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Post COVID Mega Trends

The economy and implications for Women

October 2021





Post COVID Mega Trends

Discussion topics today

STATUS OF THE ECONOMY

IMPACT ON WOMEN

The U.S. Economic Recovery Is Slowing Down. Don't Be Alarmed.

by Philipp Carlsson-Szlezak, Paul Swartz, and Martin Reeves

October 07, 2021

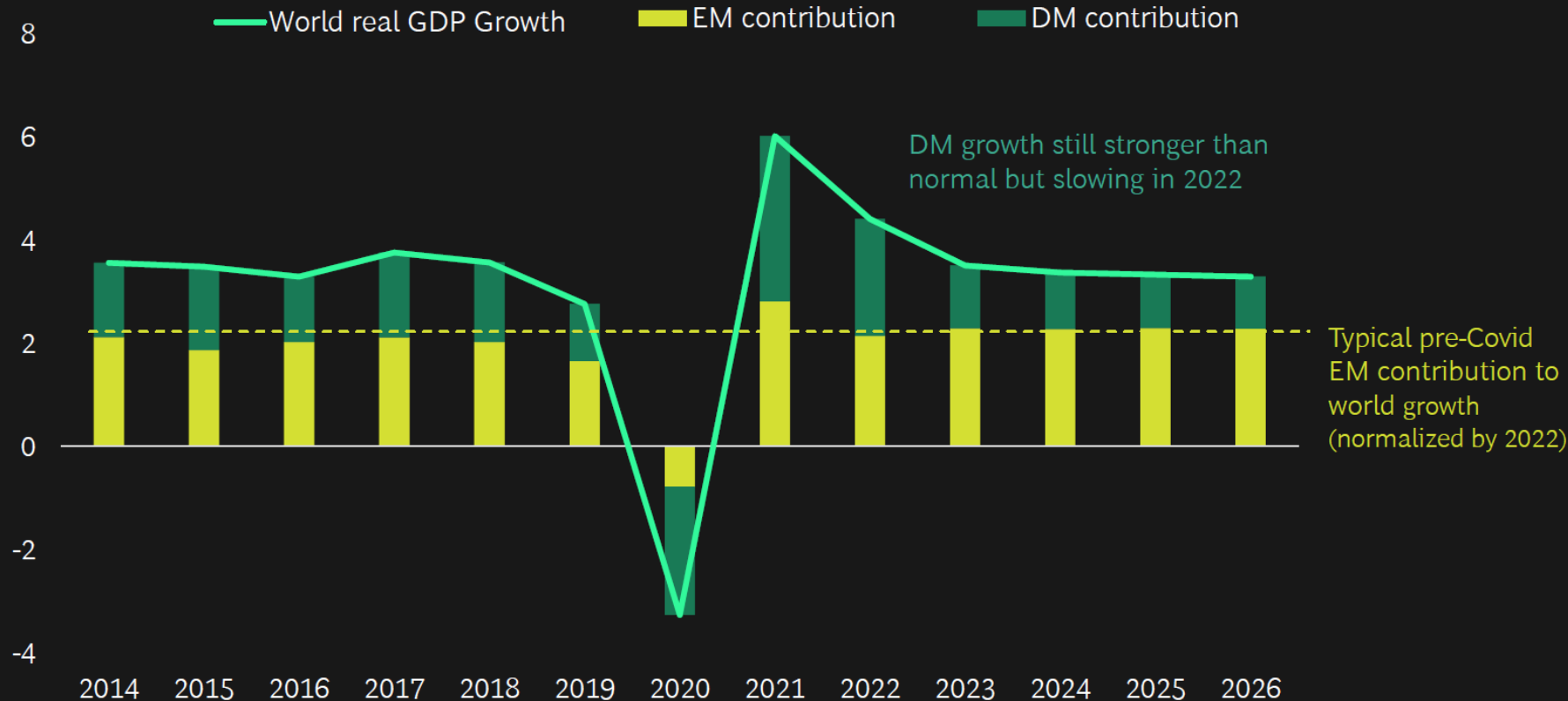


There are several factors currently driving uncertainty in the Global economy.

- 1 Organic slowdown (V-shape)
- 2 Delta headwinds
- 3 Stimulus exits

But there are reasons to be confident that consumers will pick up where policy makers left it.

Global rebound peaks in 2021, deceleration in 2022

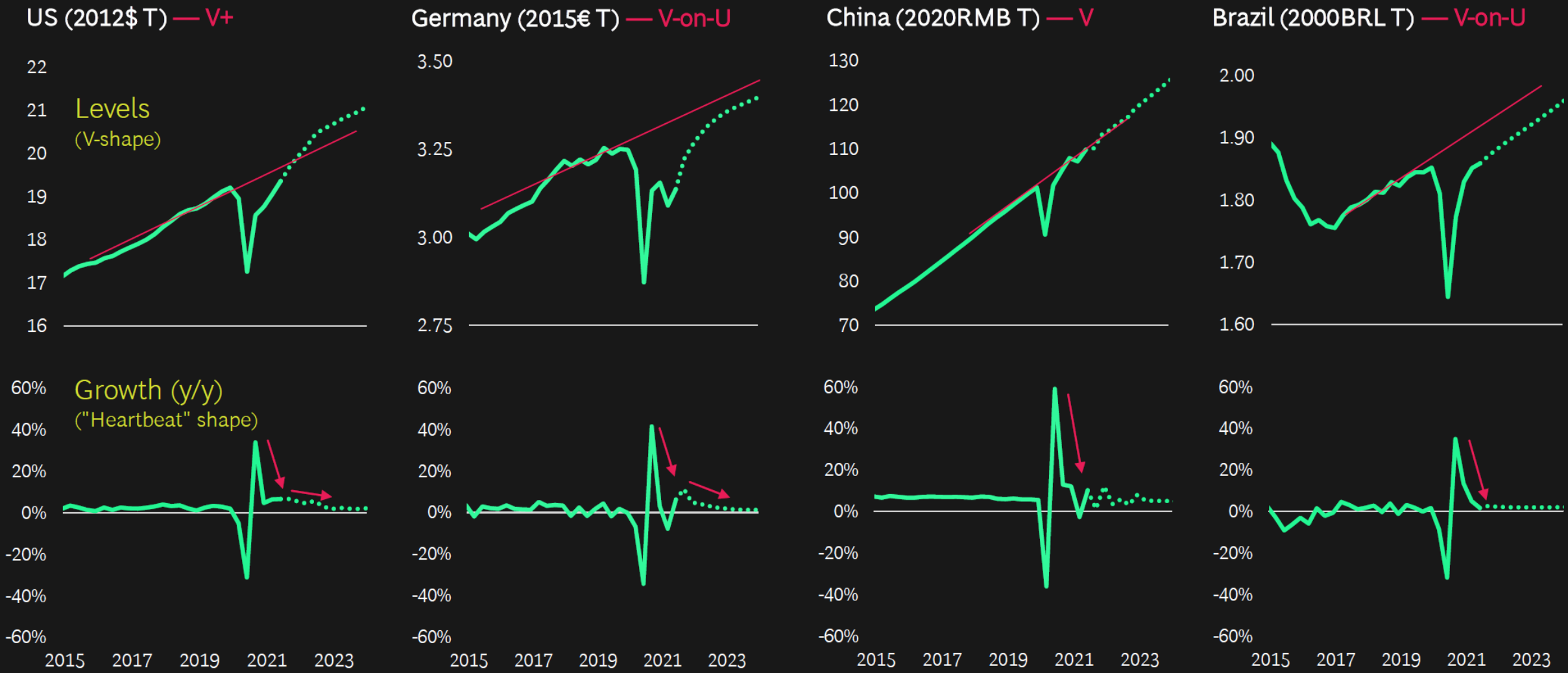


World annual growth is expected to be strongest in 2021, with some momentum into 2022 and normalization by 2023

The strength of the recovery is mostly DM-driven

EM growth will likely be back to pre-pandemic levels by 2022 with no delay in bounce despite having lengthier struggles with the virus

