About the Shift Index

We developed the Shift Index to help executives understand and take advantage of the long-term forces of change shaping the US economy. The Shift Index tracks 25 metrics across more than 40 years. These metrics fall into three areas: 1) the developments in the technological and political foundations underlying market changes, 2) the flows of capital, information, and talent changing the business landscape, and 3) the impacts of these changes on competition, volatility, and performance across industries. Combined, these factors reflect what we call the Big Shift in the global business environment.

For more information, please go to www.deloitte.com/us/shiftindex.
John Hagel (co-chairman, Deloitte Center for the Edge) has nearly 30 years of experience as a management consultant, author, speaker, and entrepreneur, and has helped companies improve performance by applying IT to reshape business strategies. In addition to holding significant positions at leading consulting firms and companies throughout his career, Hagel is the author of bestselling business books such as *Net Gain, Net Worth, Out of the Box, The Only Sustainable Edge*, and *The Power of Pull*.

John Seely Brown (JSB) (independent co-chairman, Deloitte Center for the Edge) is a prolific writer, speaker, and educator. In addition to his work with the Center for the Edge, JSB is adviser to the provost and a visiting scholar at the University of Southern California. This position followed a lengthy tenure at Xerox Corporation, where JSB was chief scientist and director of the Xerox Palo Alto Research Center. JSB has published more than 100 papers in scientific journals and authored or co-authored seven books, including *The Social Life of Information, The Only Sustainable Edge, The Power of Pull*, and *A New Culture of Learning*.

Tamara Samoylova (head of research, Deloitte Center for the Edge) leads the Center's research agenda and manages rotating teams of Edge fellows. Prior to joining the Center, Samoylova served as a senior manager in Deloitte Consulting LLP's Growth and Innovation practice, helping mature companies find new areas of growth by better understanding unmet customer needs, industry dynamics, and competitive moves.

Matt Frost (research fellow, Deloitte Center for the Edge) works with clients to align talent strategies and initiatives with overall business priorities. Frost is a consultant in Deloitte Consulting LLP's Human Capital practice and works with leaders within the HR, Talent, and Recruiting functions. At the Center for the Edge, Frost's research focuses on how institutions can accelerate performance improvement in the 21st century by redesigning work environments to amplify worker passion.
About the research team

Ankur Damani (Research Fellow, Deloitte Center for the Edge) is interested in the dynamics of new business models and growth strategies enabled by technology in both mature and emerging sectors. As a consultant in Deloitte Consulting LLP’s Strategy and Operations practice, he has helped clients across a range of industries, including health care, technology, and consumer products. At the Center, Damani has focused on conducting analytics and primary and secondary financial research to model the changing dynamics of firm performance.

Jonathan Salzberg (research fellow, Deloitte Center for the Edge) is a consultant in Deloitte Consulting LLP’s Strategy & Operations practice. He has spent his three years with Deloitte Consulting working on organizational transformation projects for technology clients in Silicon Valley. Understanding the technology landscape and organizational structures at each of those companies proved invaluable when he conducted his research during his time at the Center.
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The burdens of the past

Long-term trends help to tell a story. In the case of the 2013 Shift Index, the story centers on the puzzling discrepancy in technology adoption between individuals and organizations. In their personal lives, individuals are enthusiastically harnessing the power of rapid technological advances and the information flows they unleash to create more value. Why then do so many corporations and institutions seem unable to effectively embrace technological advances that speed up the flow of knowledge?

That’s the critical question raised by the 2013 Shift Index (see sidebar “The Shift Index”), a set of measurements designed to complement the numerous indices tracking the short-term facts and figures of a rolling business cycle. Collectively, these metrics clearly show that we are in the early stages of an enormous transformation that we call the Big Shift. The business environment is changing in a more fundamental way than short-term, boom-and-gloom market and employment numbers show.

