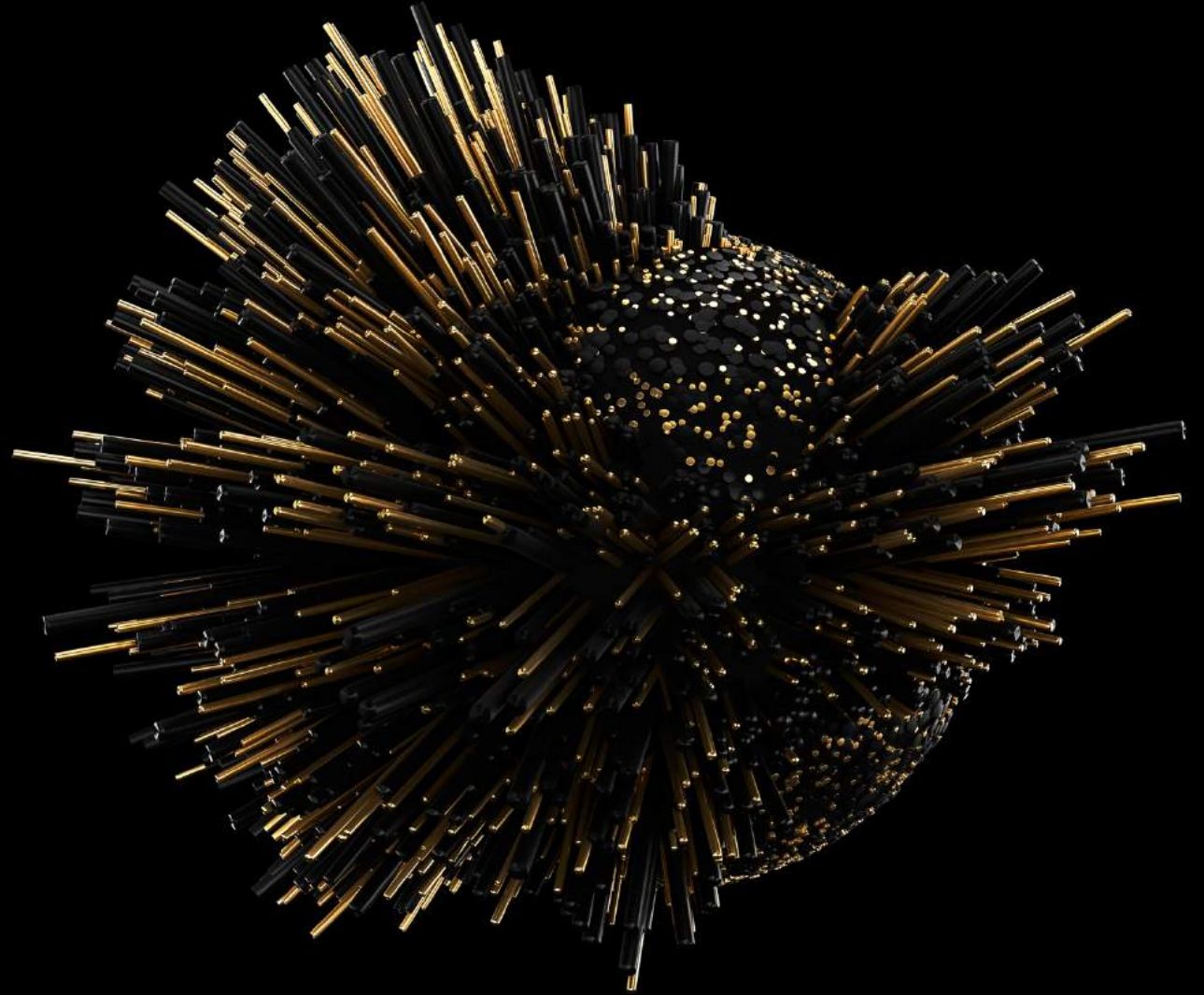


KANTAR

Anticipating the Balance of 2020

Scenarios exploring COVID-19



Background

The Futures Practice at Kantar has developed a set of COVID-19 scenarios. Our hope is that in doing so, we can elevate the discourse from “what is happening?!?” to “what happens next. And how can we best prepare?”

The scenarios are not a long-term view of the world 5-10 years after the crisis but instead explore plausible ways things may evolve over the next 6-12 months. We have chosen this time horizon because we firmly believe that in an event as fluid and unprecedented as this, businesses need clarity about the crucial period beyond the current crisis—but before the crisis has fully faded and a new normal has been reached. In our minds, the most pressing question facing businesses today is how they should plan for the balance of 2020 and 2021.

Through a combination of analysis and discussion, we have isolated three critical uncertainties to explore through these scenarios. They are:

HOW
PEOPLE
WILL BEHAVE

HOW
THE DISEASE
WILL BEHAVE

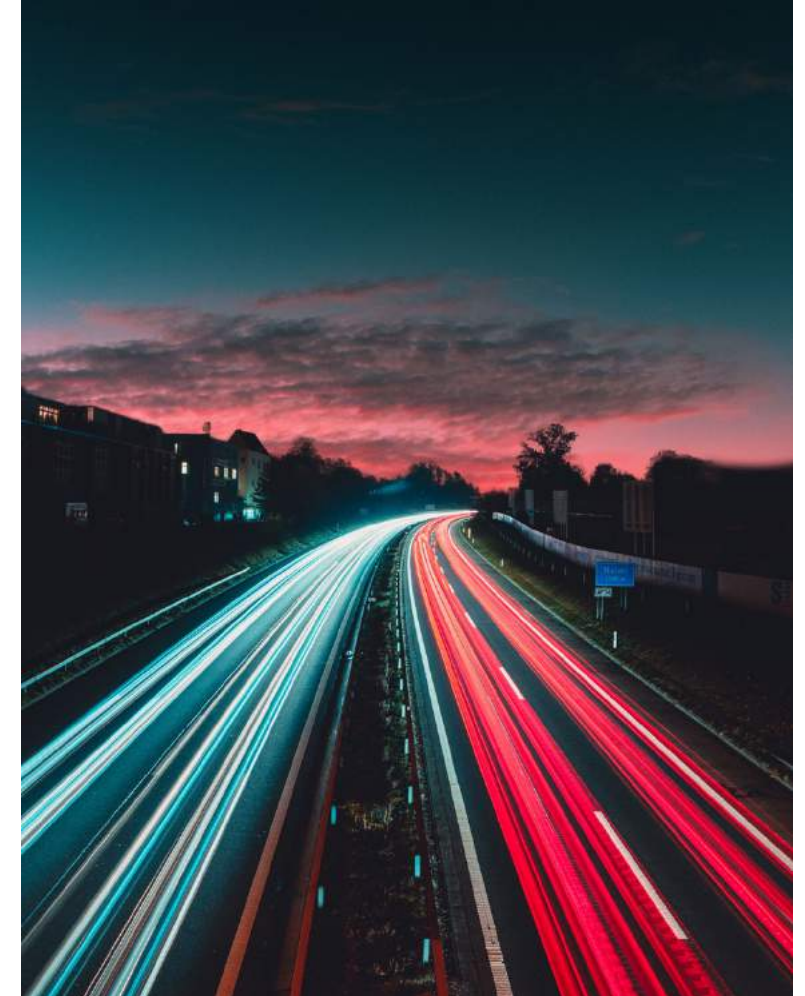
HOW
INSTITUTIONS
WILL BEHAVE

By combining these uncertainties, we are able to describe a range of alternative futures. Some are mildly disruptive while others paint a dire picture of the future that none of us would wish for.

The scenarios are not predictions, but they are meant to be equally credible and plausible. They are also meant to be provocative enough to spark debate and discourse.

Thus, they are a tool for planning and action—not plans in and of themselves. Used properly, they can and should give leadership teams clear guardrails for what to expect as this unprecedented moment in time settles in and becomes our reality.

We hope that the possible alternative futures we have constructed here prove useful for you and your colleagues. We look forward to hearing from you with how these helped, where they left you wanting more, and what questions we can help you explore further.