Even where V-shape incomplete, slowdown must unfold



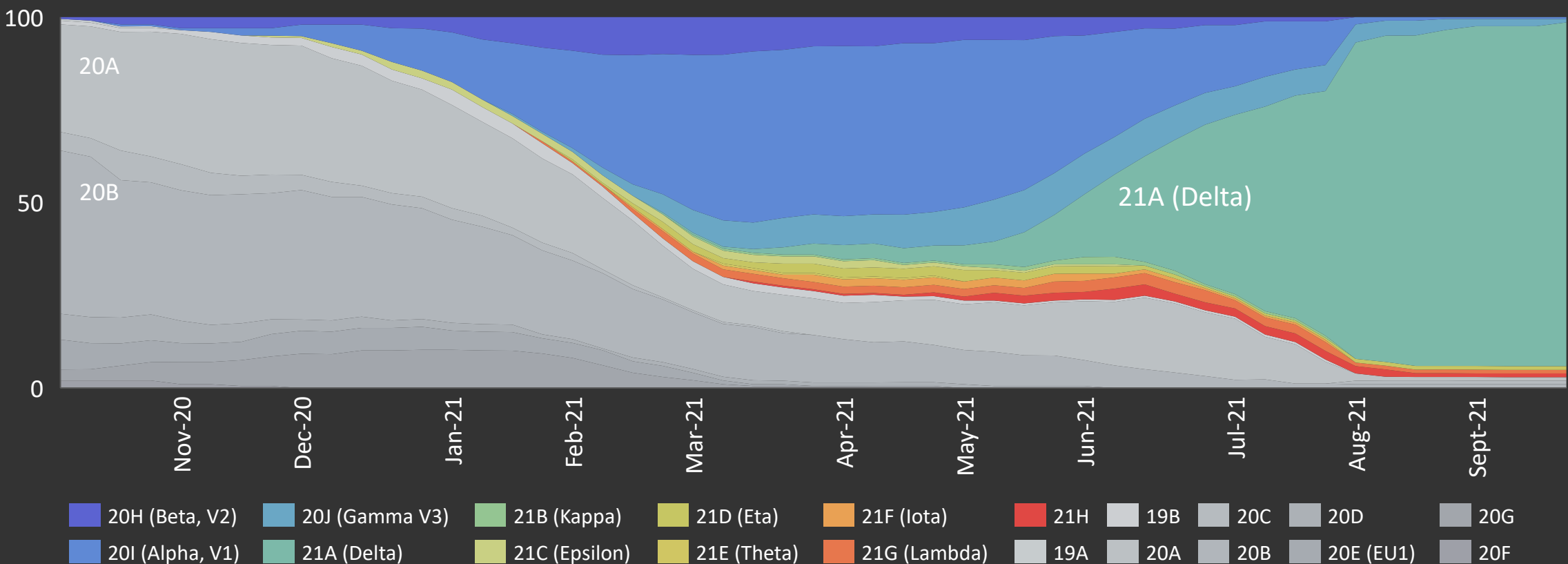
Delta variant becomes dominant



As of 29 Sep 2021

Time series view of variant frequency

Delta is 90%+ of sequenced samples

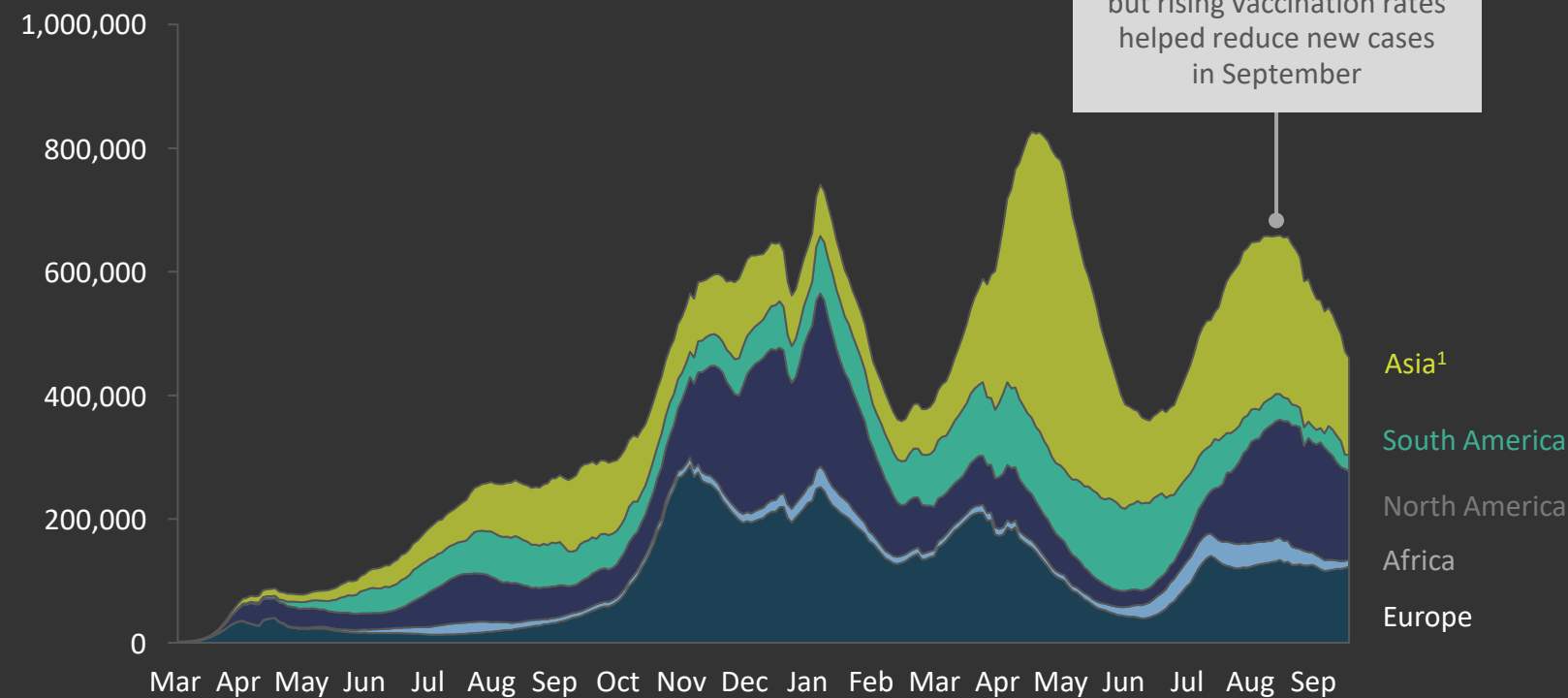


Delta variant peaks are easing as vaccination rates increase globally



As of 29 Sep 2021

Daily new cases (7-day rolling average)