Driving these changes is the continuing exponential improvement in the cost performance of three core digital technologies: computing power, storage, and bandwidth. As a result, new products and services hit the market faster than ever. Individuals who adopt these products and use them in unexpected ways then generate more products and services, creating a virtuous cycle of innovation. Coupled with public policies driving economic liberalization, the advances in and adoption of new technologies have resulted in fierce competition and a shift of power from institutions to individuals. The 2013 Shift Index finds executive turnover at an all-time high, brand disloyalty and consumer power continuing to rise, and the compensation gap between “creative talent”1 and other workers widening (figures 25–28).

In this fluid, competitive environment, a few institutions and ecosystems are creating new sources of value and discovering new ways to thrive. The data analytics company Palantir has built, from the ground up, the ability to help organizations answer their toughest questions through previously impossible data manipulations and visualizations.2 DPR Construction, recognizing that innovation requires employees to learn faster together, has built a customized online meeting space—an “idea marketplace” where employees share, debate, and develop ideas across organizational boundaries.3 Google combined rapidly advancing technologies to create self-driving cars that see the world with greater accuracy than human drivers do and can respond to changes more quickly and precisely.4
THE SHIFT INDEX

We developed the Shift Index to help executives understand and take advantage of the long-term forces of change shaping the US economy. First released in 2009 and updated annually, the Shift Index tracks 25 metrics across more than 40 years, providing a comprehensive view of underlying trends not captured by short-term economic indicators. These metrics and the relative rates of change between them highlight the evolution and impact of important long-term developments in technology and public policy.

The 25 metrics are divided into three indices that measure the three waves of change in what we call the Big Shift in the global business environment:

1) The Foundation index involves changes to the fundamentals of the business landscape catalyzed by advances in the digital technology infrastructure and reinforced by liberalizing public policy. Changes in the Foundation metrics have systematically reduced barriers to entry and movement.

2) The Flow index looks at the flows of knowledge, capital, and talent—the key drivers of performance enabled by the foundational advances—as well as the amplifiers of these flows. Flow metrics tend to lag Foundation metrics because of the time required to understand and develop new practices consistent with foundational changes.

3) The Impact index captures the consequences of long-term trends on competition, volatility, and performance across industries. Impact metrics will change as firms begin to figure out how to participate in the knowledge, capital, and talent flows across institutional and geographic boundaries.

For more information about the Shift Index methodology, please refer to www.deloitte.com/us/shiftindex.
Such stories, unfortunately, are not common. Companies like these are on the edge. Traditional rank-and-file firms, where the bulk of the world’s human and material resources still reside, lag behind in many areas. The continued downward trend in return on assets (ROA) among US public companies—which has declined to one-quarter of its level in 19655 (a few years before the invention of the microprocessor)—is one indication of this lag. Companies are working harder than in the past, only to generate lower returns from their assets. Still pursuing goals of greater efficiency and predictability, the value they create diminishes as they strive to squeeze every last bit of variance out of operations.

This focus on efficiency and predictability, however appropriate it may be in a relatively stable business environment, is no longer a virtue. Rapid technological advances and new competition from unexpected quarters make forecasts less accurate—and less valuable. Thus, the world of the Big Shift demands resilience and learning over routine and the status quo. Scalable learning trumps scalable efficiency, and participating effectively in knowledge flows within and across organizational boundaries becomes a critical skill.

Fortunately, thanks to the unprecedented cost-performance improvement in computing power, storage, and bandwidth, the communications tools that can enable rapid learning and effective knowledge sharing are widely available and improving every day. And on an individual level, it hasn’t taken long for us to adjust our habits and adopt a myriad of tools that make communication easier, faster, and cheaper. At home and in transit, we use the Internet to find information, entertain ourselves, and create new content. Mobile phones and social tools give us always-on access to our contacts. Constant connectivity drives ever-higher mobile data traffic.