Objectives



1

To provide Kantar and its clients with a set of different scenarios describing how the current crisis might evolve in the US over the next 1-3 years.

2

To help organizations gain perspective and make sense of a rapidly changing and fluid situation.

3

To help organizations move beyond the reactive stance they are currently in and anticipate what comes next and how to best prepare.

How to think about scenarios

They are...

Descriptions of alternative coherent
& plausible futures

Narratives of the evolving dynamics
of the future

Specific strategy-focused views of the future
that create a view of future possibilities

They are not...

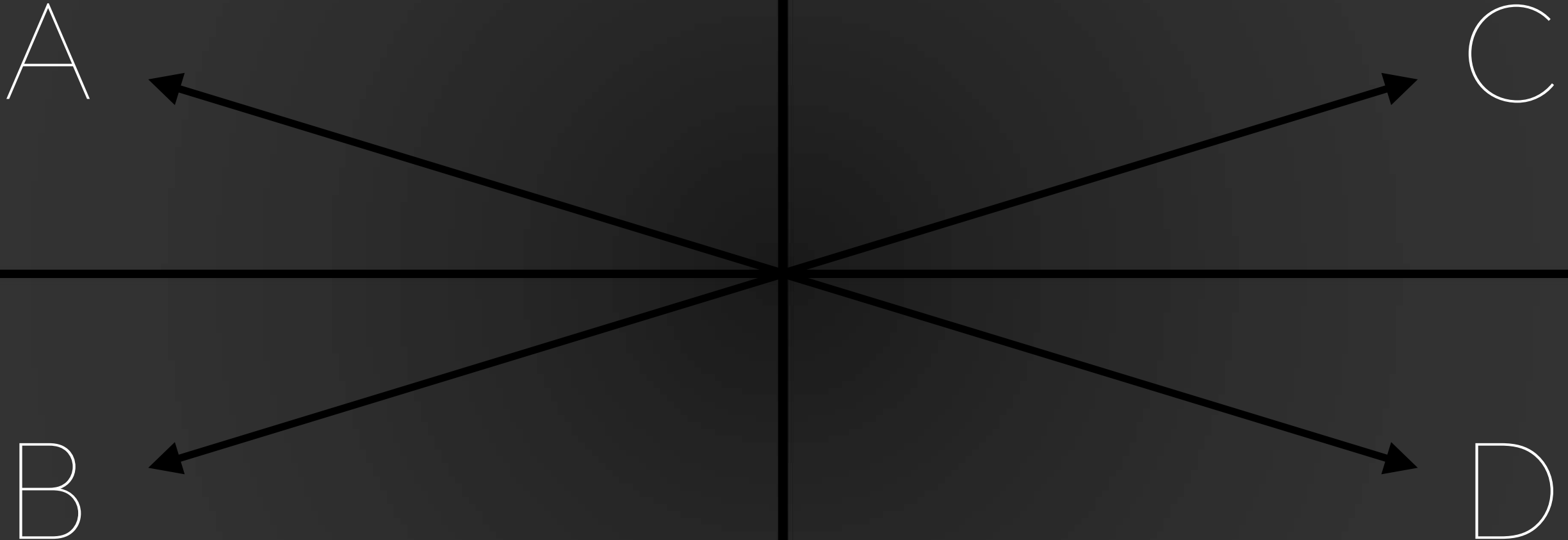
Predictions

Variations around a midpoint/base case

Generalized views of feared
or desired futures

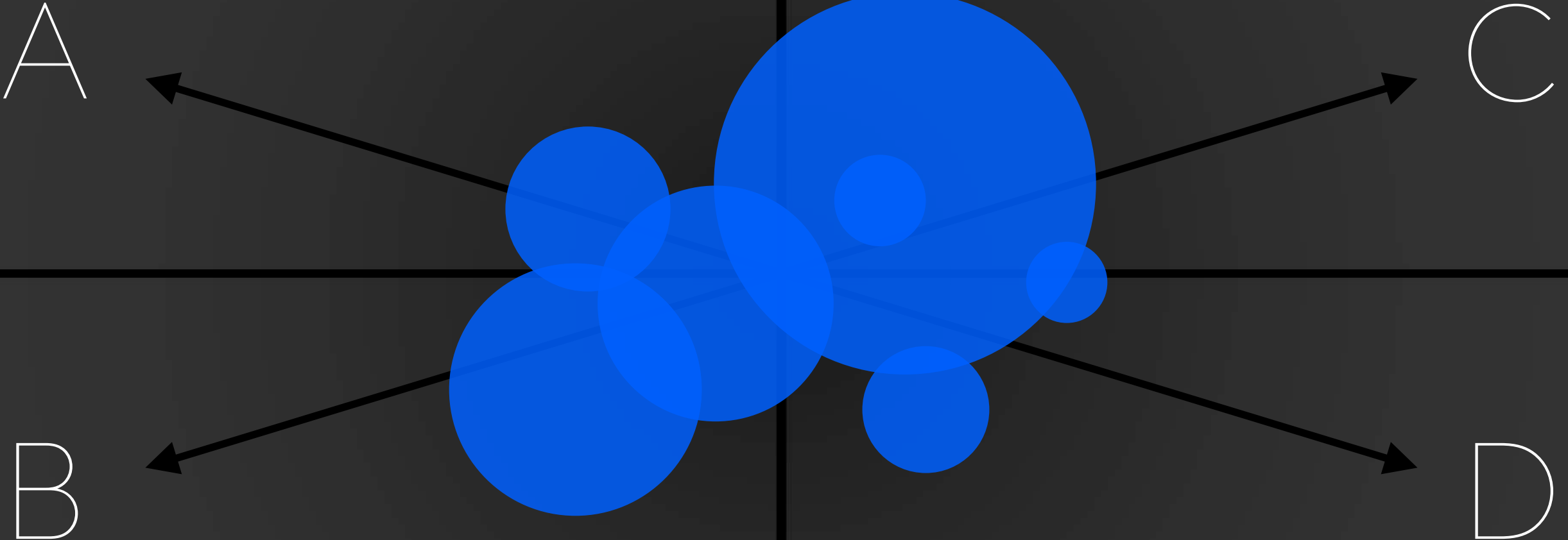
About scenarios—*Defining the alternatives*

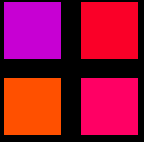
Scenarios, when done right, paint the extreme plausible futures



About scenarios—*think beyond a single future*

The “real” future that plays out may include elements of all of the scenarios

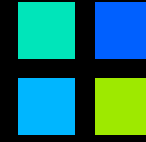




SCENARIO SET 1

People Point of View

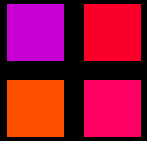
Pages 8-30



SCENARIO SET 2

Institutional Point of View

Pages 31-53



SCENARIO SET 1

People Point of View



People Point of View

Four Possible Futures

These scenarios were developed by examining two key uncertainties:

- How the **virus** behaves in the form of the frequency of the outbreak
- How **people** behave in the form of their emotional reaction and level of panic

The scenarios should be read as a set exploring the boundaries of possibilities—they are like the “tent pegs” at the corners of the future. It is likely that the future will actually contain elements of each of these scenarios.



Close Call

One-Time Outbreak, Controlled Reaction

The public health system is strained by COVID-19 but not to the point of breaking. Cancellation of schools, sporting events, and religious gatherings—a redoubled effort to roll out testing kits—slows the spread of COVID-19. People heed the government's plea to stay at home, distance themselves from others and remain vigilant but calm.

After the initial selloff, markets stabilize. A moderate recession takes hold during the months the U.S. battles the virus, but the economy is saved from a severe recession by aggressive government action. As infection rates decline, consumer confidence rebounds. The worst is over by late summer, and people quickly return to previous levels of consumption with many splurging after several months of low levels of spending and pent-up demand.