Month-on-month growth of new cases²

215% 15% 50% 60% 10% 10% 40% 45% 10% 0% -35% 20% 60% -15% -40% 30% 25% -20%

Key observations

234M

of confirmed cases

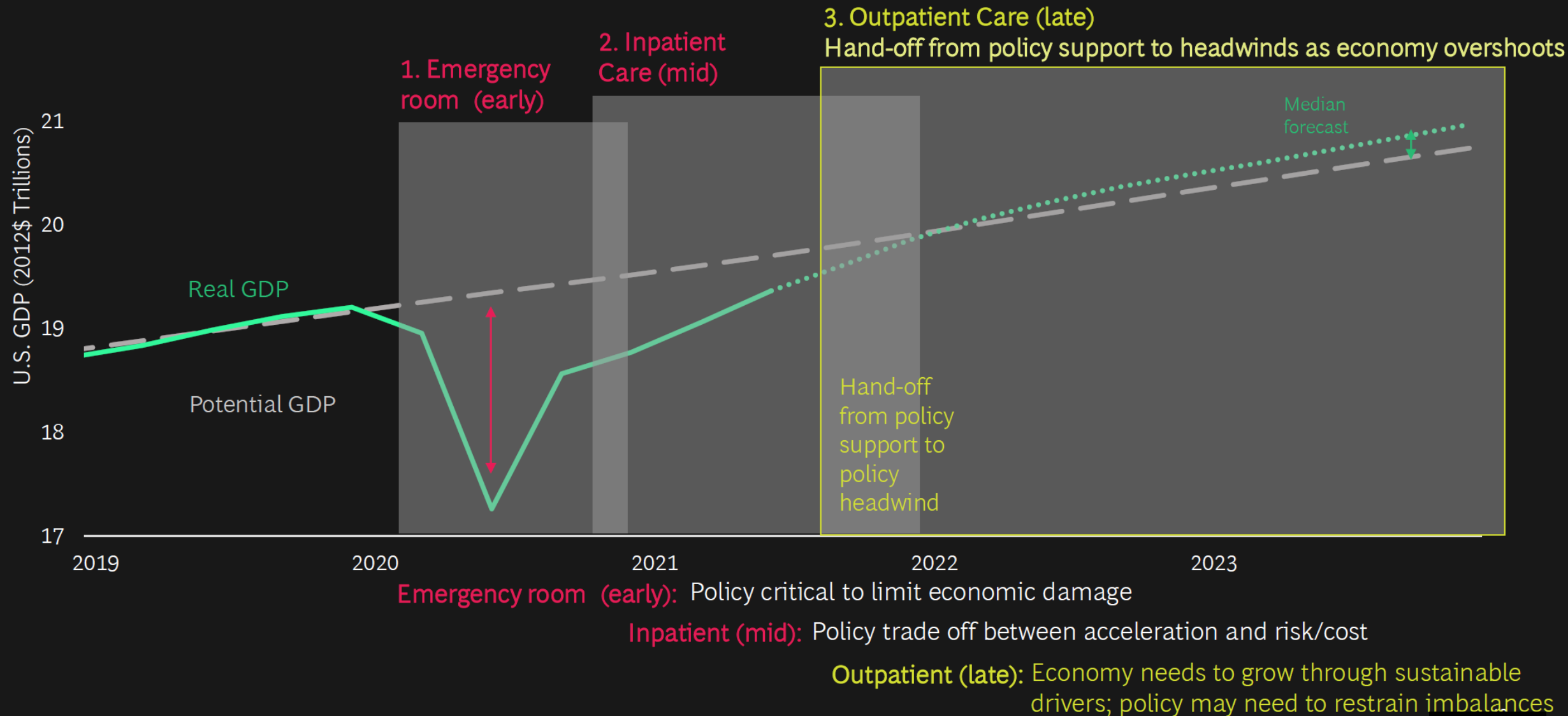
18.4M

of active cases

4.8M

of fatalities

Recovery is now in risky "hand-off" phase to consumers



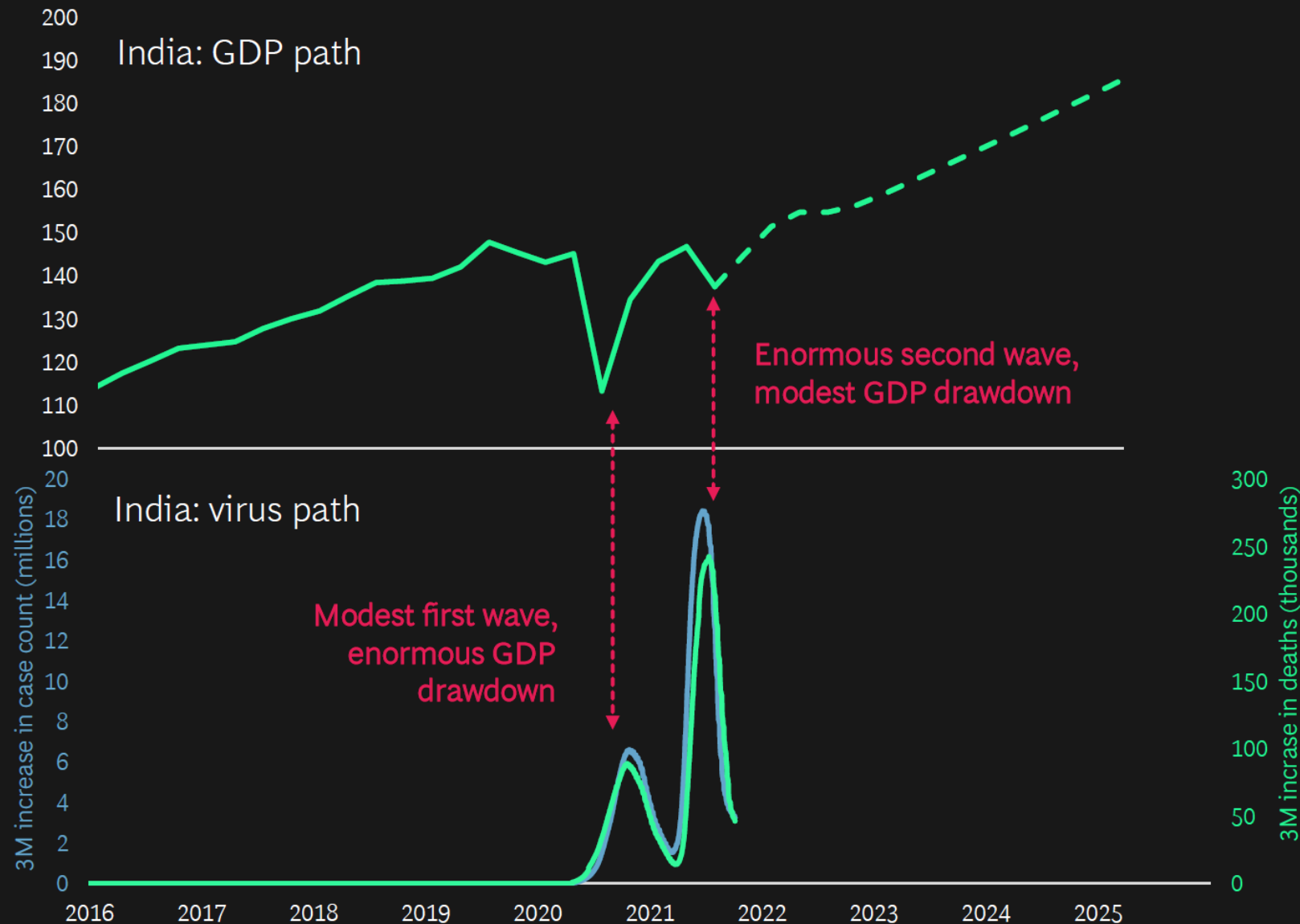
Can consumers sustain the expansion? Yes.



- A | Adaptability – Economy has largely decoupled from virus
- B | Resilient incomes – Stimulus exit offset by booming labor market
- C | Strong wage growth – Set to outlast transitory inflation
- D | Record wealth – Strong balance sheets across wealth distribution
- E | Large savings stock – Large accumulated savings that can be released
- F | High savings rate – Buffer for household spending behavior
- G | House prices – Must be viewed in context of affordability (financing cost)

Economies and virus have largely decoupled (India)

India example - Size of virus waves and GDP drawdowns do not match



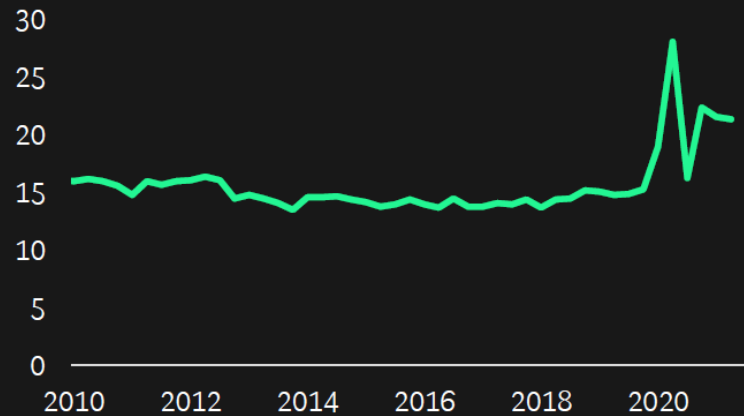
We have stressed the dangers of extrapolating from disease to recovery since early in the crisis

Analysts focused too much on case loads and death rates and were wrong-footed as recoveries did not follow that logic cleanly

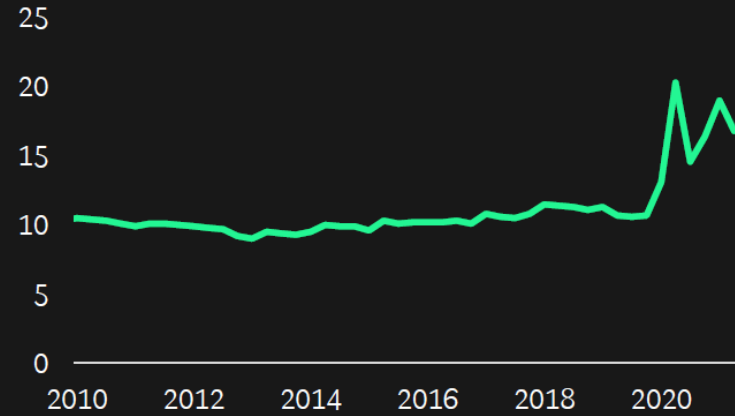
India is a case in point: more modest first wave drives big GDP drawdown – but pernicious second wave drives comparatively smaller economic impact

Households savings rates are high around the world

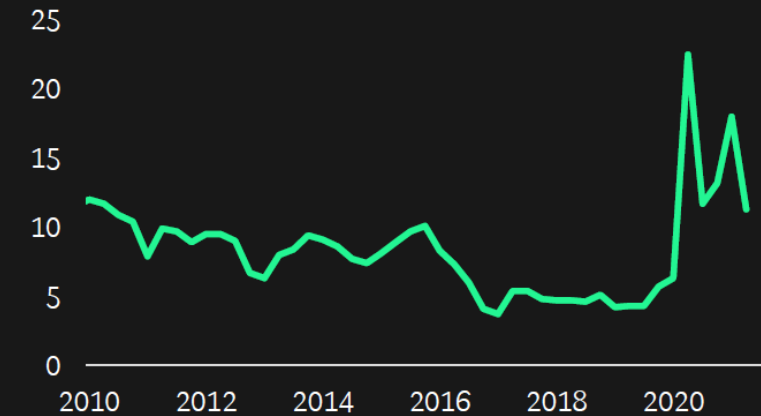
France (%)



