



High performance. Delivered.

Energizing Global Growth: Understanding the Changing Consumer
Dimensions of Behavior Change and Case Studies

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This supplement takes a deeper dive into the consumer categories and case studies outlined in the full report “Energizing Global Growth: Understanding the Changing Consumer” and offers additional insight into the substantial opportunities for growth.



The networked consumer

Connected

The digital world is always open for business, and consumers are responding by being permanently “switched on”: 58 percent of consumers are checking e-mails before going to sleep at night or first thing in the morning more often than they were three years ago. Consumption is now connected—consumers can access, browse and purchase at any location and at any time thanks to an array of digital channels. Connectedness is not exclusively for younger generations: 75 percent of consumers (of all ages) we surveyed rate themselves as very or extremely comfortable using personal information technologies, such as laptops or smartphones.

Changing the channel(s)

Familiarity with technology has bred contempt for the barriers to digital access among online consumers. Indeed, an overwhelming proportion of consumers in our survey (78 percent) now expect a problem-free online experience from start to finish. Accordingly, businesses are beginning to integrate mobile and online platforms with bricks-and-mortar channels to deliver a seamless customer experience.

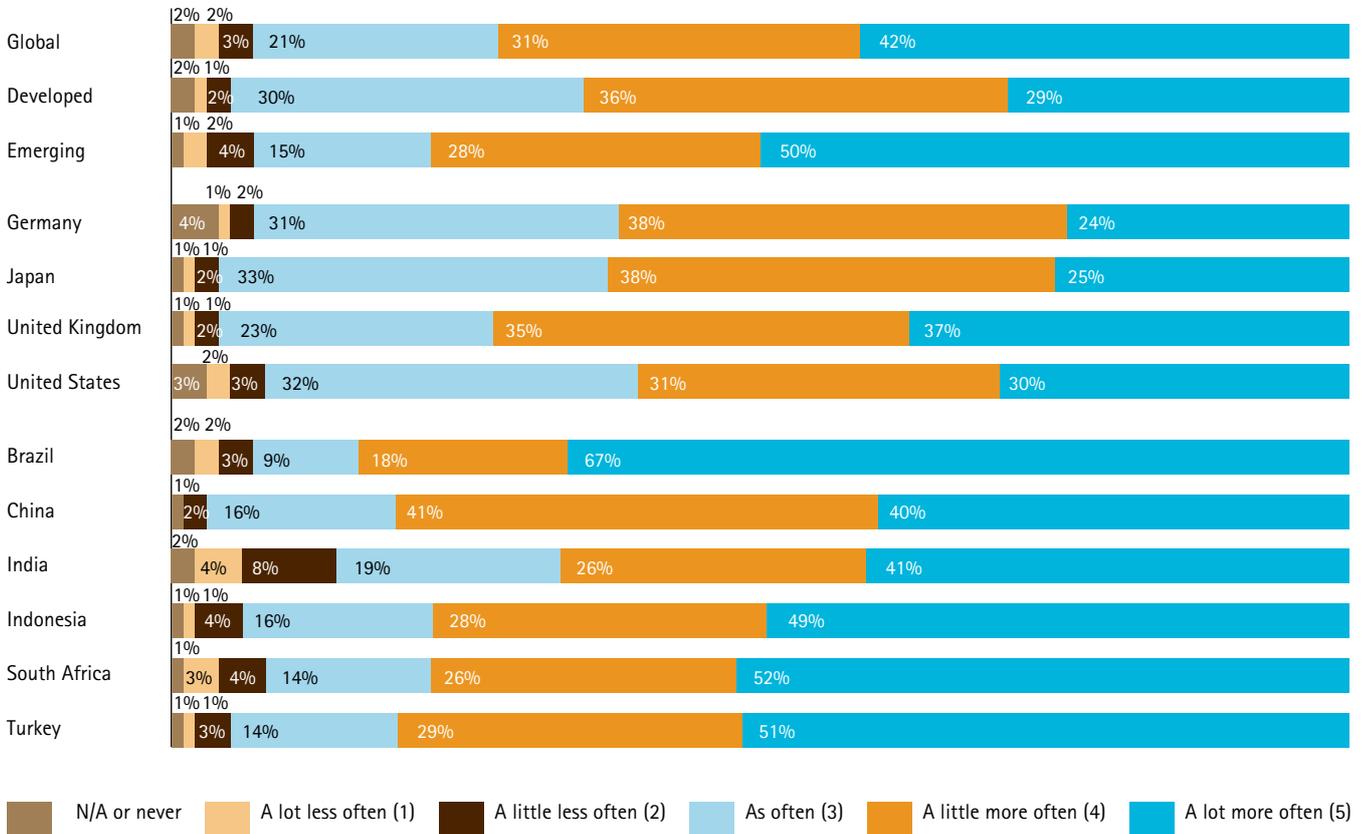
Creating a unified experience (both online and offline) requires an understanding of the life cycle of a connected consumer transaction. When purchasing, connected consumers first research the product or service online (see Figure 15). This research has spurred the use of computers away from the workplace: 68 percent of respondents in our global consumer behavior survey are using technologies such as laptops or tablet computers more in their personal lives than they were three years ago. This increase in technological use is at the expense of traditional information channels—just 17 percent of developed-market consumers we surveyed are using print media more often as a source of product information.

Next, consumers compare products just prior to purchase. Amazon enables customers in the United States to assess costs with its free Price Check app, while encouraging consumers to use physical stores by providing a US\$5 discount on in-store purchases. Prior consumption experiences influence subsequent decisions, and some companies now use consumers' histories to provide a tailored service. Cosmetics company Sephora USA, Inc. recently launched an in-store iPad kiosk program where customers can view their personal shopping histories and read product reviews, enhancing the consumption experience.¹

At the point of purchase, the buying process must be simple and seamless. Companies are interacting with connected consumers in innovative ways. Customers of Turkish mobile operator Turkcell can trigger the Mobile Order eCommerce app by touching their phone against a fridge magnet, and Dubai's Red Tomato Pizza company has introduced a V.I.P. fridge magnet to order pizza at the push of a button.²

Figure 15: The connected consumer

"Compared to three years ago, how often do you use the Internet to research or purchase products or services?"