Scenario Details

Close Call

One-Time Outbreak,
Controlled Reaction



Business

- Employees take extreme social distancing measures
- Leaders rapidly develop ways of working centered around remote working
- Productivity dips initially but rebounds as employees adjust and find efficiencies
- Blue-collar workers are equipped with the protective equipment necessary to continue to perform critical economic functions and are hailed as heroes

Retail & Consumer

- Spike in demand for key cleaning supplies and food staples
- Mixture between physical retail and e-commerce adjusts quickly to suit a reality where "social distancing" is the new normal—for a few months.
- Delivery systems innovate to reflect a sudden shift in demand and phase back into normal by Q4 2020 thereby making up for some earlier losses through fulfillment of pent-up demand

Cultural

- People are much more focused on health concerns
- People have a sense of having narrowly skirted disaster, which leads to a sense of optimism and resiliency
- People reassess their values and how they spend their time. Former distractions, now revealed as superfluous, lose their appeal as people adopt a more spiritual mindset.

Generational

- **Boomers:** Resilient and unfazed: "What, me worry?"
- **Millennials/X:** Even a mild economic slowdown hurts these generations' ability to make payments on debt and build wealth
- **Gen Z:** Watching society successfully navigate a crisis brings this generation a sense of optimism and can-do spirit



Panic Attack

One-Time Outbreak, Panicked Reaction

Federal, state, and local government are unequipped to handle public hysteria caused by the pandemic. The U.S. health system comes under extreme pressure as people hoard supplies, clamor for testing and treatment, and take advantage of government services even if ultimately unnecessary.

Panic selling continues on Wall Street, and while the government ramps up efforts to stop the freefall, fiscal interventions fail to combat a biological event. A global recession ensues as emotions and fear overpower attempts to shore up the economy.



Scenario Details

Panic Attack

One-Time Outbreak,
Panicked Reaction



Business

- White collar employees take extreme social isolation measures
- Business leaders must respond to employee reluctance to return to work
- Productivity takes a sharp dip that lasts even after the end of the crisis
- Front line employees in core sectors make increasing demands to be compensated for increased personal risk

Retail & Consumer

- Spike in demand for key cleaning supplies and food staples
- Spike in demand for any service perceived as limiting exposure
- Reliance of delivery and logistics systems on poorly paid workers who are at great risk exposes major flaws in existing retail and e-commerce models
- Out-of-home services, entertainment, and travel cease completely and only recover slowly after the crisis has passed

Cultural

- Protection from exposure at all costs is top of mind
- Ongoing political polarization strengthens amid an atmosphere of mistrust
- People stay closer to their "tribes" and become even less trusting of perceived outsiders
- Faith in institutions is severely eroded. Self-reliance is the norm throughout the crisis as trust is only slowly rebuilt.

Generational

- **Boomers:** Seized with extreme fear of infection, Boomers pull back spending even more than average consumers
- **Millennials/X:** These generations are hit hard with their lower levels of wealth and need to support parents and/or children
- **Gen Z:** "Failure to launch" similar to what Millennials experienced in Great Recession



SCENARIO 3

Recurring Nightmare

Seasonal Outbreak, Panicked Reaction

The U.S. health system comes under extreme pressure as the first few seasonal outbreaks of the virus recur in 2021 and 2022. Hospitals limit elective surgeries and postpone care for non-fatal conditions every fall and winter while they focus on fighting each subsequent outbreak.

The 2020 pandemic causes a substantial economic downturn, and before the U.S. economy can fully recover, the 2021 outbreak begins. People's anxiety levels spike, and stock sell-offs erase gains made since the market losses of March 2020.

Businesses have to adjust to new seasonal cycles that oscillate between people splurging and hunkering down. These erratic cycles inject a new level of unpredictability and complexity for everything from staffing...to cashflow...to logistics.



Scenario Details

Business

- New ways of working take hold, including drastic limits to travel
- Investment in digital collaboration platforms will increase and drive new technology development and infrastructure build out
- Service industry permanently contracts, with little prospect of returning to year-round close physical contact

Retail & Consumer

- Consumer spending is reshaped by a new annual rhythm of preparation for hard times. For example, the Q3-Q4 focus on back-to-school and the holiday season becomes more about buying supplies to limit contact.
- Pop-up retail becomes the norm as year-round spaces no longer make economic sense.
- E-commerce must adapt to new seasonal rhythms of extreme peaks in demand

Cultural

- Health concerns dominate all others as people seek ways to stay fit while limiting group contact
- People spend more time apart from each other than ever, and they have a strong craving for connection—increasingly met through digital group experiences.
- People turn almost completely away from existing institutions, which are recurring reminders of their failure in the crisis

Generational

- **Boomers:** The life and death reality of annual outbreaks takes a serious toll on mental health; depression, loneliness and suicides rise. Nest eggs are spent quickly as people worry that they may have fewer years to enjoy savings.
- **Millennials/X:** A complete inability to get ahead economically ensues. Having already been through the Great Recession, this generation demands fundamental changes to American life
- **Gen Z:** Like Millennials, this generation demand major changes in politics and the economy

Recurring Nightmare

Seasonal Outbreak,
Panicked Reaction



SCENARIO 4

Brave New Reality

Seasonal Outbreak, Controlled Reaction

Governments and private sector actors come together to make systematic changes to help deal with the new seasonal pattern of outbreaks. In the absence of a strong federal government response, state leaders cooperate to an unprecedented degree. New regulations focus on sanitation and cleanliness of public spaces to keep illness in check and support for industries hit hardest by the annual loss in revenue.

People accept these measures in the name of public health and economic stability. They develop new habits for work and socializing and are hopeful that the annual spike in COVID-19 cases will decrease each year as some experts suggest. The economic downturn during the 2020 outbreak is severe, but investors and businesses begin to learn how to navigate this fundamentally altered marketplace.



Scenario Details

Brave New Reality

Seasonal Outbreak,
Controlled Reaction



Business

- New ways of working take hold, including drastic limits to travel
- Investment in digital collaboration platforms will increase and drive new technology development and infrastructure build-out
- Productivity remains permanently below pre-crisis levels as workers must redirect their focus toward basic needs

Retail & Consumer

- Seasonal spikes in demand for key cleaning and food products are built into planning cycles for these industries
- Thriving peer-to-peer marketplaces emerge as people try to help each other through bad times
- Retail spaces must adapt to new sanitary and cleanliness standards
- Consumers remain adaptable to these changes while keeping their health in mind

Cultural

- Health and wellbeing become a pervasive concern—with a much greater focus on limiting damage—in contrast to the focus on health optimization that defined the 2010s.
- A grim resolve defines peoples' mindsets as the world adjusts to a new normal with fewer of the pleasures previously known
- Style and aesthetics move away from unnecessary ornament toward solutions that help people cope mentally and physically

Generational

- **Boomers:** Libertarian "self sufficiency" mindset prevails, attempts to self-quarantine are mixed
- **Millennials/X:** Create new norms of community engagement to support parents, each other and young children through crisis
- **Gen Z:** COVID-19 is the watershed event that shapes this generation's worldview, leading them to adopt a cautious mindset toward experiences



What if government response is not enough?

Our underlying assumption a comprehensive government response to the outbreak. **If the government response is fragmented and insufficient, our scenarios change in this way:**

Close Call (Scenario 1): Where the government response is highly effective, the outbreak is less severe but these local successes will depend on limiting contact with poorly managed areas. National recovery takes longer, but new regional institutions and grassroots organizations are developed.

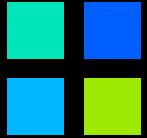
Panic Attack (Scenario 2): Instead of taking decisive steps that could blunt widespread panic, the fragmented and opaque government response fuels panic, conspiracy theories, and localized violence. The impacts of the outbreak are much longer-lasting and blatant rejection of national institutions takes hold.

Recurring Nightmare (Scenario 3): People turn to extreme protection measures and become more self-focused, ignoring the recommendations of experts and leaders in favor of doing their own thing, lengthening each outbreak and resulting in a new normal of economic volatility, paranoia, and extreme individualism.

Brave New Reality (Scenario 4): Without coordination and cooperation, good long-term responses will depend on new cultural norms like social distancing to take hold, leading to a societal rethink of each person's role in collective safety, and a return to a more communal approach to the fragmented interventions being implemented.