By and large, people are proving to be highly proactive in adopting newer and better communication tools, willing to change as soon as a lower-cost, higher-value solution appears. Consider the communications metrics in the 2013 Shift Index (figures 10–11): The emergence of over-the-top (OTT) messaging service applications like WhatsApp and MessageMe means that wireless minutes and SMS messaging have likely peaked in absolute terms, while the other means of communication are growing more rapidly.6

Yet our data also indicate that the ways we connect and share in our personal lives have not carried over to how we connect, innovate, and learn from each other professionally. This is in spite of the fact that the Internet and Web 2.0 tools are driving a convergence of the personal and the professional. More and more people are using technology to work anytime, anywhere; the traditional boundary between “work” and “life” is rapidly dissolving. One might expect social media and other knowledge-sharing tools to be as widely used within as well as outside the workplace. But rather than increasing, the integration of such tools into the work environment is actually declining. In 2012, participation in work-related online forums, professional and community organizations, and social media networks decreased from their 2011 levels. Corporate social media usage, in fact, is lower in 2012 than it was in 2009, with participation rates in social media below 20 percent across most levels of the organization (figure 9)—including middle management (18 percent), lower-level management (13 percent), and non-management (9 percent).

Given the increased availability of knowledge-sharing tools and many companies’ expressed intent to deploy them, these results seem surprising. After all, in a July 2013 Deloitte and MIT Sloan Management Review report, executives across all industries indicated that they considered social business to be important.7 Numerous organizations have demonstrated how social media can help workers resolve exceptions, share practices, crowdsource solutions, and discover expertise wherever it resides. So why has its adoption been so slow at many companies? Executives
To better understand this year’s Shift Index and its component Foundation, Flow, and Impact indices, as well as to learn about ways to begin to create and capture value in this environment, we invite you to take a deeper look at our 2013 Shift Index research reports:

**Unlocking the passion of the Explorer**

**From exponential technologies to exponential innovation**

**Success or struggle: ROA as a true measure of business performance**

**A world of contradictions (to be published December 2013)**

**Prescriptions for businesses (to be published January 2014)**

In the Deloitte-MIT Sloan Management study cited barriers such as the absence of an overall strategy and the lack of a proven business case. But we suspect that a more fundamental force may be at work: the historical value accorded to efficiency and controllability by businesses accustomed to a less changeable, less transparent world.

In a world where change was relatively slow and steady, leaders felt confident that they could predict the future with a fair degree of accuracy. Goals were framed well in advance, and their achievement was viewed as virtually certain—as long as everyone did his or her job. Jobs, in turn, were well defined and organized to support processes engineered to deliver precise outcomes. In such a world, efficiency and repeatability are virtues, and flexibility can be seen as wasteful and irrelevant. For institutions designed to maximize efficiency and execute tightly scripted processes at scale, cultivating flows of knowledge may seem like a distraction.

Nor, in the era before the technologically driven, widespread cross-pollination of ideas, was sharing information necessarily an advantage. Guarding knowledge, rather than sharing it to pursue potential mutual gain, was seen as central to creating value. Workers were trained to protect company information, and any collaboration with those outside of the organization was closely monitored or even discouraged, as such connections could be deemed risky. Most innovation was driven from within the company’s four walls, often without customer feedback or interaction.

What happens when companies continue to try to fit new technologies and practices into old business models and rationales? The 2013 Shift Index’s metrics paint a sobering picture of the results. Economy-wide ROA has fallen to a quarter of its 1965 level, stock prices are increasingly volatile, and firms continue to lose their leadership positions at an increasing rate (figures 20–23).

Our worker passion analysis shows that the widespread belief that passion pertains only to the select few in our workforce can become a self-fulfilling prophecy. Passion, as the Shift Index measures it, remains low: Only 11 percent of the US workforce is passionate about their work (figure 15). This is not a promising sign, as worker passion is one of the major factors that lead to accelerated learning and performance improvement.
It is true that one group of workers—the segment sometimes known as “creative talent”—continues to reap a disproportionate share of the value created by the Big Shift. The skills of these individuals, who include scientists, designers, and management executives, are in high demand, and companies are fighting to acquire and retain them. Their scarcity and importance are reflected in the increasing relative compensation of this group (figure 27). But this phenomenon comes at an obvious cost to employers, who are paying more and more to retain skills that are getting harder and harder to find.