Source: Accenture global consumer behavior survey. Note figures may not add to 100 percent due to rounding.

Case study

Pearson Education Limited—a lesson in disruption

As the world went digital, education giant Pearson was one of the first to move from textbook to e-book. Pearson saw digital disruption as a sizable opportunity to better serve students and teachers. Accordingly, the company revamped its offerings to accommodate a connected lifestyle. Education services such as software and IT support have replaced textbooks as Pearson's primary source of income, while acquisitions of EmbanetCompass and other online learning platforms are expanding the company's presence in universities.³ Pearson's education group has experienced a 93 percent increase in operating profits between 2007 and 2011, outpacing the profit growth of its publishing divisions.⁴

Creating a unified educational experience between offline services and online educational products underpins Pearson's move to digital education. For example, Pearson provides the technology infrastructure for universities offering "massive open online courses" (MOOCs) to anyone around the world. If students want to receive accreditation for their MOOC, they can go to one of more than 4,000 physical testing centers operated by Pearson worldwide.⁵ The company has also developed mobile apps to connect teachers, students and parents on a common platform for sharing student information.⁶ Pearson plc's publishing arms have also been first movers in shifting to digital; for example, Penguin India was the first Indian publisher to launch an e-book program, while the Financial Times Group's FTChinese MBA Gym App has become one of the best-selling education apps on iTunes in China.⁷

OpenTable—on-demand dining

The OpenTable restaurant reservation service allows diners to book reservations without charge via a mobile app or website. Diners receive instant updates about table availability, enabling them to plan their meal "on the go."⁸ Restaurant owners can subscribe to online reservation reports and customer feedback forms to create customer-specific marketing campaigns, featuring targeted e-mails and time-limited promotions.⁹ OpenTable has experienced sustained growth since launching in 1998, expanding beyond its San Francisco origins to offer restaurant bookings for 385 million diners across three continents to date.¹⁰



Social

The Internet has flattened the hierarchy of tastemakers and opinion leaders. Consumers give great weight to what is being said online. Fifty-seven percent of our global consumer behavior survey respondents said that reading positive reviews from experts or other users online was important when purchasing products and services. Word of mouth has become scalable: social media has encouraged the formation and growth of digital communities.

Social media is also bringing us closer to those already closest to us. More than half of global consumers (53 percent) we surveyed are using social media to interact with friends and family more than they were three years ago (see Figure 16).

While the number of social networkers worldwide was projected to have risen by 19 percent between 2011 and 2012, emerging markets expect even greater social network growth. Both Indonesia and India were expected to experience a 51 percent increase in social network usage in 2012.¹¹ Businesses must become inherently social by participating in these online communities.

The social business

Businesses understand the importance of adopting social media: 76 percent of executives asked in our global executive survey said that the increasing use of social media will have a positive impact on the growth potential of their businesses—with respondents from Brazil, China and Indonesia the most optimistic.

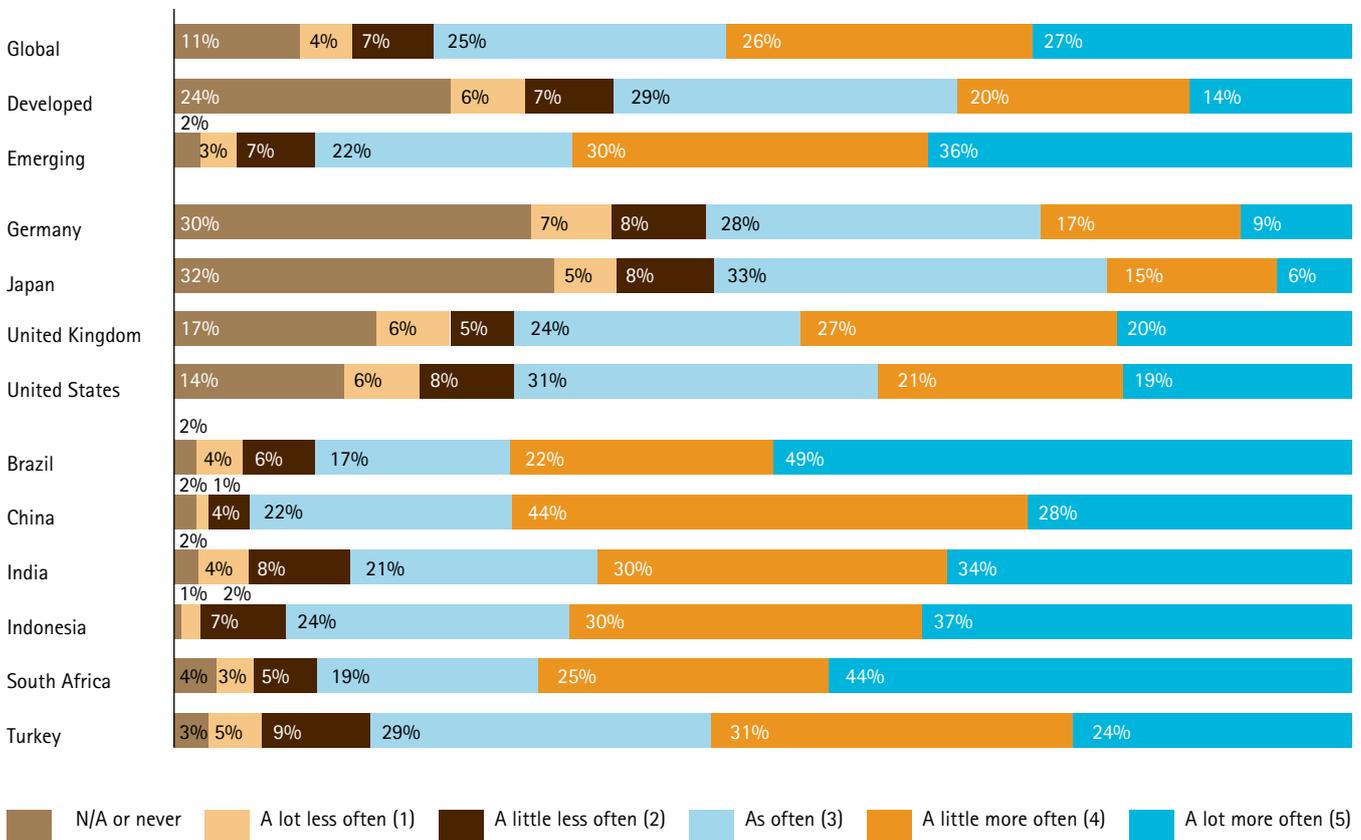
However, despite the widespread knowledge of "what" to do to flourish as a social business, "how" to do it remains highly problematic. One successful strategy of social businesses is encouraging brand advocates to set

the tenor of conversation around their brand. Advocates tell twice as many people about their purchases as non-advocates, and 92 percent of consumers trust word-of-mouth recommendations compared with only 24 percent who are influenced by online advertising.¹²