	Scenario 1: CLOSE CALL (One-time, Controlled)	Scenario 2: PANIC ATTACK (One-time, Panic)	Scenario 3: RECURRING NIGHTMARE (Seasonal, Panic)	Scenario 4: BRAVE NEW REALITY (Seasonal, Controlled)
Economic	<ul style="list-style-type: none"> Governments step in to prop up impacted sectors of the economy, providing liquidity and spending power to those most impacted Q1 GDP growth is flat, followed by steep declines in Q2 and shallower declines in Q3 Mild U.S. and global recession is followed by a rebound as the virus comes under control and pent-up demand is unleashed 	<ul style="list-style-type: none"> Although governments take unprecedented measures to keep the economy humming, people hoard cash as fear takes hold, blunting the impact of stimulus efforts People living paycheck-to-paycheck withhold usual payments such as rent, actions that ripple across the economy Discretionary spending remains low even as the epidemic itself eases, lengthening economic contraction through Q4. However, the one-time nature of the outbreak restores growth for 2021 Some permanent loss of output results, as many service businesses go under and demand remains low 	<ul style="list-style-type: none"> Government efforts to pump liquidity into the economy run up against their limits as usual and extraordinary Fed tools are expended and people fail to respond Consumers pull back spending repeatedly, inflicting fresh economic damage with each outbreak Service industry permanently contracts, with little prospect of people returning to year-round close physical contact The economy sustains real and lasting structural damage, with GDP growth after 2-3 years settling permanently below its pre-crisis trajectory 	<ul style="list-style-type: none"> Governments adapt to a new economic rhythm, providing fresh rounds of stimulus timed to support seasonal consumer needs People create networks of mutual economic aid that help those most impacted. Together with government action to implement new social safety nets for those most insecure, this helps contain economic fallout Ongoing declines in GDP coincide with seasonal cycles of the outbreak, but are punctuated by GDP growth in off-seasons as people spend on vital services at times of relative safety GDP growth eventually returns to its prior trajectory
Cultural	<ul style="list-style-type: none"> People are much more focused on health concerns People have a sense of having narrowly skirted disaster, which leads to a sense of optimism and resiliency People reassess their values and how they spend their time. Former distractions, now revealed as superfluous, lose their appeal as people adopt a more spiritual mindset. 	<ul style="list-style-type: none"> Protection from exposure at all costs is top of mind Ongoing political polarization strengthens amid an atmosphere of mistrust People stay closer to their "tribes" and become even less trusting of perceived outsiders Faith in institutions is severely eroded. Self-reliance is the norm throughout the crisis as trust is only slowly rebuilt. 	<ul style="list-style-type: none"> Health concerns dominate all others as people seek ways to stay fit while limiting group contact People spend more time apart from each other than ever, and they have a strong craving for connection—increasingly met through digital group experiences. People turn almost completely away from existing institutions, which are recurring reminders of their failure in the crisis 	<ul style="list-style-type: none"> Health and wellbeing become a pervasive concern—with a much greater focus on limiting damage—in contrast to the focus on health optimization that defined the 2010s. A grim resolve defines peoples' mindsets as the world adjusts to a new normal with fewer of the pleasures previously known Style and aesthetics move away from unnecessary ornament toward solutions that help people cope mentally and physically
Retail + Consumer	<ul style="list-style-type: none"> Spike in demand for key cleaning supplies and food staples Mixture between physical retail and e-commerce adjusts quickly to suit a reality where "social distancing" is the new normal—for a few months. Delivery systems innovate to reflect a sudden shift in demand and phase back into normal by Q4 2020 thereby making up for some earlier losses through fulfillment of pent-up demand 	<ul style="list-style-type: none"> Spike in demand for key cleaning supplies and food staples Spike in demand for any service perceived as limiting exposure Reliance of delivery and logistics systems on poorly paid workers who are at great risk exposes major flaws in existing retail and e-commerce models Out-of-home services, entertainment, and travel cease completely and only recover slowly after the crisis has passed 	<ul style="list-style-type: none"> Consumer spending is reshaped by a new annual rhythm of preparation for hard times. For example, the Q3-Q4 focus on back-to-school and the holiday season becomes more about buying supplies to limit contact. Pop-up retail becomes the norm as year-round spaces no longer make economic sense. E-commerce must adapt to new seasonal rhythms of extreme peaks in demand 	<ul style="list-style-type: none"> Seasonal spikes in demand for key cleaning and food products are built into planning cycles for these industries Thriving peer-to-peer marketplaces emerge as people try to help each other through bad times Retail spaces must adapt to new sanitary and cleanliness standards Consumers remain adaptable to these changes while keeping their health in mind
Business	<ul style="list-style-type: none"> Employees take extreme social distancing measures Leaders rapidly develop ways of working centered around remote working Productivity dips initially but rebounds as employees adjust and find efficiencies Blue-collar workers are equipped with the protective equipment necessary to continue to perform critical economic functions and are hailed as heroes 	<ul style="list-style-type: none"> White collar employees take extreme social isolation measures Business leaders must respond to employee reluctance to return to work Productivity takes a sharp dip that lasts even after the end of the crisis Front line employees in core sectors make increasing demands to be compensated for increased personal risk 	<ul style="list-style-type: none"> New ways of working take hold, including drastic limits to travel Investment in digital collaboration platforms will increase and drive new technology development and infrastructure build out Service industry permanently contracts, with little prospect of returning to year-round close physical contact 	<ul style="list-style-type: none"> New ways of working take hold, including drastic limits to travel Investment in digital collaboration platforms will increase and drive new technology development and infrastructure build-out Productivity remains permanently below pre-crisis levels as workers must redirect their focus toward basic needs
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SCENARIO SET 2