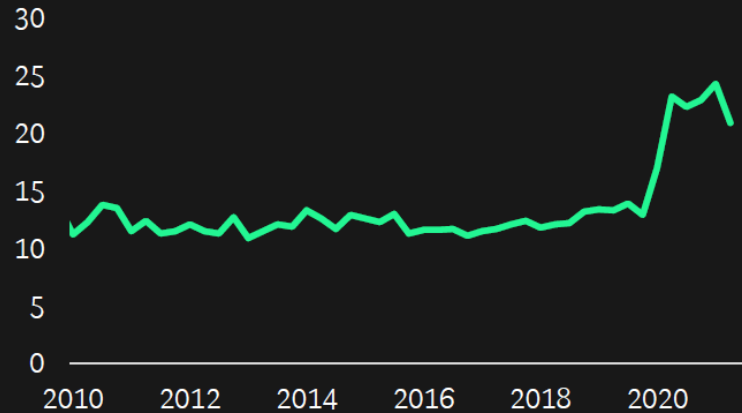
Germany (%)



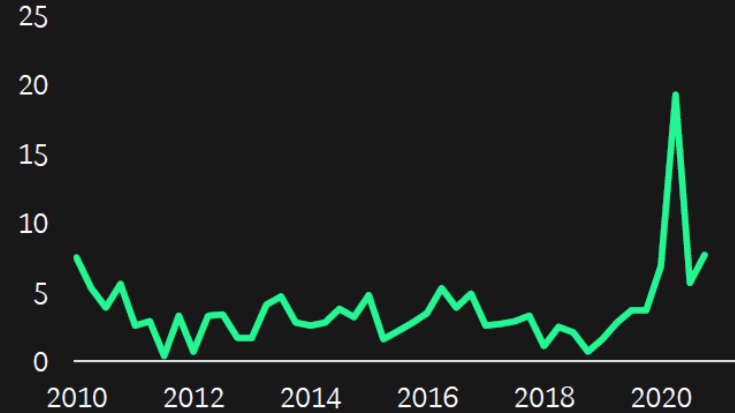
UK (%)



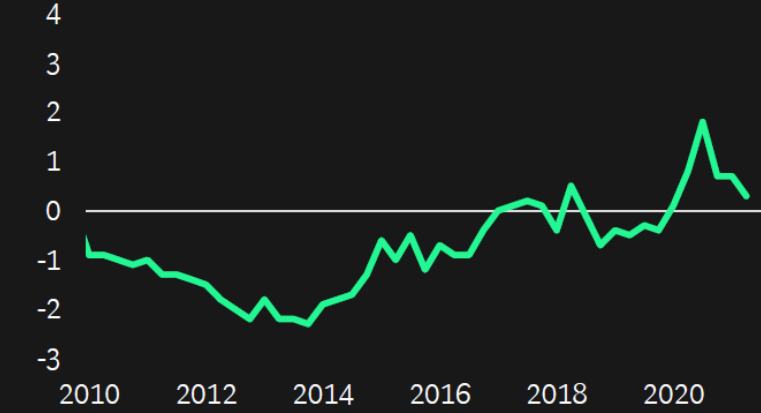
Czech Republic (%)



Poland (%)



S. Africa (%)



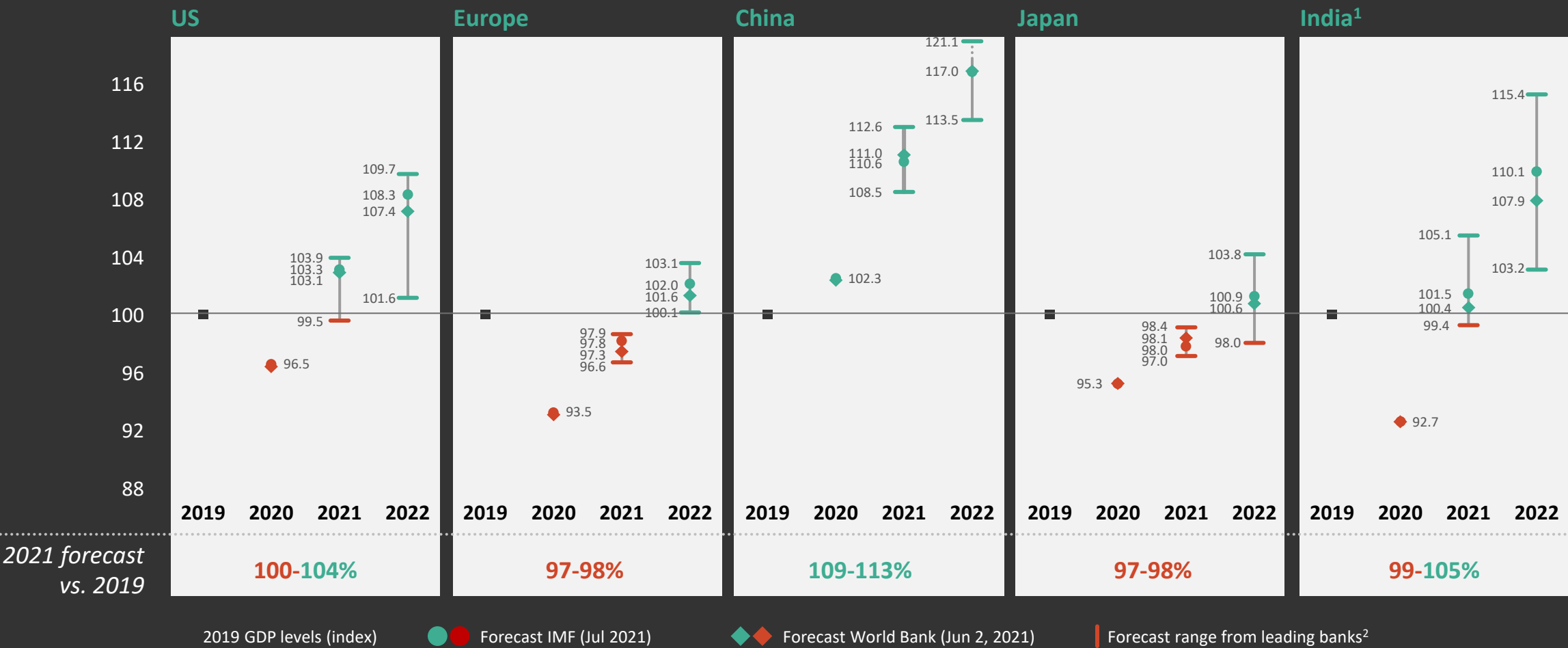
Many large economies expected to continue recovery and reach 2019 GDP levels between 2021 and 2022



As of 29 Sep 2021

GDP forecast levels indexed to 2019 value (base: 100)

Economic Impact



1. For India, forecast is for financial year; for other countries, the forecast is for calendar year. 2. Range from forecasts (where available) of JPMorgan Chase; Morgan Stanley; Bank of America; Fitch Solutions; Credit Suisse; Danske Bank; ING Group; HSBC. Note: As of reports dated 08 June 2020 to 20 Sep 2021; YoY forecasted 2020 values are estimated actual GDP. Sources: Bloomberg; World Bank; IMF; BCG.