Examples of this approach are numerous. Chinese fashion blog I Love My Life is so popular and respected that thousands of items on Taobao are tagged as products featured in the blog.¹³ In the United States, clothing retailer Nordstrom has generated a host of advocates for its exceptional service, while The Body Shop accumulated advocates through its reputation as a conscientious business.¹⁴ Brand advocates can tap into digital communities better than businesses ever could, with greater access to—and credibility with—social consumers.

Figure 16: The social consumer

"Compared to three years ago, how often do you use social media to interact with friends and family?"



Source: Accenture global consumer behavior survey. Note figures may not add to 100 percent due to rounding.

Case study

Tencent—work, play, blog

Chinese Internet company Tencent has thrived in today's increasingly social world, posting profits with a compound average growth rate of 60 percent from 2007 to 2011.¹⁵ The company provides outlets for users to work (QQ Enterprise¹⁶), play (for example, through massive multiplayer online games) and share (such as blogging and lifestyle service QZone¹⁷) with one another, creating and sustaining online communities.

Tencent helps maintain this social consumption by being as seamless as possible. All of Tencent's gaming, blogging and social networking platforms are linked to instant messaging service QQ, and services are also accessible on mobile phones.¹⁸ This dedication to offering "one-stop online lifestyle services"¹⁹ has helped Tencent to integrate better with customers' lives. More than half of Tencent's workforce is devoted to research and development, with a focus on examining customer shifts in shopping, gaming, and communicating.²⁰

Tencent has embedded a social ethos into its corporate culture and regards customer satisfaction as a strategic focus area. The company takes pride in listening intently and speaking candidly with consumers as part of its long-term business development.²¹ The company recently added a payment feature to its popular WeChat service to connect shoppers directly with retailers, monetizing the social network without alienating users through fees and advertising.²²

NetEase—a social gaming experience

Since being founded in 1997, Beijing's NetEase Web portal has aimed to provide Chinese-language consumers with a comprehensive social experience. NetEase's core business is developing and licensing "MMORPGs" (massively multi-player online role-playing games). It has capitalized on the booming popularity of video games and the growing global demand for virtual goods (products sold within social games, worth US\$2.9 billion in the United States in 2012 and billions more in China²³) to grow revenue at an annual average of 41 percent in the past three years²⁴ as consumers play to socialize as well as compete in their gaming communities. NetEase also offers a highly popular micro-blogging platform as an extension of its market leadership in e-mail. More than 180 million users were registered to blog, debate and instant message using NetEase between April and June 2012, a 49 percent increase on the period between January and March 2012, after NetEase integrated mobile access into its social experience.²⁵

RealSelf—cosmetic community

Seattle's RealSelf provides a social network for people wishing to share their elective surgery desires and experiences. Nearly US\$10 billion was spent by Americans on cosmetic surgery in 2011 alone,²⁶ yet prior to RealSelf's establishment in 2006, information on consumers' experiences was scarce. RealSelf aims to fill this information gap, with users reviewing different cosmetic procedures by price, doctor ratings and value for money.²⁷ Doctors are also a central element of RealSelf. More than 4,000 doctors conduct conversations and interact with RealSelf users about undergoing elective surgery, creating a community which has helped the company to achieve an average revenue growth of 136 percent in the past three years.²⁸

Co-productive

Now that they are digitally enabled, empowered and connected, consumers have upended the traditional relationship between businesses and customers by becoming co-productive. The co-productive consumer assumes greater responsibility for designing goods and services, and holds more influence over how businesses operate. In our global consumer behavior survey, we found that 44 percent of consumers provide more online feedback about a company's products or services than they did three years ago, and 30 percent increasingly buy products they helped make or design online (see Figure 17).

There is now a greater willingness among consumers to collaborate with businesses, resulting in opportunities for businesses to provide the offerings consumers wish to see. However, to reach their full potential, organizations need to become better listeners in turn.

Becoming "co-consumers"

Just as consumers have evolved into co-producers, businesses have to embrace the changing business/consumer relationship by developing into co-consumers. Co-consumption demands that businesses open up their production process and "consume" the best ideas by incorporating them into the product or service offering. For example, Polish bank BZ WBK has implemented more than 300 customer suggestions after opening the "Bank of Ideas," a forum where consumers can offer suggestions on how the bank could improve and recommendations are voted up or down by other customers.²⁹

