

## Changing the economic landscape

Two powerful forces are transforming the nature of consumption. The empowered consumer and disruptive technologies have sent businesses scrambling to find new strategies and business models for creating consumer value. At the same time, businesses have to overhaul their operating models to drive innovation and increase their market agility. This emerging phase is being termed the 'Fourth Industrial Revolution'.

There will be an unprecedented level of digital disruption that will affect entire systems of production, distribution and consumption. Digitalisation is transforming the way consumers discover, evaluate, purchase and use products and services. Consumers are increasingly demanding experiences, not just products, and have become active participants at every stage of the value chain – acting as innovators, marketers and even employees. Meanwhile, disruptive technologies (e.g. robotics, the Internet of Things, artificial intelligence) are driving a step change in business performance, and allowing businesses to offer once-impossible services. We can expect more and more innovations to take place at the borders of disciplines and sectors.

The World Economic Forum projects that consumer industries will change more in the next 10 years than in the last 40 – and at an ever-accelerating pace of transformation. Businesses that thrive over the next 10 years will be those who embrace the empowered consumer and disruptive technologies. They will be data driven and externally oriented.

Covid has accelerated many of these trends. Even before the pandemic, e-commerce penetration was projected to grow to approximately 40% in 2026. Physical stores will evolve from being a distribution channel to that of a platform for discovery, engagement, experience and interaction.

Automation in the service sector will also be a key driver. Research from Oxford University argues that 47% of current occupations in the US are at high risk of being automated – including accountancy, legal work and technical writing. Alternative foresight work suggests that 30% of UK jobs face a similar threat. But there will be opportunities; an oft quoted figure is that 65% of children entering primary school today will work in jobs that don't yet exist.