Institutional Point of View



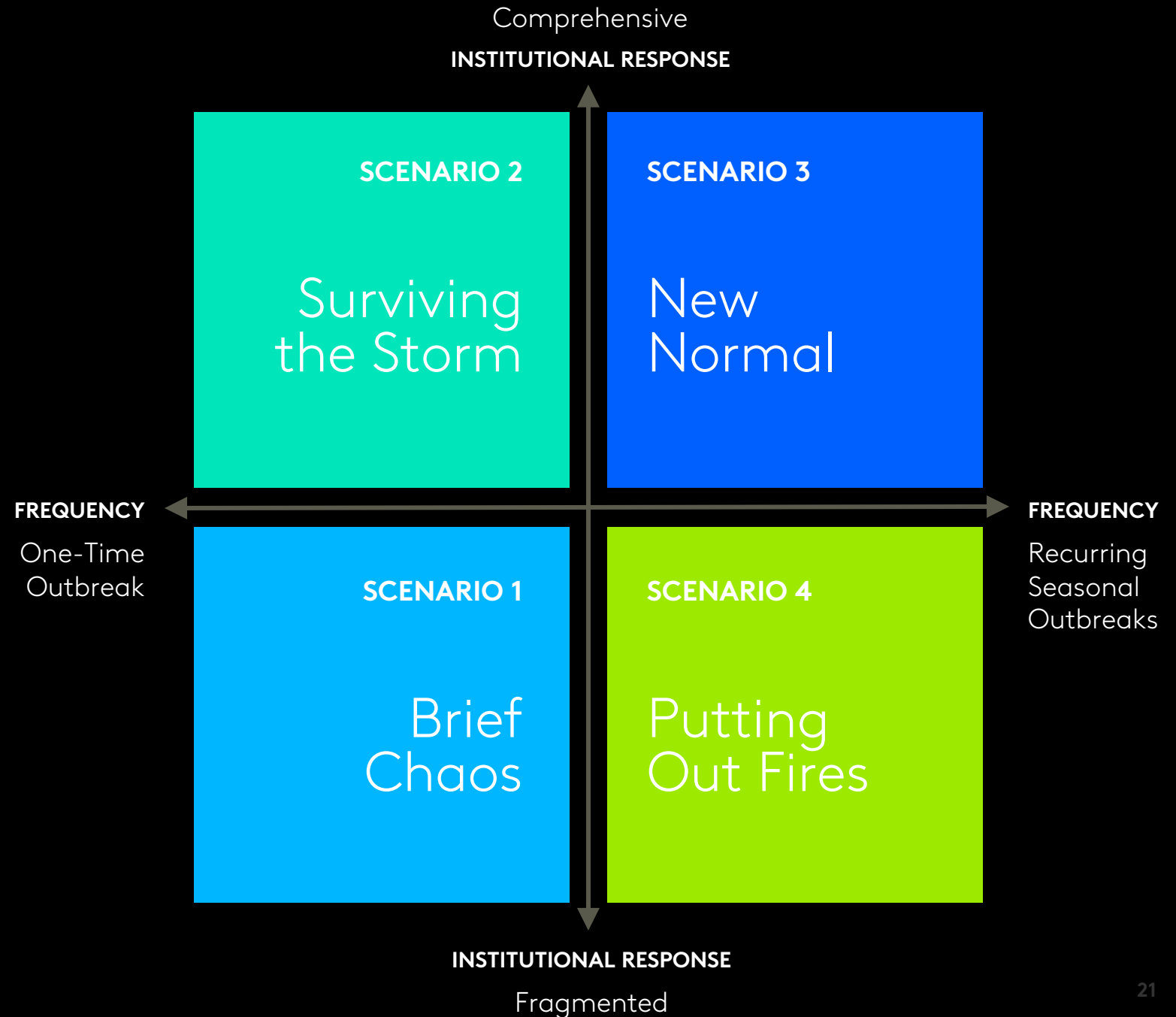
Institutional Point of View

Four Possible Futures

These scenarios were developed by examining two key uncertainties:

- How the **virus** behaves in the form of the frequency of the outbreak
- How **institutions** respond in the form of either a fragmented or comprehensive response

The scenarios should be read as a set exploring the boundaries of possibilities—they are like the “tent pegs” at the corners of the future. It is likely that the future will actually contain elements of each of these scenarios.



Brief Chaos

One-Time Outbreak, Fragmented Institutional Response

Fragmented public health and government response makes the impacts of the outbreak more severe and last longer. Mass disruption to routines extends into months as new clusters appear randomly around the country. Without a comprehensive institutional response, people and communities are forced to become self-reliant. Businesses not built for resiliency, especially small local businesses and restaurants, suffer from reduced demand, and many are forced to close. Vulnerable populations with little access to social safety nets suffer similarly with bankruptcies and homelessness soaring. Government interventions are unfocused and untargeted, while benefits are distributed unevenly.

While basic personal hygiene becomes the front line of defense, the virus spreads across the country and is never really contained. Instead, the virus burns itself out, leaving many dead in its wake – and a deep scar on the national psyche. Many families lose their eldest members, altering the demographics of the nation.



Scenario Details

Brief Chaos

One-Time Outbreak,
Fragmented Institutional Response



Business

- Restaurants, entertainment, and small businesses all struggle to survive and many are forced to shut doors
- Poor institutional response creates an opportunity for the private sector; companies step up and help empower communities to find their own solutions, generating lasting goodwill
- Companies creatively adapt their existing assets for crisis use – delivery networks, manufacturing capabilities, etc.

Retail & Consumer

- Stockpiling of essential goods leads to local rationing in the near-term, but depresses demand for those categories in the first half of 2021 as the crisis abates
- Consumption shifts online, and to low-interaction click-and-collect methods
- Retailers enforce strict new hygiene precautions for employees and shoppers

Cultural

- Skepticism of the federal government grows and conspiracy theories take root; trust grows in community or local organizations and institutions (like healthcare) that show their effectiveness
- Instability and uncertainty promote a savings mindset that lowers people's willingness to spend for months if not years after the crisis is over
- Discontent in the most vulnerable economic populations spikes as they struggle with bankruptcies, homelessness, and access to services

Generational

- **Gen Alpha:** Fear and anxiety around hygiene leaves the generation with a streak of paranoia around cleanliness
- **Boomers/Gen X:** Significant retirement savings are wiped out in a slow market recovery, forcing those currently in and around retirement age to work longer and stress more



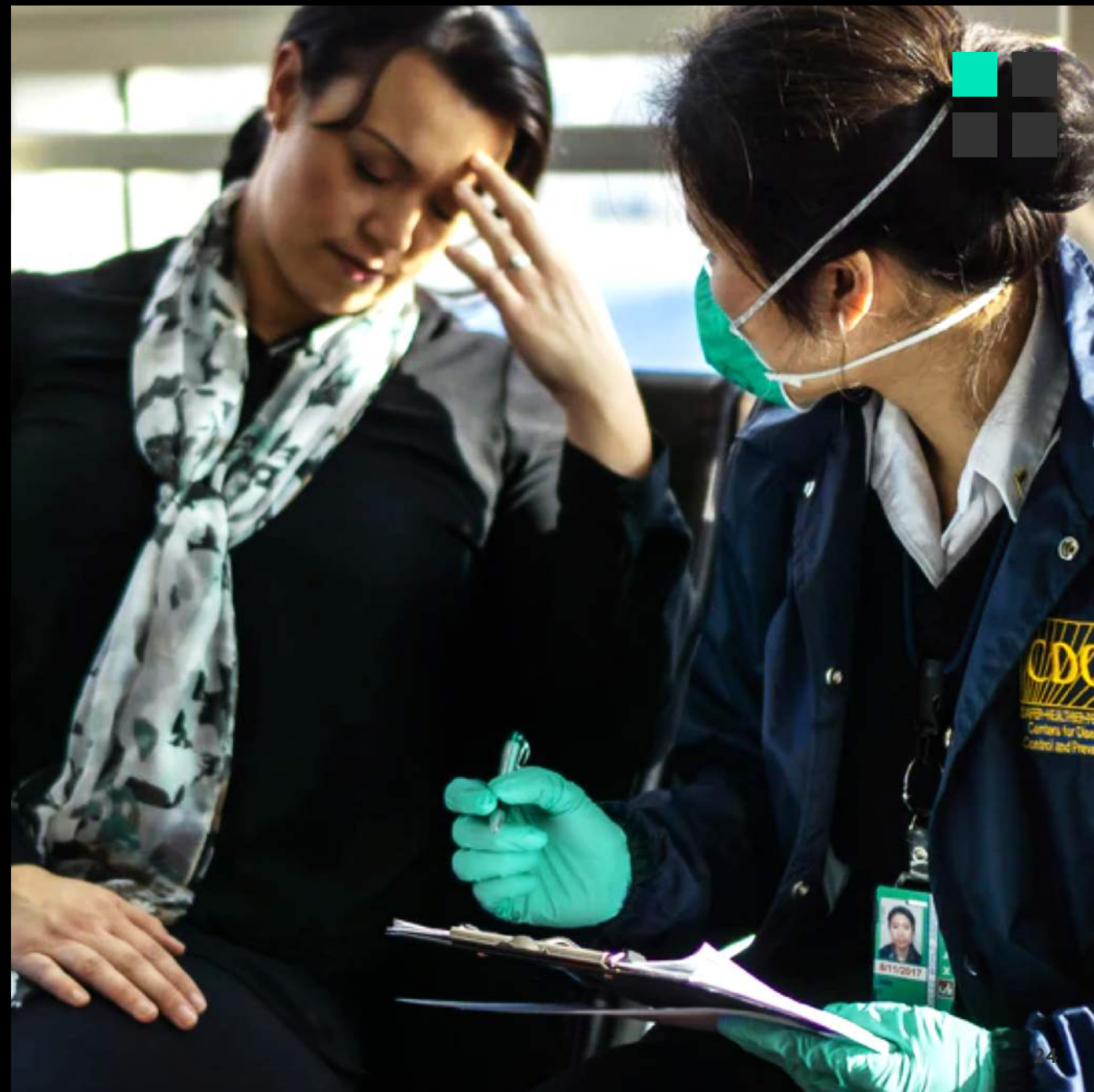
SCENARIO 2

Surviving the Storm

One-Time Outbreak, Comprehensive Institutional Response

After a rough start, the federal government takes the lead and helps coordinate a strong and comprehensive nationwide response that is enacted with precision. Businesses shut their doors, hunker down, and ride out the storm. Working in harmony with the government, they devise plans that allow the vast majority of workers to get paid during the lockdown. Likewise, the government takes focused action to help support the most impacted industries, staving off bankruptcies and a negative economic feedback loop. Stock markets stabilize as confidence in the government is restored.

