
10 factors that could change economies and markets forever

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The Covid-19 crisis has challenged individuals, families, companies, governments and investment markets around the world. It is an experience that could fundamentally reshape consumer and corporate behaviour as well as financial markets. With that in mind, here are the 10 resulting trends to emerge from the Covid-19 crisis that I believe will change economies and markets forever.

Peak globalisation Both in terms of consumption and supply chains, countries will start to think more about where “stuff” comes from, as well as their overreliance on certain countries. This is a clear challenge to businesses to diversify supply chains. There could also be an outpouring of support for small local businesses as consumers move away from the established brands of before.

Cash to card accelerates As more people are forced to shift from offline to online shopping, and with physical stores in many areas no longer accepting cash for hygiene purposes, the shift from cash to card payments could accelerate.

Health and hygiene Rules and regulations will step up, particularly in China where pressure will grow on the country to formalise its food industry, given the source of the virus outbreaks.

Advance of the medical community People will be surprised by the rapid progress, rooted in the genetics community, of arresting the disease and how quickly we get results from clinical trials. The genome of the disease was mapped in mid-January, the protein-binding mechanism was identified two weeks ago, the virus was replicated in a Canadian lab one week ago, and Moderna, a US biotech company, has been testing a vaccine for two weeks. That is stunningly fast relative to “the old days”, where this would have taken years and not weeks to test. People

may be underestimating the evolution of science and its impact. If we soon see promise for arresting the disease earlier than expected, an upside surprise is on the cards.

Smarter working becomes more accepted With companies forced to enable working from home, this could become a more acceptable way of working. This has implications for the likes of cloud investment, with an accelerated shift away from legacy IT infrastructure.

Attack on big tech eases as it is now seen as a utility What is clear from this period of isolation is the heavy reliance on technology platforms including social media. Although near-term advertising income may be hit for online platforms such as Google Search, YouTube and Facebook/Instagram, longer term they will benefit from stronger user growth and rising engagement. People who may have left the platforms over privacy concerns may well now return, while governments may ease off on their attacks given the key role tech firms have played in this crisis in supporting communities.

Online consumption grows Whether for groceries, education or broader retail, online consumption has grown, with a larger user base now more comfortable consuming these services. What started out of necessity for many, may perhaps become the norm. You will also see further acceleration of online investment from traditional retailers and services.

An acceleration of key tech trends There has already been a rapid growth in AI factories, which employ data-driven algorithms for automated decision making rather than labour-intensive processes reliant on face-to-face communication. They are well suited for a world of less human interaction which, as mentioned above, could further accelerate investment into public clouds.

The rise of the “green” agenda With countries seeing the benefits of cleaner air and waterways (canals in Venice have cleared markedly with schools of fish now visible), could there be a desire to retain this? Boosted by fiscal stimulus, we might see a greater push of the green agenda and rising investment in renewable energy, electric vehicle infrastructure etc.

The rise of moral capitalism Do companies have a fundamental reset and look more towards their purpose, ie their impact on environment and customer, community, employees and the supply chain? Amid the backdrop of rising social inequality in Western markets there is already growing scrutiny around companies’ use of buybacks to boost share prices at the expense of investment and balance sheets. But in a post-Covid-19 world might this scrutiny accelerate? On the consumer side there may be a fundamental reset of what we value in life, as we have effectively had our freedom taken from us. Suddenly “things” become less relevant whereas experiences, health/fitness and social engagement move up the consumer agenda.



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