The process is also continuous: co-producing consumers interact with

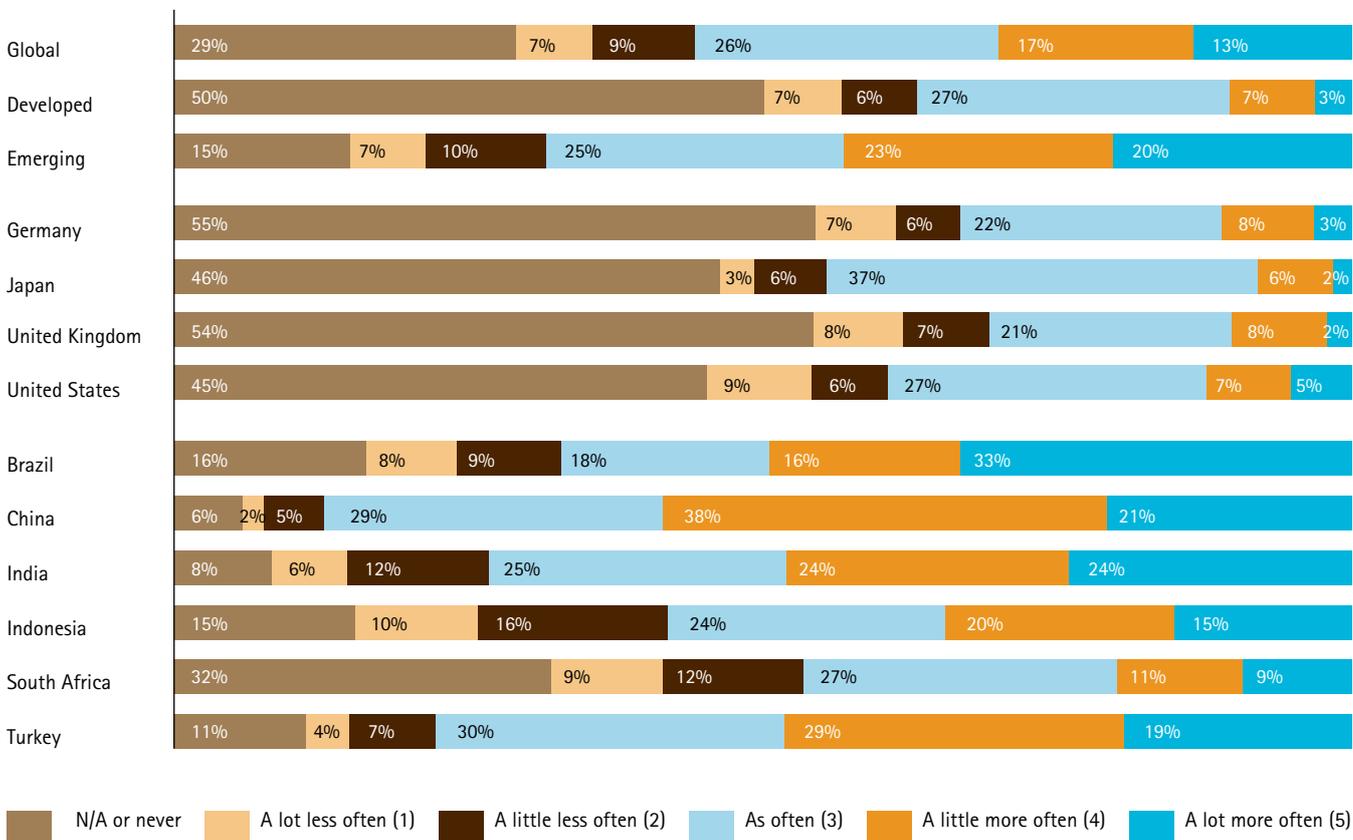
the product and provide immediate commentary. Online writing forum Authonomy lets users rate and review works from unpublished authors to help publisher HarperCollins identify and cultivate the next generation of authors.

Co-production does not stop at consumer collaboration. Opening up the firm, giving organizations exposure to external thinking, can offer a critical source of innovation for businesses. Procter & Gamble Company, Avery Dennison Corporation, Janssen Pharmaceutical Companies and the Rockefeller Foundation have all used open innovation platform InnoCentive to find solutions for complex research problems.³⁰ Prizes are another approach—the X Prize Foundation, for example, offers substantial awards to problem-solvers who achieve breakthrough advances in the energy, health, education and life sciences industries.³¹

With co-consumption, companies can turn external insight into organizational strengths, creating a strong tie between the business and the consumer in the process.

Figure 17: The co-productive consumer

"Compared to three years ago, how often do you buy something that you helped design or make online?"



Source: Accenture global consumer behavior survey. Note figures may not add to 100 percent due to rounding.

Case study

Netflix Inc.—curators of cinema

Netflix has fundamentally changed video rental. The US-based company was the first mover into online DVD rental and streaming, adding more than 20 million subscribers since its shift to digital.³² Although the disruptive potential of its business model allowed Netflix to establish market leadership, it has safeguarded its place through investment in analytics and innovation.

Netflix remains on top of the rental business because it was able to recognize quickly that customers' rental selections were also suggestions about future movies they want to see. Netflix's "CineMatch" algorithm provides the analytic insight required to turn consumer input into business output. CineMatch is a filtering technique which makes automatic rental predictions for subscribers based on prior rentals and user feedback. As the first mover to digital, Netflix has more data at its disposal than competitors, allowing it to get closer to consumers and respond to consumer change faster.

Netflix has also used CineMatch as a foundation for scaling its competitive advantage. In 2006, Netflix announced an open innovation competition to increase the accuracy of CineMatch based on user ratings of the movies they watched. The company awarded a US\$1 million prize to anyone who could improve CineMatch's predictive abilities by more than 10 percent; a group of scientists from AT&T Labs won the prize three years later.³³ Netflix has turned knowledge into power, sustaining its market position through heavy investment in consumer research.

Threadless— crowdsourced R&D

Threadless—a clothing company from Chicago—blurs the boundaries between producers and consumers.³⁴ Every few weeks, the company examines the top 300 user-generated designs for its t-shirts based on the ratings and comments of other users.³⁵ Threadless then prints and sells the best-rated designs, with a cash and gift card prize awarded to winning designers. By making the consumer a co-producer, Threadless guarantees that the winning designs match customer demand, reducing uncertainty over sales as well as overhead for marketing and design.³⁶ Threadless generated nearly US\$30 million in revenue in 2012.³⁷

Nasty Gal Inc.—a live and interactive clothing brand

The rise of women's fashion website Nasty Gal stems from its ability to build an online community around its brand, with outfits designed to express the personality of each consumer. Nasty Gal updates its social networking pages multiple times each day, and the company's dedication to engaging with customers and incorporating feedback into product design has generated a following of 250,000 customers.³⁸ Its appeal to fashion-conscious young women has led to 368 percent annual average growth over the past three years.³⁹

The independent consumer

Individual

As average global income levels rise, consumption in more places is moving beyond the satisfaction of basic needs. More people are making consumption choices consistent with the ideas of fulfillment and self-expression, especially in emerging markets.⁴⁰ Our global consumer behavior survey found that emerging-market consumers are increasingly buying things that express their personality (54 percent, versus 20 percent in developed countries—see Figure 18) and buying things they value for their uniqueness (50 percent, versus 19 percent in developed countries). The desire for distinctiveness has made consumption a highly individual activity, where products and services are tailored to each customer's specification.