The increasing turnover rate among executives (figure 28) also hurts businesses by undermining the ability of a given leadership team to develop long-term, trust-based relationships on behalf of the organization. Whether executives are using their increased bargaining power to find better opportunities elsewhere or simply buckling under mounting performance pressure, the shortening of their average tenure at any particular organization compromises the organization’s ability to make a lasting impact on its chosen industrial or functional domain.

Simply put, there is a growing mismatch between the old frameworks and practices that many companies use and the structures and capabilities required to be successful in a rapidly changing environment. Legacy corporate practices are holding businesses back from fully participating in new opportunities. Perhaps even more importantly, companies are becoming significant bottlenecks to the efforts of all of us to harness more of the power of pull—the ability to get better faster as more and more people participate in pull platforms that help us to draw out people and resources when we need them and where we need them.

As long as our institutions continue to resist the Big Shift, the journey ahead will remain stressful and pressure-packed. As workers and as leaders, our lives will not get easier unless we decide to shape, rather than simply adapt to, the future. By working together to reengineer our institutions, we have an opportunity to unleash more of our potential and tap into the increasing returns made possible by ever-expanding flows of knowledge. We can choose to participate in flows of knowledge rather than hold tightly to static stocks of information whose value is rapidly diminishing. Certain institutions are already starting: by scaling edges (a very different and much more promising approach to large-scale organizational transformation); redesigning their work environments; cultivating worker passion; and bringing smaller, proven successes back to the core of their business.

In the context of the Big Shift, what is the rationale for the corporation, and how will the future corporation operate? What would an institution redefined from the bottom up, with the goal of scalable learning, look like? Our future institutions may look very different from today’s, with faster learning and a renewed focus on our customers and ecosystems, all interacting to seize the opportunities created by the Big Shift.
2013 Shift Index metrics

The Shift Index consists of three sub-indices that measure the rate of change in today’s business environment: the Foundation index, the Flow index, and the Impact index. The Big Shift consists of three waves. We are currently in the first wave of the shift (measured by the Foundation Index) and are struggling to fully embrace the second wave (captured in the Flow Index).

Foundation index

The Foundation index measures changes that are fundamental to the business landscape and are catalyzed by the emergence and spread of digital technology infrastructure and reinforced by long-term public policy shifts toward economic liberalization. The metrics in the Foundation index provide leading indicators for potential change in other areas.

Figure 1. Foundation index trends (1993–2012)
Technology performance

Computing

Figure 2. Computing cost performance (1992–2012)

The cost of computing power has decreased from $222 per million transistors in 1992 to $0.06 per million transistors in 2012. The decreasing cost/performance curve enables the computational power at the core of the digital infrastructure.

Digital storage

Figure 3. Storage cost performance (1992–2012)

The cost of data storage has decreased from $569 per gigabyte of storage in 1992 to $0.03 per gigabyte in 2012. The decreasing cost/performance of digital storage enables the creation of more and richer digital information.
Bandwidth

Figure 4. Bandwidth cost performance (1999–2012)

The cost of Internet bandwidth has decreased from $1,197 per 1,000 Mbps in 1999 to $23 per 1,000 Mbps in 2012. Declining cost/performance of bandwidth enables faster collection and transfer of data to facilitate richer connections and interactions.