People comply with quarantines, recommendations on social distancing, and take health advice seriously. While the measures are draconian, the country flattens the curve, limits the total number of cases, and avoids swamping the healthcare system. While the immediate hit is deep, the long-term impact is largely blunted. Once the immediate danger passes, businesses quickly ramp back up to meet pent-up consumer demand.



Scenario Details

Business

- Companies abide by national quarantine measures; any that don't do this end up losing brand equity with consumers and employees
- Businesses dependent on drive-through and takeout thrive; those without these capabilities seek out partners so they can participate in this market
- Companies and the government cooperate to ensure that workers receive enough money to survive the crisis period

Retail & Consumer

- The convenience of click-and-collect mechanisms takes hold in suburban and rural areas while urban stores re-organize their physical space to better facilitate pick-up
- Bored customers demand more entertainment to fill their days, increasing viewership of streaming content like eSports; demand strains infrastructure of companies like YouTube and Twitch
- Spending declines but less drastically, since most people have a safety net; consumer confidence quickly rebounds by H2 2020

Cultural

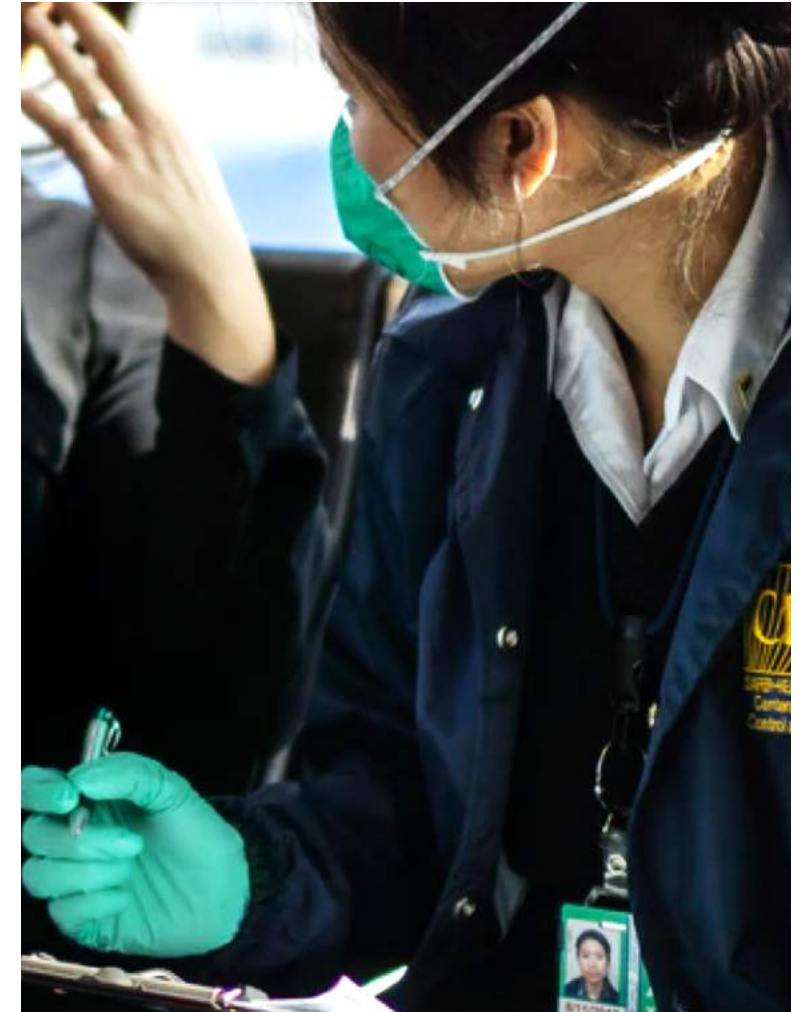
- The importance of collective security and public health is reinforced, promoting a sense of collectivism and reinforcing the importance of community ties in people's minds
- Confidence in the ability of the government to respond to crises is restored, pushing back against the tide of government mistrust
- Social distancing fades eventually but vestiges remain, including less handshaking and more remote work

Generational

- **Gen Z/Alpha:** Seeing the government effectively handle a crisis gives these generations a lifetime opinion of the importance of government
- **Millennials:** Civic participation increases as they prioritize good leadership and governance

Surviving the Storm

One-Time Outbreak,
Comprehensive Institutional Response



New Normal

Seasonal Outbreak, Comprehensive Institutional Response

With the muscle memory from the initial outbreak in place, the nation is well-placed to respond when ensuing waves of outbreaks occur. Before a vaccine is developed, the playbook of draconian measures like school and business closures, work from home policies, and social safety support systems are highly effective – turning COVID-19 into a predictable, if still deadly, cyclical occurrence. Bits and pieces of a new "NEW DEAL" take hold slowly but surely. Stock markets become adept at pricing virus-related risks and impacts, limiting volatility.

The continued exposure and experience with virus coping mechanisms leads the entire economic system to reorient around COVID-19 with "minimizing risk" taking priority over "maximizing efficiency." Industries reliant on large crowds, gatherings, or consumer mobility become more seasonal. Technologies that enable productivity and leisure during COVID-19 season, like telehealth, video conferencing, e-learning, and communications infrastructure all see adoption rise throughout the year.



Scenario Details

New Normal

Seasonal Outbreak,
Comprehensive Institutional Response



Business

- Accelerated investment in technology infrastructure that enables remote work
- Logistics and last-mile providers will see demand increase during infection “season” and many will diversify and partner to provide cross-platform services (food delivery as part of Netflix subscriptions, for instance)
- Organizations fundamentally alter their business models and ways of working to adapt to the new challenges of social distancing and long-term downsizing

Retail & Consumer

- Accelerated development and adoption of automated, staff-less stores
- Delivery, online, and click-and-collect show increased seasonal demand; employment remains steady as workers shift from front-line to back-room
- Major venues and public spaces will be expected to undertake heightened outbreak security measures”

Cultural

- People adjust their annual rhythms around the potential outbreak season, creating new peak travel and entertainment seasons
- Social distancing practices results in a no-touch culture taking hold
- Religions dependent on large social gatherings must adopt innovative ways of fostering community
- Dependence on social safety nets, especially during outbreaks, will be considered normal and not looked down on

Generational

- **Gen Alpha:** The adoption of e-learning and instant-teaching methods reshapes expectations for education; traditional cultural touchstones like September playoff baseball or Christmas Santa pictures disappear
- **Gen X/Boomers:** The need to avoid large groups during outbreak season will reshape both what and where they spend their money (less travel) and how large family gatherings occur



Putting Out Fires

Seasonal Outbreak, Fragmented Institutional Response

The federal government's uneven, uncoordinated, and poorly targeted actions give rise to varying local government standards for health care, businesses, and people. Powerful large companies facing a fragmented landscape take matters into their own hands by setting up virus outbreak agendas for their companies and employees. These siloed responses lead to cycles of social, cultural, and economic disruption that further damage critical systems and national trust every time the virus returns.

The initial waves of panic from people will fade as the public becomes desensitized to recurring outbreaks and the mortality it brings. Both people and businesses will seek out policy-based loopholes and benefits to take advantage of the fragmented national landscape. Health care costs go up while effectiveness goes down as they become permanently locked in a reactive stance and expend energy and money putting out fires.