Meeting consumers halfway...or more

The Accenture global consumer behavior survey finds that 57 percent of consumers surveyed rated goods and services being tailored to them as more important than it was three years ago. Businesses are responding by meeting consumers halfway or more. With so many consumers expecting bespoke products and services, enabling the consumer to create the offering which matches their personal preferences helps businesses to achieve a balance between customization and mass production. Nike, Inc. allows fitness enthusiasts to design their own products through NIKEiD,⁴¹ while Germany's mymuesli.com enables consumers to customize cereal.⁴² Ultimately, consumption that is driven by self-expression begins and ends with the individual, with businesses providing the missing ingredients.

Up close and personal

Businesses are increasingly relying on analytics to sift through the reams of customer information available on individuals' ever-changing preferences. Consumers are concerned about the collection of their personal data—the Accenture 2012 global consumer

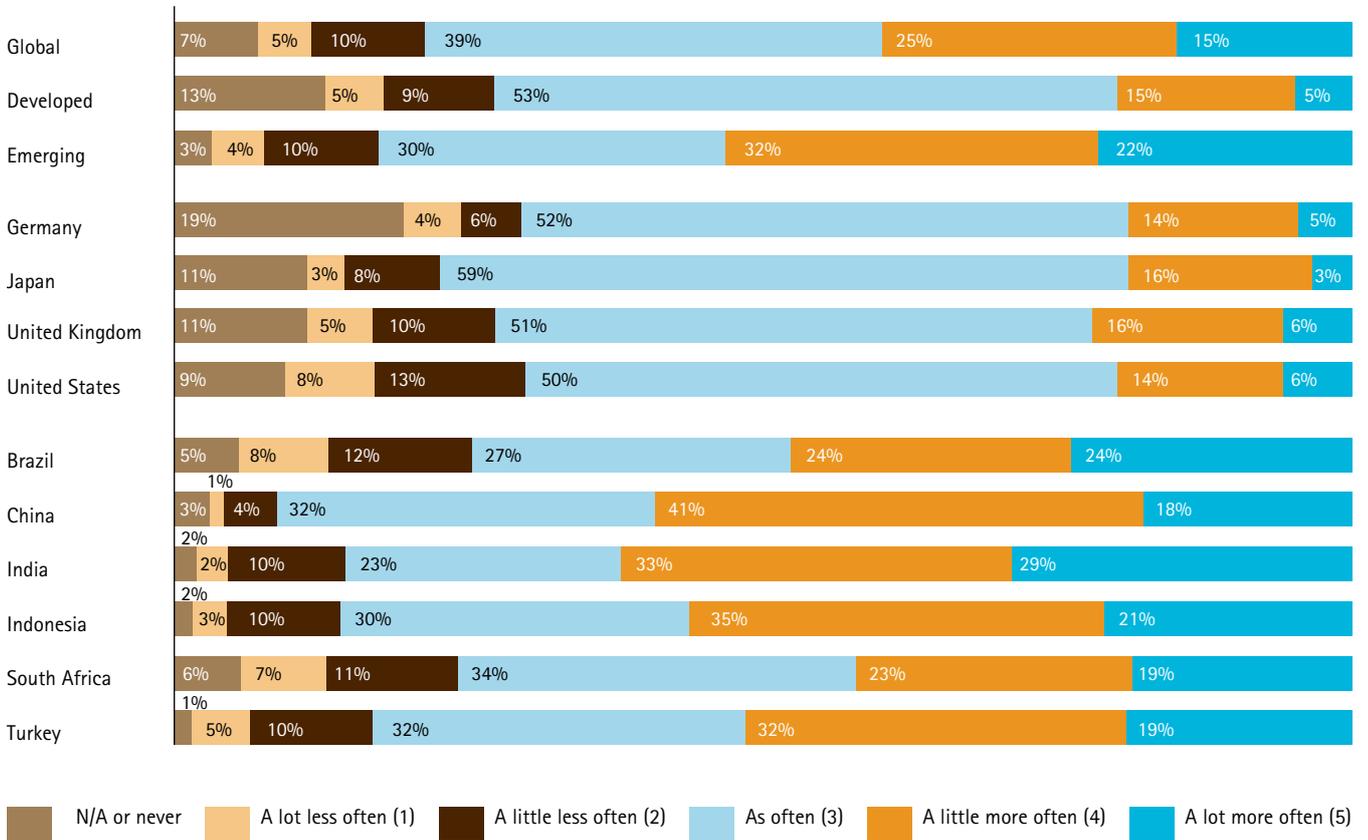
pulse survey found that 52 percent of consumers rate "realizing that the company cannot be trusted on how to use the personal information I've provided them" as extremely frustrating. However, many consumers are willing to trade at least some of their data for a more personalized shopping experience.⁴³

Companies at the forefront of anticipating and shaping personal tastes are turning knowledge into (purchasing) power. Amazon's account-specific recommendations have helped cement the company's market leadership in online retail, while search engine Baidu dominates the Chinese market thanks to its personally targeted advertising. Analytics also permeate offline industries, with restaurants in New York City tracking individual consumer behavioral data to better interact with patrons.⁴⁴

Catering to the individual consumer does not mean saturating customers with choices. Instead, making business a personal affair requires an understanding of how consumers seek to express themselves, before acting quickly to mold consumption into a deeply personal experience.

Figure 18: The individual consumer

"Compared to three years ago, how often do you buy things that you think help express your individual personality?"



Source: Accenture global consumer behavior survey. Note figures may not add to 100 percent due to rounding.