Post COVID Mega Trends

Discussion topics today

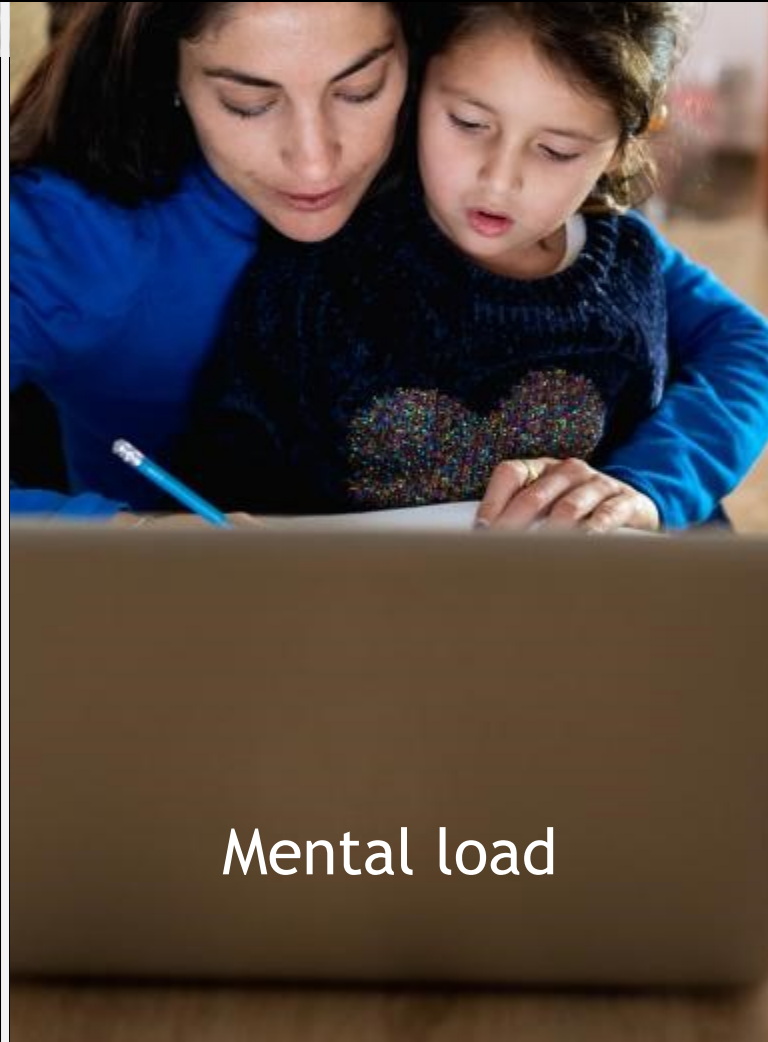
STATUS OF THE ECONOMY

IMPACT ON WOMEN

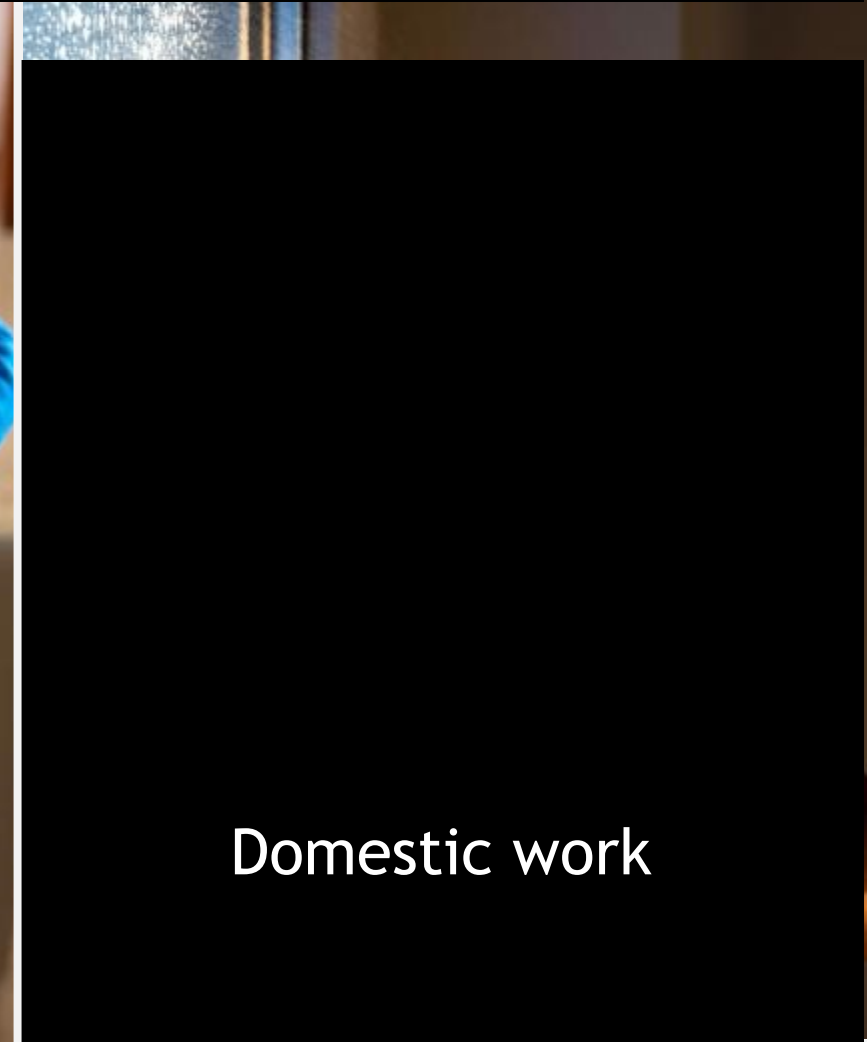
The COVID crisis has strongly hit women and in particular caregivers, with a risk of disengagement