Infrastructure penetration

Internet users

Figure 5. Internet users (1990–2012)

More people are using the Internet. From 1990 to 2012, the percentage of the US population accessing the Internet at least once a month grew from near 0 percent to 71 percent. Widespread use of the Internet enables greater sharing of information and resources.
More people are connected to digital infrastructure via mobile devices. From 1989 to 2012, the percentage of active wireless subscriptions compared to the US population grew from 1 percent to 100 percent, meaning there are now as many wireless subscriptions as there are people (although this does not mean each individual has a subscription). Smartphones made up 41 percent of the subscriptions in 2012. Widespread connectivity enables the sharing of data, information, and knowledge from nearly any geographic location.
Public policy

Economic freedom

Figure 7. Index of economic freedom (US) (1995–2012)

The Index of Economic Freedom, a compilation of 10 indicators measured by the Heritage Foundation, is a proxy for public policies that promote open markets and the movement of capital, labor, product, and resources. Since 1995, the upward trend for the United States has been driven primarily by gains in investment freedom, financial freedom, trade freedom, and business freedom (4 of the index's 10 components). Greater economic freedom increases competition and collaboration. In recent years, economic freedom has dropped significantly, in part due to increases in the size of the government.
Flow index

The Flow index measures the key performance drivers—flows of knowledge, capital, and talent—unleashed by the forces measured in the Foundation index. These flows are enabled by the rapidly advancing digital infrastructure and the general trend toward policy liberalization. Worker passion and social media activities amplify the flows. In the Big Shift, stocks of knowledge are less valuable and knowledge flows more important. While individuals take advantage of flows, institutions lag behind.

Figure 8. Flow index (1993–2012)
Virtual flows

Inter-firm knowledge flows

Figure 9. Percentage participation in inter-firm knowledge flows (2010–2012)

Although overall participation in knowledge-sharing activities that extend beyond organizational boundaries has not changed significantly between 2009 and 2012, workers are slowly changing the types of activities they participate in. While conferences are still common, the percentage of Deloitte survey respondents who use email alerts grew fastest, from 10 percent in 2009 to 45 percent in 2012. Participation in social media has dropped significantly between 2011 and 2012.
Mobile devices are increasingly important for connectivity and access. Growth in SMS volume (158 percent compound annual growth rate [CAGR]) far exceeds that of wireless minutes (32 percent CAGR). In recent years, however, SMS volume has declined as a result of cheaper over-the-top (OTT) messaging applications (WhatsApp, MessageMe, Google Talk, Viber) and social media-based chat.

Internet activity

Internet traffic for the top 20 highest-capacity US routes has grown exponentially since 1993. In 2012, the average traffic rose to 6,237 gigabytes/second.
Physical flows

Migration of people to creative cities

Figure 12. Migration to creative cities growth and gap (2000–2012)

Migration to the 10 cities ranked as most creative (based on the methodology developed by Richard Florida in his book *The Rise of the Creative Class – Revisited*) has increased faster than to the least creative cities. The gap between migration rates for these cities is increasing as people seek productive and enriching interactions in the physical world.

Travel volume

Figure 13. Transportation services index—passenger (1990–2012)
Despite better tools to connect digitally, people continue to seek face-to-face interactions. Over the past two decades, passenger travel volume has increased 63 percent and continues to rise. Physical interactions facilitate the transfer of tacit knowledge more readily than other means.

**Movement of capital**

Figure 14. Movement of capital (1970–2012)

The absolute amount of capital moving between countries has trended upward for the past 30 years. However, foreign direct investment (FDI) is impacted by many factors, including relative tax rates, interest rates, inflation, and protectionist policies—all of which can be quite volatile year to year.
In a 2012 survey of 3,008 full-time US workers, only 11 percent of respondents exhibited all three attributes of worker passion—commitment to domain, questing, and connecting dispositions. Forty-five percent displayed one or two attributes. The results are not surprising; many institutions were designed for predictability, with inflexible, tightly integrated processes to minimize variances to plan.\textsuperscript{10}
Social media has gained importance quickly. From 2007 to 2012, the time users spend on social media relative to the total amount of time they spend on the Internet grew from 7.4 percent to 13.9 percent, although it decreased slightly from 2011 to 2012. This decrease might reflect the use of mobile devices, rather than personal computers (PCs), for social media; non-PC use is not captured in the metric. This type of multi-way communication opens up opportunities to share knowledge and collaborate.
Impact index