Baidu—the power of personal

Chinese technology company Baidu has broadened its horizons beyond just search, getting closer to the individual consumer in the process. Users can now post, share, shop and search—sometimes all at once—to fulfill their particular interests, from the tenor of conversations on discussion boards to the listings on the company's MP3 500, which ranks the top downloads of the day.⁴⁵

Baidu originally licensed its search function to other portals, developing a website only as a precaution.⁴⁶ However, the company came to realize that its long-term competitiveness depended on keeping users on the site to generate advertising revenue. In 2003, Baidu developed Post Bar.⁴⁷ Unlike pre-existing message boards, Post Bar enabled users to generate the discussion topics, providing an outlet for individuals to speak on their own terms.⁴⁸

In 2011, the company replaced its long-time main page with a newer version tailored to users' unique search histories, with visitors now seeing updates from the websites they visit most often as well as links to their favorite news and social networking sites.⁴⁹ It has also integrated user postings in Baidu Encyclopedia and other non-search platforms into its search functionality.⁵⁰ The search overhaul is the most visible example of how Baidu has repeatedly tried to orient itself toward the needs of individual customers over the years. As a result, three times as many Chinese consumers feel a personal bond with Baidu compared to Google, helping the company to a market share of roughly 60 percent and a three-year average revenue growth of 72 percent.⁵¹

MenKind—personalized boys' toys

UK-based MenKind specializes in gifts and gadgets for men, with an array of products designed to match their tastes and personalities. The company enjoyed 51 percent average annual sales growth from 2008 to 2011, in part due to its novelty products such as Rocky Balboa bathrobes, self-stirring tea mugs and Captain Kirk dressing gowns.⁵² Personalized gifts are an integral part of the company's business strategy, with dozens of products available for individual tailoring,⁵³ and MenKind now operates more than two dozen stores across the United Kingdom.⁵⁴



individual

lifestyle

luxury

choice

personality

freedom

Experiential

Studies have shown that consumers derive greater happiness from experiences than material objects,⁵⁵ and our global consumer behavior survey shows that experiential consumption is a growing trend. We found that 38 percent of consumers globally (48 percent in emerging markets) are increasingly undertaking new or unique experiences (see Figure 19).

Going against the grain

The experiential consumer's desire to see things live is seemingly in contradiction with the rise of technology-led networked consumption. Our global consumer behavior survey shows that live events are increasingly popular in emerging markets such as Brazil, China, India and Turkey, where 40 percent of people surveyed attend more live events than three years ago.

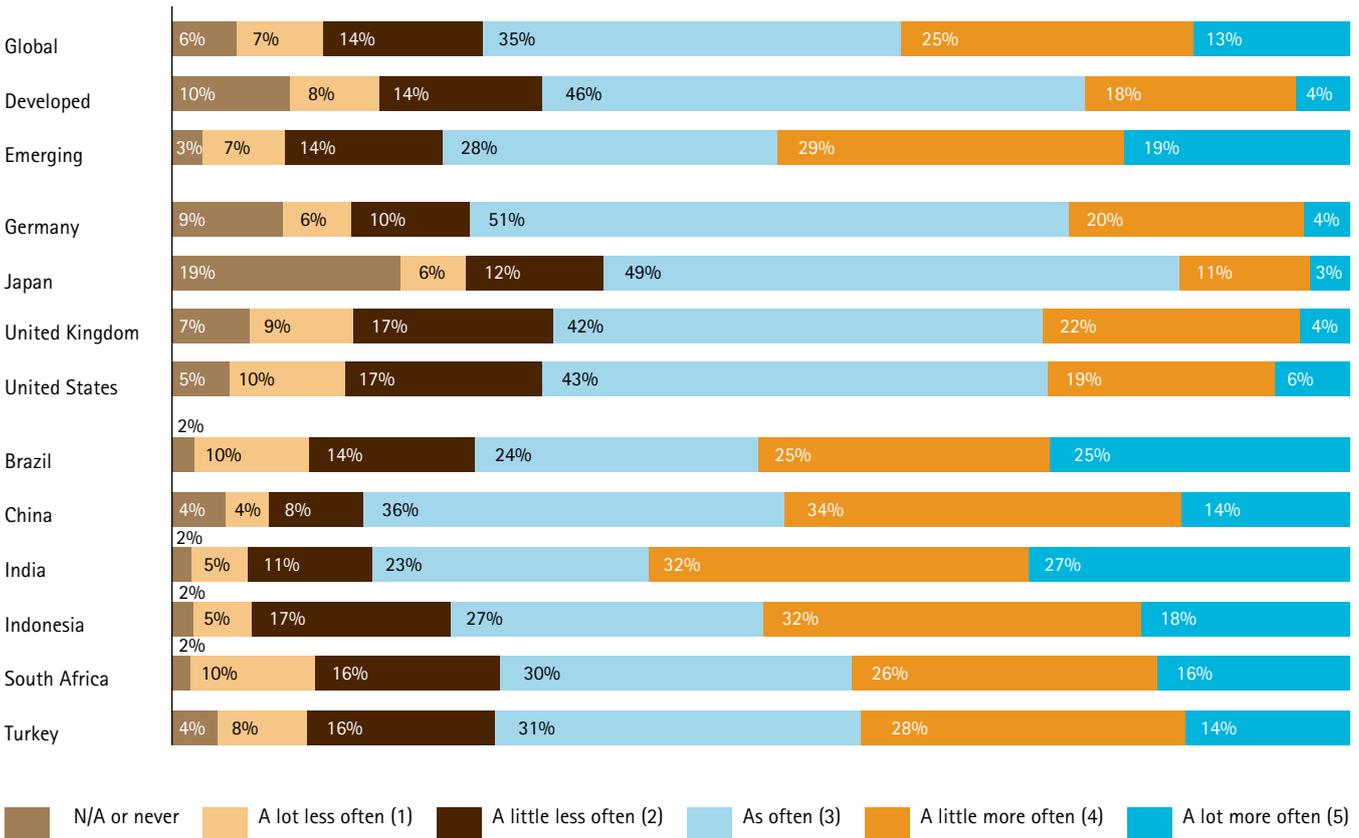
As expectations grow, consumers are looking for experiential aspects of consumption in addition to the merely functional. Some originally online-only businesses have responded by adding live experiences to their offerings. US-based dating service Match.com introduced "The Stir" in 2012, a series of events and activities where singles could meet in person.⁵⁶ Chinese Internet giant

Taobao.com opened a physical Beijing mall to encourage customers to try products out before purchasing online.

Uniqueness also features prominently in experiential consumption, especially in newly affluent emerging markets. While nearly half of all consumers we asked in this survey (49 percent) said that getting a memorable experience when buying something is more important than three years ago, 63 percent thought so in the emerging world. British tailor Gieves and Hawkes has witnessed a surge of wealthy Chinese customers flying to its store on Savile Row for fittings,⁵⁷ while India's luxury car industry is projected to experience "explosive" growth as buyers receive memorable services such as racetrack trips.⁵⁸

Figure 19: The experiential consumer

"Compared to three years ago, how often do you do something that is new or is a unique experience?"