Mental health



Mental load

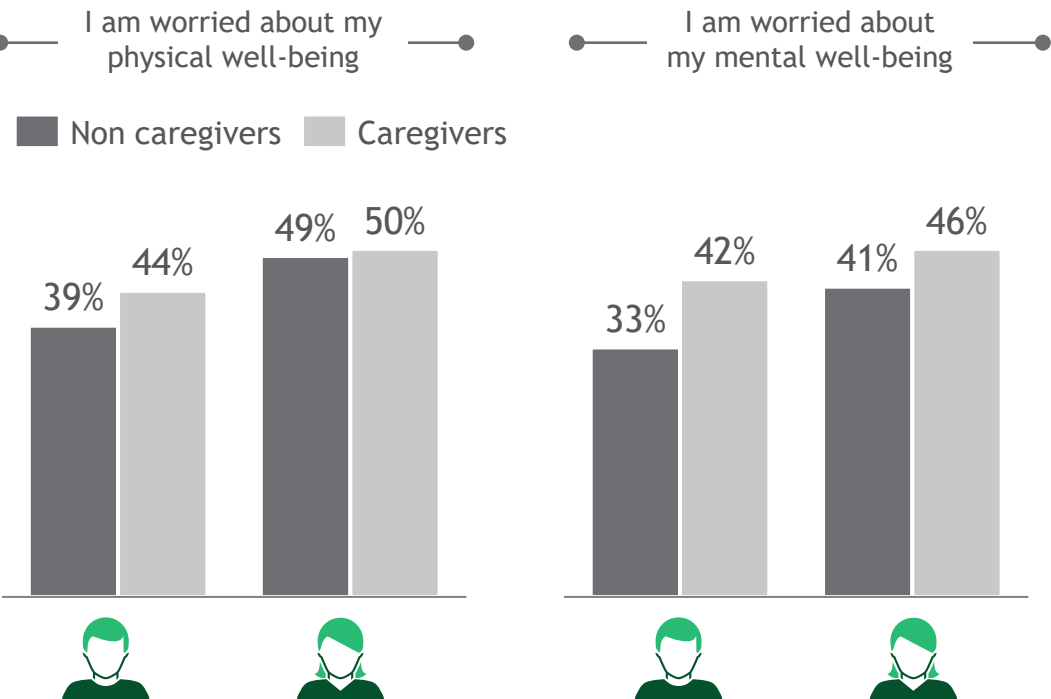


Domestic work

Mental health | Women have experienced high stress and anxiety

Women have experienced higher stress levels than men, even when not caregivers

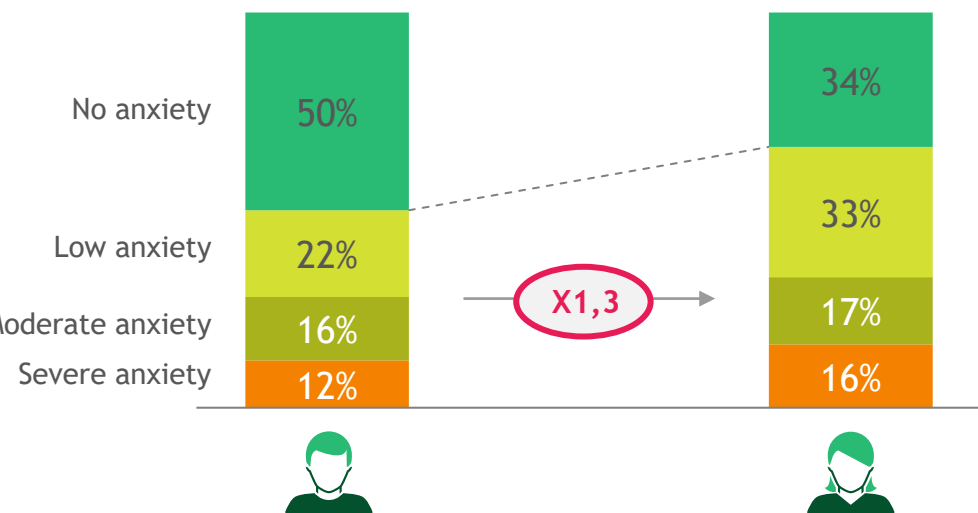
Perimeter : worldwide



Women have suffered 1,3x more from anxiety

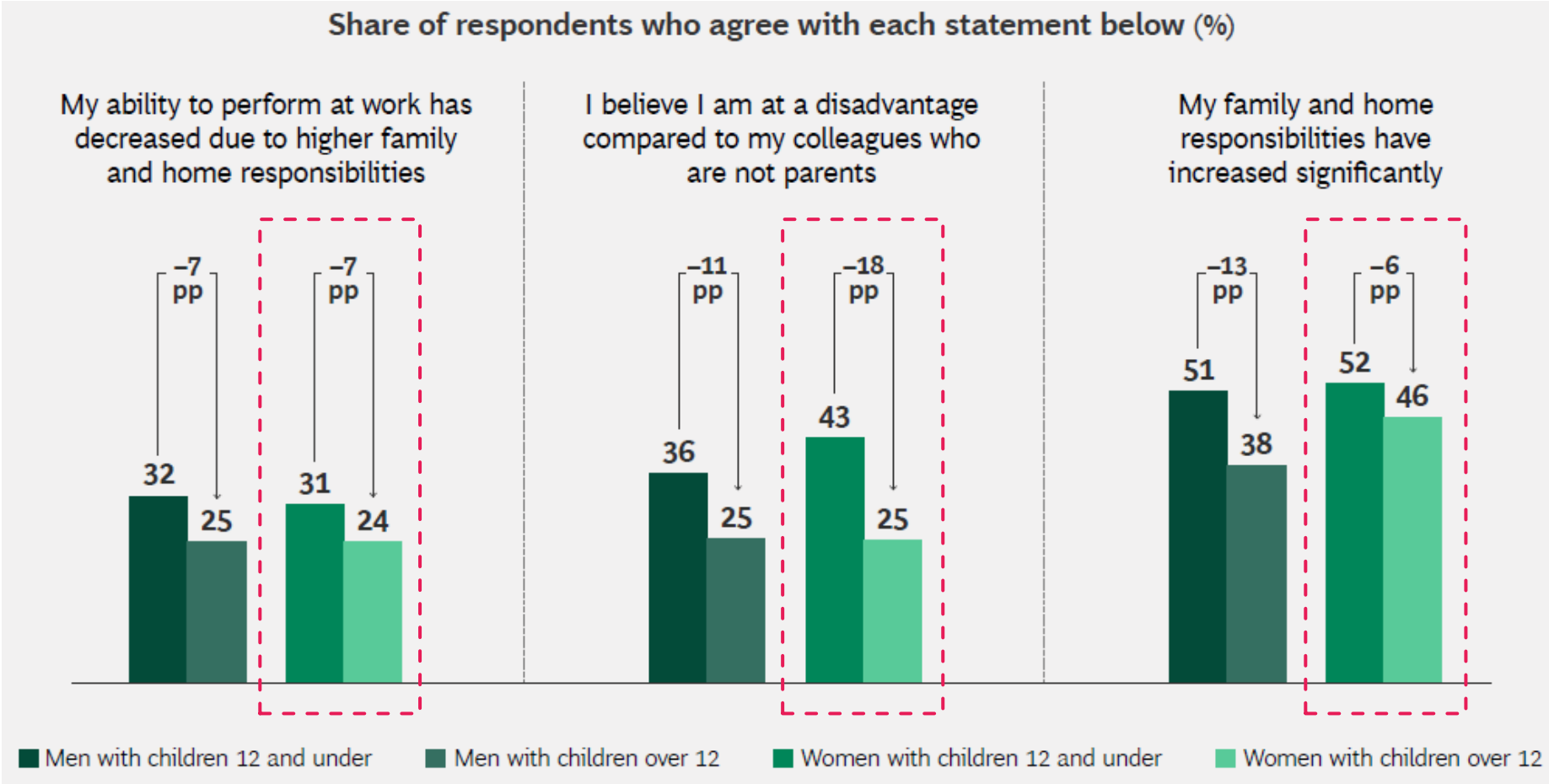
Perimeter : France, respondents from the private sector

Share of employees feeling anxiety¹ (%)



1. In the Covid-19 context, to what extent have you suffered from anxiety over the two past weeks?
Source: Global Diversity and Inclusion survey (BCG), October 2020; Study IPSOS x BCG on French respondents from the private sector

Mental load | While all working parents have been affected, women with young children have experienced the biggest impact




Domestic work | On average, mothers have spent 27 additional hours per week doing unpaid work



x2

During the covid, the number of unpaid working hours has **almost doubled for mothers**



+27 hours
per week

On average at the worldwide level, mothers have spent **27 additional hours per week for domestic work** and/or looking after their **children**

Moving forward post crisis, some long-term trends will particularly affect women



New ways of working

- More flexibility, decrease of business travel requirements
 - Men have increased their contribution to domestic tasks working remotely - for a better balance in the long run?
-
- Challenges to draw the line between professional and private life
 - Poorer remote working conditions
 - More "transactional" collaboration



Robots and automation

- More support from robots and automation in daily life
-
- 85 millions jobs threatened by 2025, impacting particularly women: admin work, data capture, invoice management, etc.

Source: World Economic Forum, The Future of Jobs Report - October 2020



Artificial Intelligence

- Data-driven strategy to support diversity (identify best practices vs biases with IA)
 - Opportunity to deaverage studies (men/women)
-
- Poor representation of women in IA, with a huge risk in terms of ethics / gender bias
- 15% of data scientists are women (35% of students in engineering are women)
 - 9% of the CEOs on IT companies are women



Post COVID Mega Trends

Discussion topics today

APPENDIX

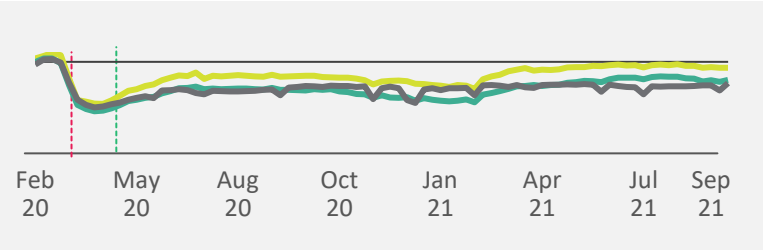
Retail and recreation mobility recovered fastest; public transit and workplace mobility remains lower in most countries

As of 29 Sep 2021

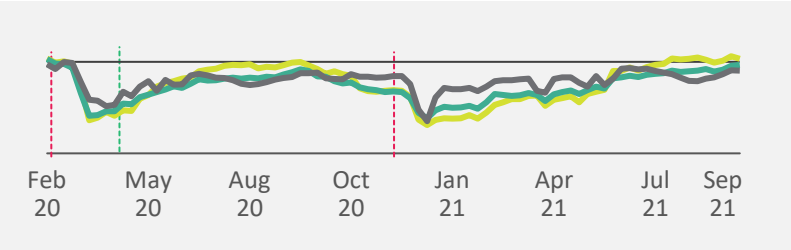
Economic Impact

Workplace¹, public transit², and retail and recreation³ mobility compared with baseline of January 2020 to February 2020

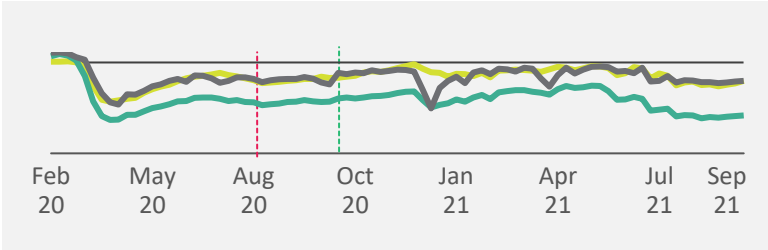
US



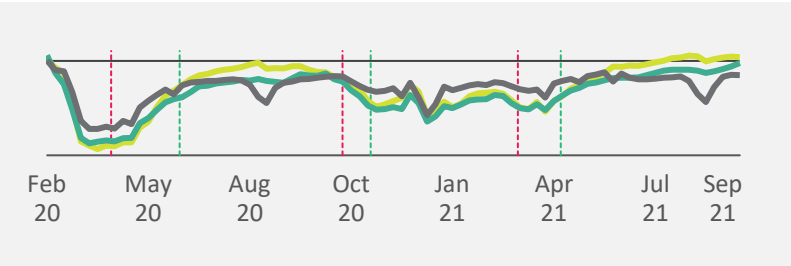
Germany



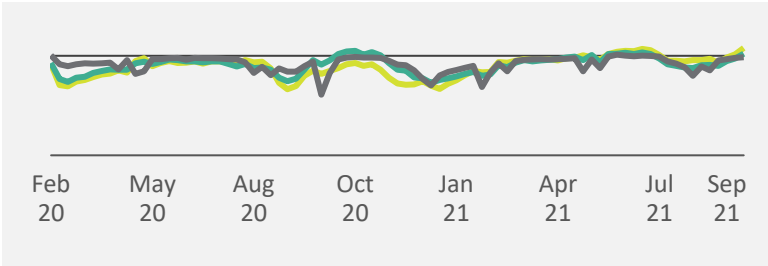
Australia



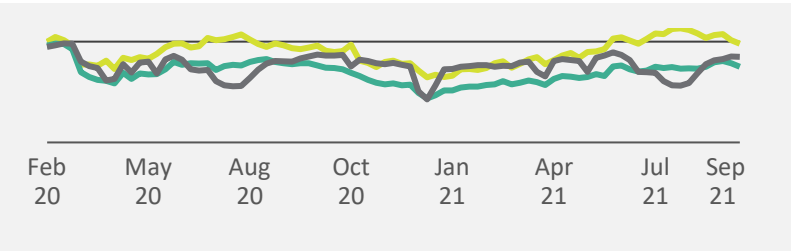
Italy



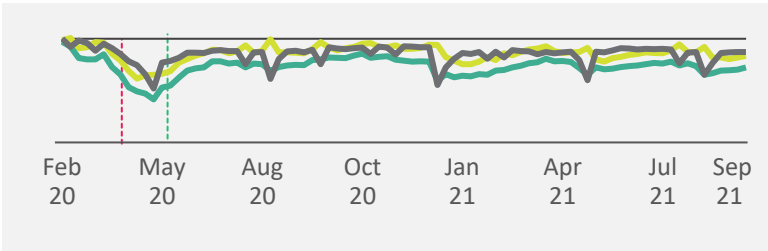
South Korea



Sweden



Japan



- Public transit mobility
- Workplace mobility
- Retail and recreation mobility
- Lockdown started⁴
- Lockdown easing⁴

