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Deloitte Global 2021 Millennial and Gen Z Survey

On the occasion of the tenth anniversary of the report, the Millennial and Gen Z Survey 2021 reveals that two generations demand social change and responsibility.

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Global Retail Powers 2021

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Putting digital at the heart of strategy

Risk concerns are holding back AI adoption—and research suggests that actively managing AI risk boosts the technologies' benefits to the organization.

Deloitte Global 2021 Millennial and Gen Z Survey

On the occasion of the tenth anniversary of the report, the Millennial and Gen Z Survey 2021 reveals that two generations demand social change and responsibility.

After a year of intense uncertainty due to the COVID-19 pandemic, political instability, racial discord and severe weather events, Millennials and Generation Z (Gen Z) all over the world they are determined to take responsibility for themselves and others for the most pressing problems in society.

Millennials and Generation Zs came of age at the same time that online platforms and social media gave them the ability and power to share their opinions, influence distant people and institutions, and question authority in new ways. These forces have shaped their worldviews, values, and behaviors.

Digital natives' ability to connect, convene, and create disruption via their keyboards and smartphones has had global impact. From #MeToo to Black Lives Matter, from convening marches on climate change to the Arab Spring, from demanding eco-friendly products to challenging stakeholder capitalism, these generations

are compelling real change in society and business.

The lockdowns resulting from the COVID-19 pandemic curtailed millennials' and Gen Zs' activities but not their drive or their desire to be heard. In fact, the 2021 Deloitte Global Millennial Survey suggests that the pandemic, extreme climate events, and a charged sociopolitical atmosphere may have reinforced people's passions and given them oxygen.

Last year's report reflected the results of two surveys, one taken just before the pandemic and a second taken in April 2020, and highlighted the resilience of millennials and Gen Zs. With the pandemic's devastation affecting practically every aspect of life, they were able to see and take advantage of the few bright spots, dinners at home, no commutes, and see opportunity ahead. The mood has shifted since: The wear and tear of the last year, of being cooped up and isolated, living with the constant fear of getting sick or



seeing loved ones get sick, and witnessing devastating events around the globe, has dramatically sapped optimism.

This year's survey, though, also makes it increasingly clear that millennials and Gen Zs aren't just resilient, they're channeling their energies into holding themselves and others accountable. They're the people most likely to call out racism and sexism, and to shun companies and employers whose actions conflict with their personal values.

Of course, that's a generality, no group of people is homogeneous. But millennials and Gen Zs, on the whole, seem more persistent, more vocal, and more apt than others to question and even upset the status quo. These generations believe in the power of individuals to create change. Even though they want institutions to do more and aren't hesitant to call for government intervention to fix what they can't, they embrace personal responsibility. It's evident in their approach to everything

from the pandemic to social justice, an approach that has real ramifications for employers, retailers, and every other organization and institution.

This year's global survey followed up on topics related to the pandemic, including its effect on respondents' behaviors, stress levels, and opinions. As always, it asked about people's satisfaction with business's role in society. And it dug into the issues that matter to millennials and Gen Zs, especially the environment, social equality, and discrimination.

Conclusion

Emerging from one of the most difficult years of their lives, millennials and Gen Zs are more downbeat than at any time during the 10 years they've been surveyed. Yet their responses to questions about the pandemic, equality, the environment, and the role of business suggest an eagerness to take the torch from those who, in their opinion, are doing too little to improve society and address the issues they care about most.

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The Top 10 of the most outstanding

The ten retail companies that, during FY19, recorded the highest growth are:

- As we observed, and in line with the comments outlined in the economic outlook, Amazon became the second largest retailer worldwide, bringing Costco to third place in the ranking.
- The top 10 retailers concentrated on the main markets and decided to withdraw from some international markets.
- On the other hand, the Top 10 had no new entrants and continued to be dominated by players based in the United States. The only company that recorded growth was Amazon, which has climbed positions every year since its entry to the 10th top in FY 2015.

• Walmart has led the Top of 250 global retailers for more than 20 years. The company recorded FY 2019 retail revenue growth of 1.9% year-on-year, driven mainly by growth in sales of comparable stores in the United States.

The impact of COVID-19 on major global retailers

This section is a brief preview of what will be next year's report, in which we will look more deeply at how the pandemic has impacted global retail revenue growth within the FY 2020 Top 25 (ending June 30, 2021).

Retailers that registered growth in FY20 were able to capitalize on the new consumer

opportunities presented by the COVID-19 pandemic, particularly in online purchases and deliveries, and were able to continue operating from their stores.

Other retailers, for their part, suffered a reduction in demand for their product categories due to significant changes in consumer behavior, which were induced by the pandemic, the closing of shops and travel bans. These companies were also less able to respond quickly and change their model to offer online solutions.