Source: Accenture global consumer behavior survey. Note figures may not add to 100 percent due to rounding.

Case study

Activision Blizzard, Inc.—winning the game

From the “Mists of Pandaria” to the Milky Way, Activision Blizzard aims to transport gamers to unforgettable worlds and offer inimitable experiences. The company has enjoyed significant success, paying out more than US\$200 million in dividends from January to September 2012.⁵⁹ Activision Blizzard recognizes it must keep users happy with their gaming experiences—subscription-based World of Warcraft accounts for almost 30 percent of Activision's total revenues alone.⁶⁰

Activision Blizzard has been able to use the collective input of its audiences, drawing upon their insights to continuously enhance the customer experience. Activision Blizzard stresses heavy “up-front time” with gamers to meet and exceed customer expectations. Once a game is in circulation, the company employs analytics to monitor more than 670 million gaming sessions a month across its various titles to improve gameplay in real time.⁶¹ It has a “Developer Journal” for new release “Diablo III,” where the designers explain the rationale for gameplay changes to the game's community.⁶² In addition, Activision Blizzard makes efforts to preserve the integrity of its gaming experience by closely monitoring gameplay and banning cheaters.⁶³ Activision Blizzard's “Call of Duty: Black Ops 2” dominated global sales rankings for 2012, with more than 19 million units sold in just six weeks.⁶⁴

YourGolfTravel.com— tailor-made golf trips

When London's YourGolfTravel.com began operations in 2005, it entered a highly competitive industry where more than 40 other UK-based companies already provided golf tours.⁶⁵ YourGolfTravel differentiated itself by catering predominantly to the needs of individual consumers instead of corporate clients. YourGolfTravel aims to tailor its holidays to the customer's specifications,⁶⁶ with golfers able to choose from more than 3,000 courses around the world.⁶⁷ This approach has fueled 99 percent average annual sales growth in the past three years, with 185,000 customers using the site in 2010.⁶⁸

Red Frog Events, LLC— living with passion

Red Frog Events was born in 2007 after the founder and CEO watched an episode of adventure television show “The Amazing Race” and decided to create a similar experience in his native Chicago. More than 150 people showed up for the inaugural “Great Urban Race,”⁶⁹ jump-starting a business which has experienced three-year average annual growth of 372 percent.⁷⁰ Red Frog now offers extreme obstacle course races, bar crawls, farm tours and a music festival, all designed to “provide people with the most fun they've ever had with their friends.”⁷¹

Resourceful

In the wake of the global downturn, resourceful consumption habits have returned to prominence. Faced with more pressure over employment and income security, many consumers are turning to tried-and-tested methods of saving money by consuming less. What is new is that the resourceful consumer now has a far greater toolkit available, with the advent of networked technologies which act as economic levelers. This trend is not just restricted to those who are feeling the pressure from the downturn—in all countries we surveyed consumers are repairing or refurbishing products more often, for example, with 35 percent of global consumers doing so more than three years ago.

The exchange economy

Resourceful consumption is not just a business-to-consumer endeavor. An "exchange economy" has arisen, where consumers sell to one another in consumer-to-consumer interactions. Our global consumer behavior survey found that 31 percent of consumers are increasingly re-selling or exchanging goods.

Businesses have responded by acting as the intermediaries, connecting buyers and sellers for a price. Esoko connects low-income African farmers and traders through its mobile platform, with users receiving market data via SMS for just US\$10 annually.⁷² Some companies have begun to take advantage of consumers wanting to earn a little extra, operating "consumer-to-business" services—Italian company BeMyEye provides an online platform for businesses to purchase on-the-ground intelligence from consumers about local stores.⁷³

Networked technology has been critical to the exchange economy's growth. It provides businesses with a medium

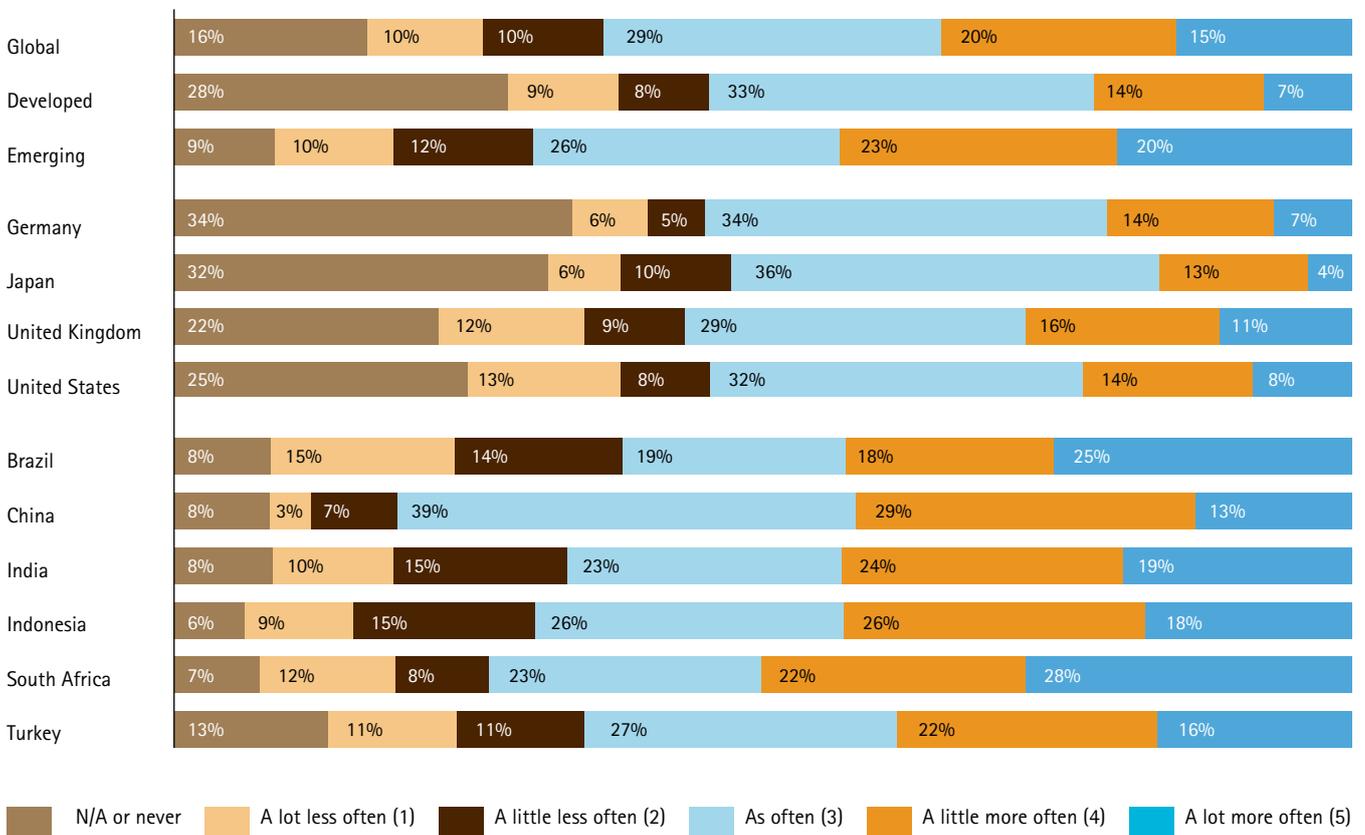
to connect resourceful consumers scattered across the globe, fostering collaboration as each group co-operates to achieve low costs—eBay is the pre-eminent example.