The Impact index demonstrates the consequences of the Big Shift; thus, it is a lagging indicator. Individuals, able to quickly adopt new technologies and knowledge flows, are benefiting from the forces of the Big Shift as both consumers and creative talent. Companies, on the other hand, are struggling to evolve their efficiency-based legacy processes and practices to turn the challenges into opportunities.

Figure 17. Impact index (1993–2012)
Markets

Competitive intensity

Figure 18. Economy-wide Herfindahl-Hirschman Index (HHI) (1965–2012)

Competitive intensity is inversely related to industry concentration (as measured by the Herfindahl-Hirschman Index or HHI). Before 1995, industry concentration had trended downward for 30 years, indicating a steady increase in competitive intensity. Despite ticking upward in recent years, industry concentration is still less than half of what it was in 1965.

Labor productivity

Figure 19. Labor productivity (1965–2012)

As a whole, productivity in the US economy has steadily improved for nearly five decades, from 45.3 in 1965 to 110.8 in 2012 (as measured by the Tornqvist aggregation, which shows how effectively economic inputs are converted into output).
Stock price volatility

Figure 20. Economy-wide stock price volatility (1972–2012)

Over the last 40 years, stock prices have become more volatile. This volatility can be seen as a reflection of investors’ reactions to increasingly volatile global events and greater uncertainty about the future.

Firms

Asset profitability

Figure 21. Return on assets for the US economy (1965–2012)

The aggregate ROA of US firms fell to a quarter of its 1965 levels in 2012. To increase—or even maintain—asset profitability, firms must find new ways to generate value from their assets.
The continuing ROA gap between top performers and bottom performers is not unexpected. It is significant, however, that even for the top quartile, ROA has declined from 12.9 percent in 1965 to 9.7 percent in 2012. The bottom quartile has declined more—from 1.2 percent in 1965 to -11.5 percent in 2012.
Firm topple rate

Figure 23. Economy-wide firm topple rate (1965–2012)

It is increasingly difficult for companies to sustain performance. Between 1965 and 2012, the topple rate (the rate at which companies change ranks) for all companies with more than $100 million in net sales increased as competition exposed low performers and ate away at returns. Recently, the topple rate has fallen after spiking in 2008. The increase in government support after the Great Recession may explain this reduction.
Over the long term, the upper quartile of firms—the “winners”—have only slightly increased the rate of return to shareholders. Meanwhile, in the lower quartile, firms are destroying shareholder value at a faster rate.
**People**

**Figure 25. Consumer power by category (2009–2012)**

<table>
<thead>
<tr>
<th>Consumer category</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search engine</td>
<td>70.9</td>
<td>68.7</td>
<td>71.6</td>
<td>69.6</td>
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<td>Computer</td>
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<td>Home entertainment</td>
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<td>68.1</td>
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<tr>
<td>Athletic shoe</td>
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<td>69.4</td>
<td>68.4</td>
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<tr>
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<td>Investment</td>
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<td>Department store</td>
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<td>65.9</td>
<td>64.7</td>
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<td>Gas station</td>
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<td>54.0</td>
<td>56.3</td>
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</table>

Source: Ipsos; Synovate; Deloitte analysis.