1. Tracked as changes in visits to workplaces 2. Tracked as changes in visits to public transport hubs, such as underground, bus and train stations. 3. Tracked as changes for restaurants, cafés, shopping centers, theme parks, museums, libraries, and cinemas. 4. Refers to average lockdown start and easing dates for larger lockdowns. Note: Data taken as weekly average compared with baseline (average of all daily values of respective weeks during Feb 15 2020–Feb 28 2021). Sources: Google LLC “Google COVID-19 Community Mobility Reports.” <https://www.google.com/covid19/mobility/>. Accessed: 01 Mar 2020; press search; BCG.

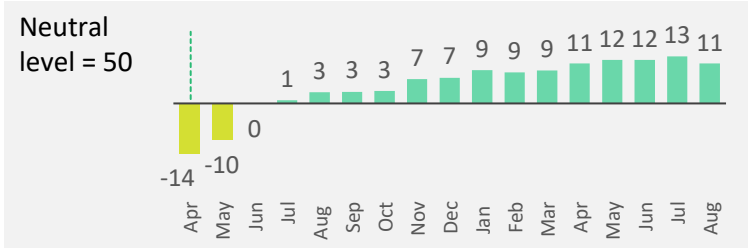
Manufacturing PMI global recovery indicates positive momentum with some signs of a slowdown in recent months

As of 29 Sep 2021

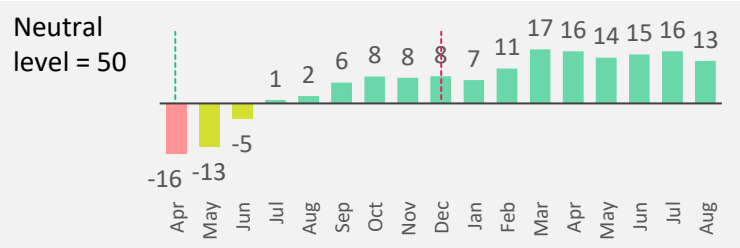
Economic Impact

Manufacturing PMI before, during, and after the crisis

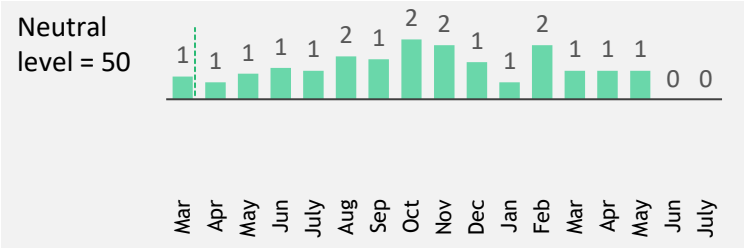
US



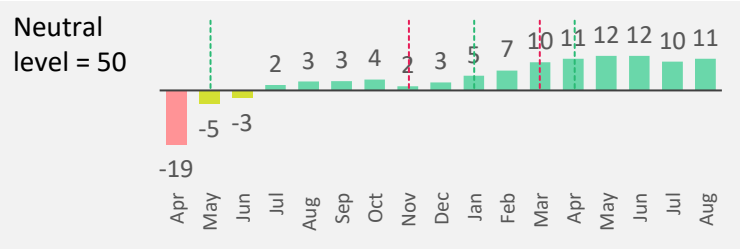
Germany



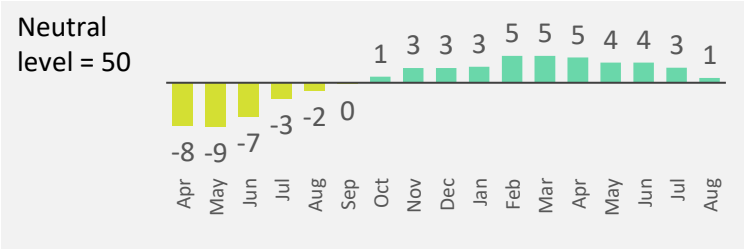
China¹



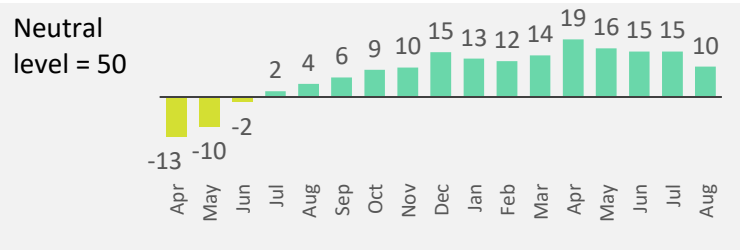
Italy



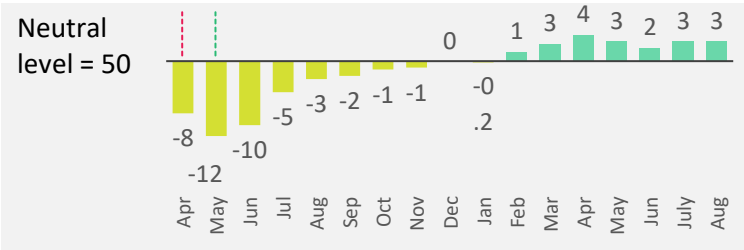
South Korea



Sweden



Japan



Lockdown started Lockdown easing

1. Lockdown dates are pertaining only to Hubei province. Note: PMI (Purchasing Manager's Index) is a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. 50 is neutral, >50 is considered to be positive sentiment, and <50 is considered to be negative sentiment. Sources: Markit South Korea Manufacturing PMI SA; Jibun Bank Japan Manufacturing PMI SA; China Manufacturing PMI SA; Swedbank Sweden PMI SA; Markit/BME Germany Manufacturing PMI SA; Markit Italy Manufacturing PMI SA; Markit US Manufacturing PMI SA; EIKON.

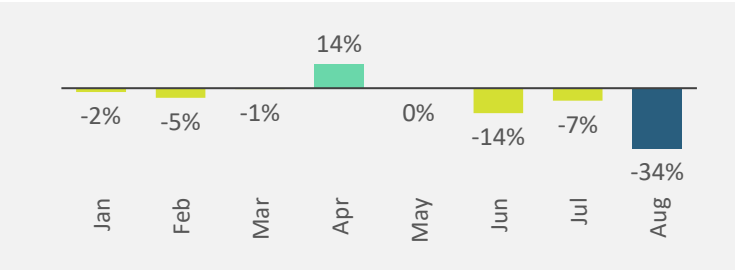
Passenger vehicle sales had started to return to prepandemic levels in some markets but dropped again as supply constraints continue