Scenario Details

Business

- Large layoffs happen with each outbreak; uneven regional responses lead to more stability for employees in some localities, but also higher general operating costs in those places
- Businesses build more resilient supply chains with duplicate vendors from multiple geographies to hedge against the virus
- New industry of roving virus-response teams develops for rapid deployment to new hot spots

Retail & Consumer

- Long-term uncertainty depresses consumer confidence and spending, resetting the baseline to a much lower level
- Demand for large gatherings and travel declines, stalling the growth in the experience economy and accelerating consolidation and right-sizing in retail
- Widespread adoption of delivery-based retail shifts logistics towards local warehousing and production-on-demand

Cultural

- Xenophobia and scapegoating increase as border closings and travel bans are enacted at regional levels
- The importance of having a stable job at large, well-capitalized companies with strong workforce policies shifts how people view employment
- Non-cash transactions will dominate; unbanked and credit-less populations find it increasingly difficult to function in this new landscape

Generational

- **Boomers:** Stock market losses mean fewer can retire comfortably; widespread rejection of retirement communities
- **Gen X:** Retirement planning is completely upended and squeeze on this sandwich generation causes great stress and anxiety
- **Millennials:** Importance of saving and having assets takes priority over discretionary spending and the experience economy

Putting Out Fires

Seasonal Outbreak,
Fragmented Institutional Response



What if people begin to panic?

Our core assumption has been a calm and controlled reaction on the part of people. If instead people adopt a panicked, paranoid, and distrustful outlook, our scenarios change in the following ways:

Brief Chaos (Scenario 1): Mass hoarding of necessities like food, guns, and medicine depletes businesses. Communities become hostile and refuse to share resources. Localized L.A.-style riots break out, which further strain federal resources that are dealing with health issues.

Surviving the Storm (Scenario 2): People actively avoid rational quarantine measures and take advantage of opportunities for personal gain. They do not believe the epidemic is over and prioritize saving instead of spending. Instead of bouncing back like a "V-shape," consumption lags and forms a "U-shaped" graph.

New Normal (Scenario 3): People become even more risk adverse and do not experiment with novel forms of consumption. Trusted brands and platforms are further ingrained in their minds disallowing anything new to take root. There is a direct hit to consumer confidence even if the markets are trending upwards.

Putting Out Fires (Scenario 4): Baby Boomers and Millennials cannot handle two depressions; a collapsing economy begets national protests that seek accountability for the inept handling of the epidemic.



	Scenario 1: BRIEF CHAOS (One-time, fragmented)	Scenario 2: SURVIVING THE STORM (One-time, comprehensive)	Scenario 3: NEW NORMAL (Seasonal, comprehensive)	Scenario 4: PUTTING OUT FIRES (Seasonal, fragmented)
Economic	<ul style="list-style-type: none"> – Recession exacerbated by panicked stock market; unfocused economic interventions help big companies and big investors rather than those who need it most – Long-lasting, piecemeal response puts increasing numbers of people out of work – Economic impact is highly uneven; recovery in automated manufacturing sector comes faster, while the service sector struggles to come back; travel sector is decimated – Social safety nets are incredibly strained – Economy takes on a "V-shaped" recovery" 	<ul style="list-style-type: none"> – Temporary economic contraction that is mitigated in severity by coordinated economic response and fiscal stimulus from the government – Industries most in danger receive help from the government to stay afloat while the economy is stopped – Aggressive government measures to help the most financially vulnerable populations provide a safety net – Stocks recover quickly after a period of volatility – US debt levels shoot up 	<ul style="list-style-type: none"> – Economic contraction, followed by settlement into new economic baselines – one for COVID19 season and one for "normal" life – Governments set up a new set of social safety nets that provides basic income to workers during COVID19 season; significant chunks of the healthcare system is also nationalized – Large, well-capitalized multinationals also begin acting more like governments by becoming providers of healthcare and social safety nets for their employees. – Service workers shift to delivery fulfillment during COVID19 season, increasing demand and need for portable benefits programs 	<ul style="list-style-type: none"> – Full on economic depression – Homeownership declines – Supply side shock to the economy and a morbid workforce further degrades the economy. – Personal savings are lost to paying debts incurred during the epidemic – Lack of jobs for an incumbent work force – Stocks price in long term risk; initial losses are never made back – Economy takes on an "L-shape" as mortality and morbidity causes damage to the supply-side of the economy
Cultural	<ul style="list-style-type: none"> – Skepticism of the federal government grows and conspiracy theories take root; trust grows in community or local organizations and institutions (like healthcare) that show their effectiveness – Instability and uncertainty promote a savings mindset that lowers people's willingness to spend for months if not years after the crisis is over – Discontent in the most vulnerable economic populations spikes as they struggle with bankruptcies, homelessness, and access to services 	<ul style="list-style-type: none"> – The importance of collective security and public health is reinforced, promoting a sense of collectivism and reinforcing the importance of community ties in people's minds – Confidence in the ability of the government to respond to crises is restored, pushing back against the tide of government mistrust – Social distancing fades eventually but vestiges remain, including less handshaking and more remote work 	<ul style="list-style-type: none"> – People adjust their annual rhythms around the potential outbreak season, creating new peak travel and entertainment seasons – Social distancing practices results in a no-touch culture taking hold – Religions dependent on large social gatherings must adopt innovative ways of fostering community – Dependence on social safety nets, especially during outbreaks, will be considered normal and not looked down on 	<ul style="list-style-type: none"> – Xenophobia and scapegoating increase as border closings and travel bans are enacted at regional levels – The importance of having a stable job at large, well-capitalized companies with strong workforce policies shifts how people view employment – Non-cash transactions will dominate; unbanked and credit-less populations find it increasingly difficult to function in this new landscape
Retail + Consumer	<ul style="list-style-type: none"> – Stockpiling of essential goods leads to local rationing in the near-term, but depresses demand for those categories in the first half of 2021 as the crisis abates – Consumption shifts online, and to low-interaction click-and-collect methods – Retailers enforce strict new hygiene precautions for employees and shoppers 	<ul style="list-style-type: none"> – The convenience of click-and-collect mechanisms takes hold in suburban and rural areas while urban stores re-organize their physical space to better facilitate pick-up – Bored customers demand more entertainment to fill their days, increasing viewership of streaming content like eSports; demand strains infra-structure of companies like YouTube and Twitch – Spending declines but less drastically, since most people have a safety net; consumer confidence quickly rebounds by H2 2020 	<ul style="list-style-type: none"> – Accelerated development and adoption of automated, staff-less stores – Delivery, online, and click-and-collect show increased seasonal demand; employment remains steady as workers shift from front-line to back-room – Major venues and public spaces will be expected to undertake heightened outbreak security measures" 	<ul style="list-style-type: none"> – Long-term uncertainty depresses consumer confidence and spending, resetting the baseline to a much lower level – Demand for large gatherings and travel declines, stalling the growth in the experience economy and accelerating consolidation and right-sizing in retail – Widespread adoption of delivery-based retail shifts logistics towards local warehousing and production-on-demand
Business	<ul style="list-style-type: none"> – Restaurants, entertainment, and small businesses all struggle to survive and many are forced to shut doors – Poor institutional response creates an opportunity for the private sector; companies step up and help empower communities to find their own solutions, generating lasting goodwill – Companies creatively adapt their existing assets for crisis use – delivery networks, manufacturing capabilities, etc. 	<ul style="list-style-type: none"> – Companies abide by national quarantine measures; any that don't do this end up losing brand equity with consumers and employees – Businesses dependent on drive-through and takeout thrive; those without these capabilities seek out partners so they can participate in this market – Companies and the government cooperate to ensure that workers receive enough money to survive the crisis period 	<ul style="list-style-type: none"> – Accelerated investment in technology infrastructure that enables remote work – Logistics and last-mile providers will see demand increase during infection "season" and many will diversify and partner to provide cross-platform services (food delivery as part of Netflix subscriptions, for instance) – Organizations fundamentally alter their business models and ways of working to adapt to the new challenges of social distancing and long-term downsizing 	<ul style="list-style-type: none"> – Large layoffs happen with each outbreak; uneven regional responses lead to more stability for employees in some localities, but also higher general operating costs in those places – Businesses build more resilient supply chains with duplicate vendors from multiple geographies to hedge against the virus – New industry of roving virus-response teams develops for rapid deployment to new hot spots
Generational	<ul style="list-style-type: none"> – Gen Alpha: Fear and anxiety around hygiene leaves the generation with a streak of paranoia around cleanliness – Boomers/Gen X: Significant retirement savings are wiped out in a slow market recovery, forcing those currently in and around retirement age to work longer and stress more 	<ul style="list-style-type: none"> – Gen Z/Alpha: Seeing the government effectively handle a crisis gives these generations a lifetime opinion of the importance of government – Millennials: Civic participation increases as they prioritize good leadership and governance 	<ul style="list-style-type: none"> – Gen Alpha: The adoption of e-learning and instant-teaching methods reshapes expectations for education; traditional cultural touchstones like September playoff baseball or Christmas Santa pictures disappear – Gen X/Boomers: The need to avoid large groups during outbreak season will reshape both what and where they spend their money (less travel) and how large family gatherings occur 	<ul style="list-style-type: none"> – Boomers: Stock market losses mean fewer can retire comfortably; widespread rejection of retirement communities – Gen X: Retirement planning is completely upended and squeeze on this sandwich generation causes great stress and anxiety – Millennials: Importance of saving and having assets takes priority over discretionary spending and the experience economy