Higher scores indicate more consumer power. Across most consumer categories, consumers' perception of their power is increasing. Even at the low end—newspapers and cable/satellite TV—the balance still favors the consumer.
Brand disloyalty

Figure 26. Brand disloyalty by category (2009–2012)

<table>
<thead>
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<th>Consumer category</th>
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<th>2012</th>
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<td>Home entertainment</td>
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<td>Shipping</td>
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<td>Grocery store</td>
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<td>Athletic shoe</td>
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<td>61.9</td>
<td>61.1</td>
</tr>
<tr>
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<td>49.0</td>
<td>60.6</td>
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<tr>
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<td>59.0</td>
<td>62.2</td>
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<tr>
<td>Computer</td>
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<td>62.0</td>
<td>67.8</td>
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<tr>
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<td>59.5</td>
<td>58.3</td>
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<tr>
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<td>61.0</td>
<td>63.4</td>
<td>58.7</td>
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<tr>
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<td>63.9</td>
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<td>59.7</td>
<td>57.5</td>
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<tr>
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<td>60.4</td>
<td>56.5</td>
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</table>

Source: Ipsos; Synovate; Deloitte analysis.

Higher scores indicate higher brand disloyalty. Consumers continue to become less loyal to brands. Among the categories surveyed, brand disloyalty was highest in airlines, hotels, and home entertainment. Brand loyalty was higher in the soft drink, newspaper, and magazine categories.
Returns to talent

Figure 27. Creative class compensation gap (2003–2012)

Workers in the creative class, as defined by Richard Florida, are reaping relatively more rewards (in the form of compensation) than the rest of the US labor force. The compensation gap between the creative class and the rest of the workforce has steadily widened over the past 10 years.
Over the long term, executives are leaving their positions (resigning, retiring, or joining different companies) at an increasing rate. Since 2010, however, the executive turnover rate has accelerated, especially for banking and financial institutions. This acceleration may be caused by increasing performance pressures as the financial industry recovers from the recession. The increased turnover may also reflect the effects of pent-up demand as executives changed companies in a recovering job market. In addition, increased visibility into job opportunities via LinkedIn and other sites may also contribute to greater turnover.
Endnotes

1. Creative talent is defined by Richard Florida in *The Rise of the Creative Class—Revisited*, as super-creative workers (computer science and mathematics; architecture and engineering; life, physical, and emotional science; education, training, and library management; and arts, design, entertainment, sports, and media studies) and creative workers (management; business and financial operations; law; health care and technical fields; high-end sales and sales management).

2. Ari Gesher (senior software engineer, Palantir), interview with Deloitte Center for the Edge, September 2013.


5. Deloitte analysis using data provided by Standard & Poor’s Compustat on over 20,000 publicly traded US firms (and foreign companies trading in American Depository Receipts). It is available annually and by industry sector through 1965.


8. Ibid.


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The Deloitte Center for the Edge conducts original research and develops substantive points of view for new corporate growth. The center, anchored in the Silicon Valley with teams in Europe and Australia, helps senior executives make sense of and profit from emerging opportunities on the edge of business and technology. Center leaders believe that what is created on the edge of the competitive landscape—in terms of technology, geography, demographics, markets—inevitably strikes at the very heart of a business. The Center for the Edge's mission is to identify and explore emerging opportunities related to big shifts that are not yet on the senior management agenda, but ought to be. While Center leaders are focused on long-term trends and opportunities, they are equally focused on implications for near-term action, the day-to-day environment of executives.

Below the surface of current events, buried amid the latest headlines and competitive moves, executives are beginning to see the outlines of a new business landscape. Performance pressures are mounting. The old ways of doing things are generating diminishing returns. Companies are having harder time making money—and increasingly, their very survival is challenged. Executives must learn ways not only to do their jobs differently, but also to do them better. That, in part, requires understanding the broader changes to the operating environment:

- What is really driving intensifying competitive pressures?
- What long-term opportunities are available?
- What needs to be done today to change course?

Decoding the deep structure of this economic shift will allow executives to thrive in the face of intensifying competition and growing economic pressure. The good news is that the actions needed to address short-term economic conditions are also the best long-term measures to take advantage of the opportunities these challenges create.

For more information about the center’s unique perspective on these challenges, visit www.deloitte.com/centerforedge.