terms of inclusion and diversity. Public authorities are therefore trying to reduce inequalities, especially between women and men. Since 2018, a Professional Equality Index ranks all French companies with more than 50 employees on this criterion. This index reveals that many are still far behind but it strongly encourages poorly ranked companies to improve their performance.

On another front, to encourage companies to recruit disabled people, the government has chosen aid rather than "name and shame." Hiring bonuses and support for transformation have been proposed. But there is still a long way to go. The unemployment rate is 18% for the disabled, compared to an average of 9%.

Gilles Tanguy

Editor-In-Chief ,
Business Insider France

BUSINESS INSIDER

GLOBAL TRENDS REPORT

TRENDS FOR '21
AND BEYOND

Contact: hello@trendsfestival.com