To be sure, one of the most important effects of the pandemic is that online retail sales increased worldwide. Growing retailers already had strong online sales and delivery capabilities, allowing them to respond quickly to accelerate their e-growth:

- In the United States, the online share of retail went from 11.8%, in the first quarter of 2020, to 16.1% in the second quarter of 2020.
- In Latin America, e-commerce company Mercado Libre saw its deliveries per day more than double for the second quarter of 2020 compared to 2019.
- It's no surprise that online specialists, Amazon and JD.com, have experienced the highest growth in FY 2020, with sales up about a third.
- Most of the top 25 retailers with existing e-commerce capabilities increased their online sales by at least 50%, and five US-based retailers saw their online sales increase more than double.
- Household improvement retailers Lowe's and Home Depot also benefited from the "staying at home" consumer approach, and food retailers increased sales as food consumption changed and took place at home.
- The biggest sales declines were in retailers operating in the fashion and luxury categories; those with major travel retail operations; and those with low e-commerce capabilities.

The Top 250 of global retail powers

The share of global Top 250 retail companies in retail revenue from foreign operations fell again in FY 2019.

Top 250 companies operated in 11.1 countries, a slight increase from FY 2018 in 10.8, but their share of foreign operating income fell again by 0.6 percentage points to 22.2%. 64 companies had retail operations in more than ten countries. Only 36 companies earned more than half of their retail revenues from overseas operations, the vast majority (29) were based in Europe and an internationalization strategy to look for growth outside their saturated domestic markets. ●

The fastest 50

The new participant Coupang Corp is the fastest growing company in the Top 250, with revenues of more than 60% year-on-year and a five-year CAGR of more than 100%. Coupang, South Korea's largest online retailer, attributed its revenue growth in FY 2019 to its extended delivery service "Wow", which enabled overnight and same-day deliveries across the country.

The fastest growing categories were household appliances and fresh food. The company states that its continued investment in logistics and the dense population of South Korea means, together, that 70% of Koreans live 10 minutes from a Coupang logistics center, which facilitates delivery in the last mile.

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Undoubtedly, one of the more important effects of pandemia is that online sales minorists incremented worldwide.

Putting digital at the heart of strategy

Deloitte's latest global Digital Transformation survey shows that companies with higher digital maturity are more resilient and better able to adapt to constant change. They also get better financial results. These companies recognize digital transformation as a fundamental pillar of their overall strategy.



Digital possibilities must shape strategy

For most organizations, the shock and disruption of the COVID-19 pandemic revealed vulnerabilities that leaders had never identified before. Yet many of these organizations rose to the challenge, with digital capabilities playing a critical role in their resilience. Etsy saw its traffic double as brick-and-mortar stores shuttered and shoppers rushed online; cloud computing helped the online retailer handle the surge. As call centers experienced overwhelming volumes, organizations like Bank of America and Comcast answered customer queries with the help of digital assistants.

COVID-19 was only the latest in a series of episodes that have illustrated just how much uncertainty our society, our leaders, and our organizations must contend with. But while leaders may not be able to control the pace of change dictated by external events, they can develop their organizations' capacity to navigate that change effectively, to defend against threats and take advantage of new opportunities.

In thriving amid disruption, digital enterprises have an edge over less digitally mature competitors. Our 2021 Deloitte Digital Transformation Executive Survey provides fresh evidence that more digitally mature companies are more resilient and better able to navigate rapid change, and they do significantly better financially as a result. In this year's survey, higher-maturity companies were about twice as likely as lower-maturity ones to report net profit margins and annual revenue growth significantly above their industry average.

Digital opportunities for a better overall strategy

On their way to digitalization, organizations need a clear strategy to define digital priorities.

New digital capabilities (cloud platforms, process automation, artificial intelligence) provide great possibilities. For example, cloud platforms enable organizations to develop software solutions faster than traditional methods. Automation of robotic processes accelerates efforts to



address growing transaction volumes. Chatboxes help with increasing demand for customer questions.

Business leaders who do not consider the new possibilities of digital technology run the risk of avoiding great opportunities. These new possibilities should be inputs for the development of the overall strategy. Now, more than ever, organizations need to bring technology to the executive room when developing their "where to compete" and "how to compete" strategies. Integrating competitive strategy with digital strategy to achieve a global strategy is a shared task between executives and technology leaders.

Digital capabilities increase resilience by improving various organizational attributes

Agility: the ability to quickly pivot in response to new threats and opportunities

Stability: the ability to maintain operational excellence while rapidly pivoting and scaling.

Scalability: the ability to meet sudden increases or decreases in demand amid disruptions (a key benefit of on-demand cloud computing)

Strategy as a differentiator

The adoption of new digital technologies is a bet of many organizations in many sectors. Organizations must assume that their competitors are strengthening their digital capabilities. According to our global survey on digital maturity, about 70% of respondents plan to increase their financial efforts in the digital transformation of their companies.

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