As of 29 Sep 2021

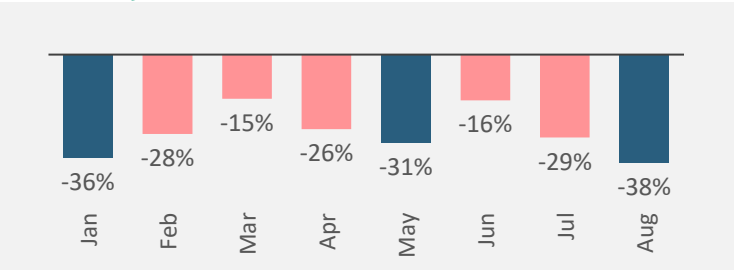
Economic Impact

2021 monthly passenger vehicle¹ sales, % change vs. same month in 2019

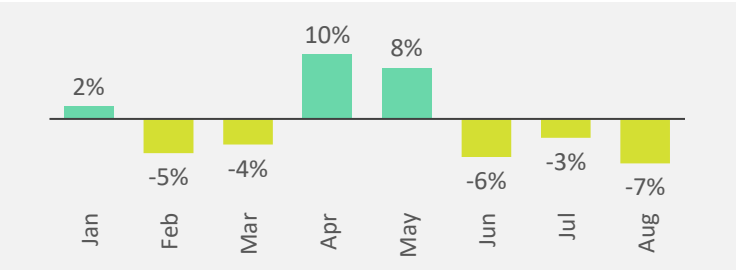
US



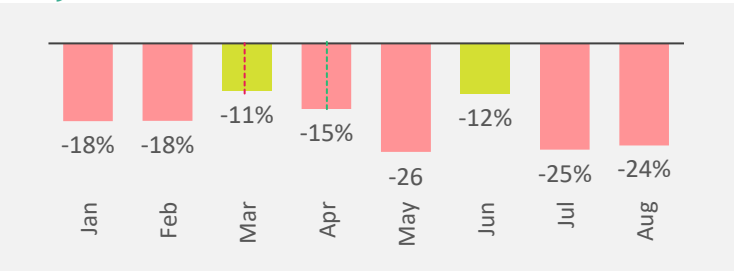
Germany



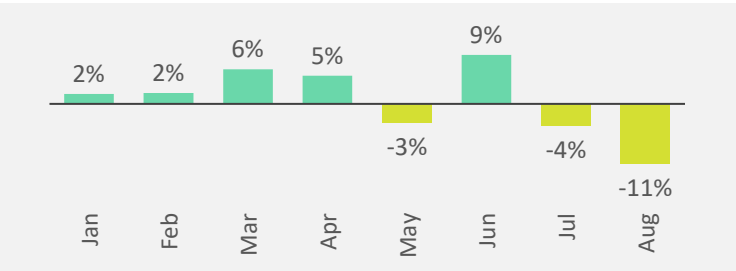
China²



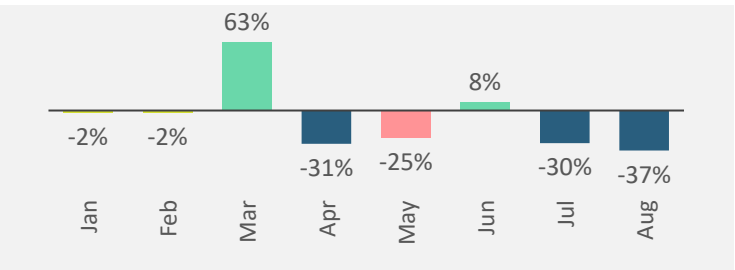
Italy



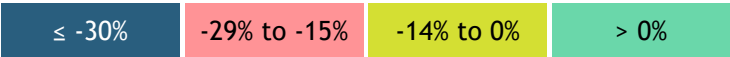
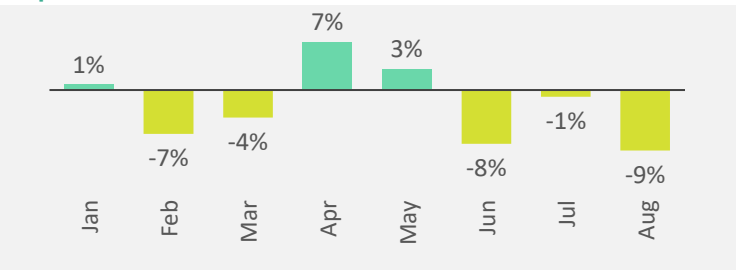
South Korea³



Sweden



Japan



Lockdown started Lockdown easing

1. Passenger vehicle sales include data on, where available, hatchback, MPV, pickup, sedan, SUV, mini trucks, light trucks, and vans. 2. Stimulus policies: Launched subsidies for car purchases in 10 cities, lessened purchase restriction in high-tier cities, and extended NEV subsidies. 3. South Korea's growth in auto sales from Mar through June 2020 is supported by recent tax cuts for individual consumption goods (e.g., cars), several carmakers (e.g. Audi, VW) launching new models, and the increased appreciation by the Koreans of cars as a safe mode of transport and as a travel alternative for camping during COVID-19, supported by recently passed legislation to allow a variety of different cars to be modified into "camping cars."

Sources: Marklines; BCG.

Retail store sales in China and US have rebounded across categories; apparel sales continue to be impacted in other countries

As of 29 Sep 2021

Retail store sales breakdown by category, % change vs. same month in 2019

Food and beverage stores

	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21
US	14%	16%	14%	15%	16%	16%	14%
UK	7%	9%	10%	10%	4%	8%	6%
Spain	3%	1%	0%	0%	-3%	-1%	0%
Sweden	3%	4%	4%	0%	5%	6%	4%
France	7%	6%	10%	8%	8%	5%	7%
China ¹	14%		23%	20%	18%	23%	15%
Japan	-2%	-1%	-3%	-2%	0%	1%	2%

Personal care and cosmetics stores

	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21
US	5%	3%	12%	14%	15%	14%	14%
UK ²	-47%	-30%	-26%	-6%	-7%	-7%	-11%
Spain	-4%	-1%	0%	1%	-1%	2%	1%
Sweden	0%	7%	12%	4%	10%	13%	10%
France	9%	6%	11%	7%	10%	13%	20%
China ¹	24%		31%	30%	36%	43%	18%
Japan	44%	45%	45%	42%	38%	46%	42%

Apparel stores³

	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21
US	-3%	-8%	12%	10%	13%	18%	14%
UK	-46%	-52%	-44%	-7%	-6%	-8%	-10%
Spain	-36%	-35%	-21%	-23%	-21%	-14%	-19%
Sweden	-24%	-22%	-19%	-22%	-10%	-11%	-10%
France	-25%	-21%	-24%	-63%	-15%	-4%	-9%
China ¹	-3%		4%	3%	8%	8%	1%
Japan	-24%	-26%	-19%	-30%	-29%	-23%	-22%

Home appliance stores⁴

	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21
US	-1%	-6%	10%	13%	8%	14%	11%
UK	-12%	13%	-9%	30%	30%	19%	12%
Spain	-4%	-1%	9%	7%	17%	9%	8%
Sweden	21%	23%	26%	18%	27%	23%	19%
France	15%	17%	20%	4%	11%	22%	11%
China ¹	-5%		-5%	-7%	3%	15%	4%
Japan	19%	17%	1%	5%	11%	1%	11%

≤ -30%	-29% to -15%	-14% to 0%	> 0%
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1. For China, Jan and Feb 2021 are reported together due to national holidays; food and beverages category includes only food and grains; 2. UK data set switched over from Eurostat to Office for National Statistics following Brexit. 3. Includes clothing accessories, shoes, etc. 4. Includes audio video and home appliances stores. Note: For US, share in retail store sales in Q4 2019: F&B ~25%, personal care and cosmetics ~12%, apparel ~6%, home appliances ~3%, general merchandising ~25%, and building material and gardening equipment ~13%. Sector classification and mix may be different across countries.

Sources: US Census Bureau; PRC National Bureau of Statistics; Eurostat; Office for National Statistics United Kingdom; Ministry of Economy Japan.

Economic Impact

China and US have seen strong rebounds in almost all categories, even above 2019 levels

Retail store sales recovery driven by food and beverage across almost all countries. Home appliance also seeing strong growth across countries

Apparel category continues to see decline compared with 2019, except for US and China

Personal care sales had mixed development across countries but mostly returned to prepandemic levels

Stock markets continue to have an optimistic outlook: 20 out of 24 sectors currently above precrisis TSR levels

As of 30 Sept 2021

Based on top S&P
Global 1200 companies

Economic Impact

TSR¹

21 Feb 2020-
30 Sep 2021

Semiconductor	70%
Tech hardware	38%
Materials	36%
Retailing	34%
Media	33%
Auto	29%
Capital Goods	26%
Financials	25%
Durable Goods	23%
Food/Staples Retail	23%
Health Equipment	22%
Software	20%
Professional Services	16%
Banks	12%
Insurance	8%
Pharma	5%
Food and Beverage	4%
Telecom	2%
Household Products	1%
Energy	0%
Hospitality	-1%
Real Estate	-1%
Utilities	-7%
Transport	-9%

Companies with default probability >15%²

21 Feb 2020	30 Sep 2021
0%	0%
0%	0%
5%	0%
0%	6%
0%	0%
0%	0%
2%	2%
0%	0%
0%	0%
0%	0%
0%	0%
0%	0%
0%	0%
0%	0%
0%	0%
0%	5%
0%	0%
0%	4%
0%	0%
3%	6%
8%	15%
0%	0%
0%	0%
0%	24%

1. Performance is tracked for two periods, first from 21 February 2020 (before international acceleration of outbreak) to 20 March 2020 (trough of the market) and from 21 February 2020 through 30 Sept 2021;
2. Implied by 5-year credit default swap based on median; Note: Based on top S&P Global 1200 companies; sectors are based on GICS definitions; Sources: S&P Capital IQ; BCG ValueScience Center; BCG



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