Questions to Consider



Initial Reactions: Scenario Set 1

OUTBREAK BEHAVIOR x REACTION BY PEOPLE



What are your initial reactions to the four scenarios in set 1?

Close Call (One-Time Outbreak, Controlled Reaction)

Panic Attack (One-Time Outbreak, Panicked Reaction)

Recurring Nightmare (Recurring Outbreaks, Panicked Reaction)

Brave New Reality (Recurring Outbreaks, Controlled Reaction)

Which future would be most challenging to your organization? Why?

Which would be the easiest future for your organization to navigate? Why?

Initial Reactions: Scenario Set 2

OUTBREAK BEHAVIOR x INSTITUTIONAL RESPONSE



What are your initial reactions to the four scenarios in set 2?

Brief Chaos (One-time Outbreak, Fragmented Response)

Surviving the Storm (One-Time Outbreak, Comprehensive Response)

New Normal (Recurring Outbreak, Comprehensive Response)

Putting Out Fires (Recurring Outbreak, Fragmented Response)

Which future would be most challenging to your organization? Why?

Which would be the easiest future for your organization to navigate? Why?

Scenario Implications



Choose a Scenario Set and consider the following questions for Scenario 1 from that set. Repeat for the other set if you wish.

What strengths or assets does your company have to help it weather this scenario?

What weaknesses does your company have that would hinder it in this scenario?

What opportunities would there be for your industry and company in this scenario?

What are the greatest threats to your industry and your company within this scenario?

Scenario Implications



Choose a Scenario Set and consider the following questions for Scenario 2 from that set. Repeat for the other set if you wish.

What strengths or assets does your company have to help it weather this scenario?

What weaknesses does your company have that would hinder it in this scenario?

What opportunities would there be for your industry and company in this scenario?

What are the greatest threats to your industry and your company within this scenario?

Scenario Implications



Choose a Scenario Set and consider the following questions for Scenario 3 from that set. Repeat for the other set if you wish.

What strengths or assets does your company have to help it weather this scenario?

What weaknesses does your company have that would hinder it in this scenario?

What opportunities would there be for your industry and company in this scenario?

What are the greatest threats to your industry and your company within this scenario?

Scenario Implications



Choose a Scenario Set and consider the following questions for Scenario 4 from that set. Repeat for the other set if you wish.

What strengths or assets does your company have to help it weather this scenario?

What weaknesses does your company have that would hinder it in this scenario?

What opportunities would there be for your industry and company in this scenario?

What are the greatest threats to your industry and your company within this scenario?

Actions for Best and Worst Case Scenarios



What can you do today to reduce the negative impacts and increase resilience should your worst case scenarios occur?

What strategies and capabilities would a business need to thrive should your best case scenario occur?

Summary



Looking across all the scenarios, what must your business do to THRIVE in any scenario?

People

Processes

Policies

Technologies

Partnerships

Other

About Kantar

Kantar is the world's leading evidence-based insights and consulting company. We have a complete, unique and rounded understanding of how people think, feel and act; globally and locally in over 90 markets. By combining the deep expertise of our people, our data resources and benchmarks, our innovative analytics and technology, we help our clients understand people and inspire growth.

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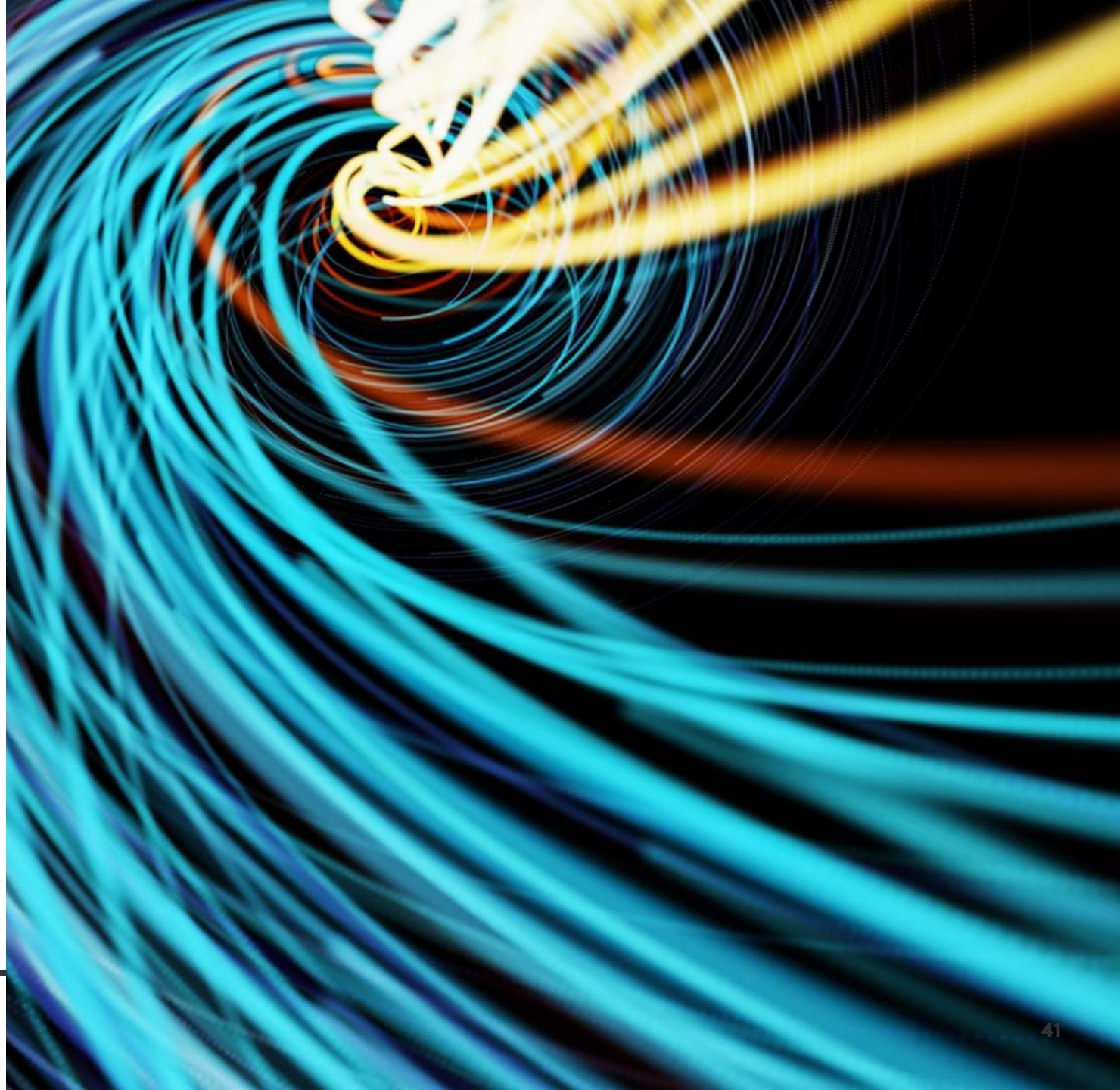
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future together!

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