Work hard, get ahead

Resourceful consumers are savvy spenders and accumulators, focusing on both sides of their balance sheets. Our analysis shows that part of being a resourceful consumer is putting in the hours at work. We found that 35 percent of global consumers are working outside normal business hours more often than three years ago (see Figure 20). At a country level this percentage was higher in each of the six emerging countries we surveyed than the four developed economies we covered, suggesting that as economies develop the expectation of—or desire among—people to work harder also grows.

Figure 20: The resourceful consumer

"Compared to three years ago, how often do you work outside normal business hours?"



Source: Accenture global consumer behavior survey. Note figures may not add to 100 percent due to rounding.

Case study

eBay Inc.—the medium of exchange

Online auctioneer eBay matches the canny buying and selling of its users. It acquired payment-processor PayPal for US\$1.5 billion in 2002,⁷⁴ purchased ticket vendor StubHub for US\$310 million in 2007,⁷⁵ digital marketing and eCommerce company GSI Commerce for US\$2.4 billion in 2011,⁷⁶ and communications platform Skype in 2005 (although it later sold the company).⁷⁷ The company's bold maneuvers share a common logic: although eBay created a digital exchange economy, the company is constantly looking to scale its consumer insights and strengthen its central position. eBay's dedication to expanding the range and quality of its services has enabled it to weather tough competition from newer entrants, and has coincided with a rising share price from a low of US\$10.43 in 2009 to more than US\$50 in September 2012.⁷⁸

eBay laid the groundwork for its recent success by giving more power to its most resourceful customers, benefiting both end-consumers and businesses. By early 2008, the growth of eBay's auction business had begun to slow. In response, the company shifted its strategy to favor buyers, offering greater buyer protection, limiting allowable costs for shipping, and featuring more fixed-price items from businesses with larger inventories.⁷⁹ The special treatment of "power sellers" has made eBay an attractive platform for many leading retailers. With eBay, these businesses can sell end-of-season, outlet, or refurbished products at discount prices without fear of eventually being cut out by the middleman.⁸⁰ eBay continues to be responsive to consumer change: the company is investing heavily into integrating PayPal in bricks-and-mortar stores as well as mobile platforms, generating US\$10 billion of transaction volume in 2012—more than twice Paypal's volume from the year before⁸¹—and positioning itself as the preferred medium of exchange for many savvy spenders.

Campus Book Rentals—the "Netflix of textbooks"⁸²

Utah's Campus Book Rentals has enabled college students across the United States to save 50 percent or more on the cost of buying new or used textbooks.⁸³ Campus Book Rentals differentiates itself by making the rental process as economical as possible. It provides a prepaid envelope for returning books, offers a 30-day grace period for students who drop a class or change their mind about a rental and pays students for referring friends.⁸⁴ Campus Book Rentals has experienced 335 percent annual average growth over the past three years to reach US\$23 million in annual revenue.⁸⁵

22seven—smart spending

South African financial services business 22seven offers an innovative way for consumers to review their finances and spending habits and live a more cost-conscious lifestyle. The company unifies customers' transactions into one platform, combining checking, savings, credit card and retail store accounts.⁸⁶ From there, 22seven uses a series of algorithms to examine daily expenditure, areas of excessive spending and overall financial health. The service also provides customers with advice on how to spend more economically in the future.⁸⁷

MercadoLibre—market makers

The eCommerce site MercadoLibre is a leading enabler of the digital exchange economy in Latin America, with operations in 12 countries in the region.⁸⁸ The company provides a marketplace for purchases of second-hand and user-made goods and services, as well as listings for classified ads and services.⁸⁹ MercadoLibre has partnered with eBay and, like its North American counterpart, uses an integrated online payment platform (named MercadoPago) to facilitate transactions.⁹⁰ The site has nearly 70 million confirmed users as of March 2012, and 134,000 people derive their primary income from selling through the company.⁹¹

Disconnected

As the digital world bombards people with information at a frenetic pace, some consumers are allocating more time to doing nothing—especially people aged 18 to 24. The disconnected consumer is by no means ubiquitous: globally, the number of consumers that are more frequently setting aside time to do nothing is roughly equal to those that are doing so less, and only one in five consumers are turning off their phones more often than three years ago (see

Figure 21). However, consumers in Germany and the United States are, on balance, setting aside free time more often.

Keeping it simple

In a time of seemingly infinite choice, disconnected consumers are finding satisfaction from simplicity. Natural food and beverage sales in the United States have grown 85 percent between 2005 and 2009, reaching US\$36.4 billion in wholesale revenue.⁹² In China, there are now 200 yoga studios in Shanghai alone.⁹³ The search for simplicity extends across industries. Dutch stroller company Bugaboo offers stroller-friendly daytrips in 20 cities for parents to appreciate the little things

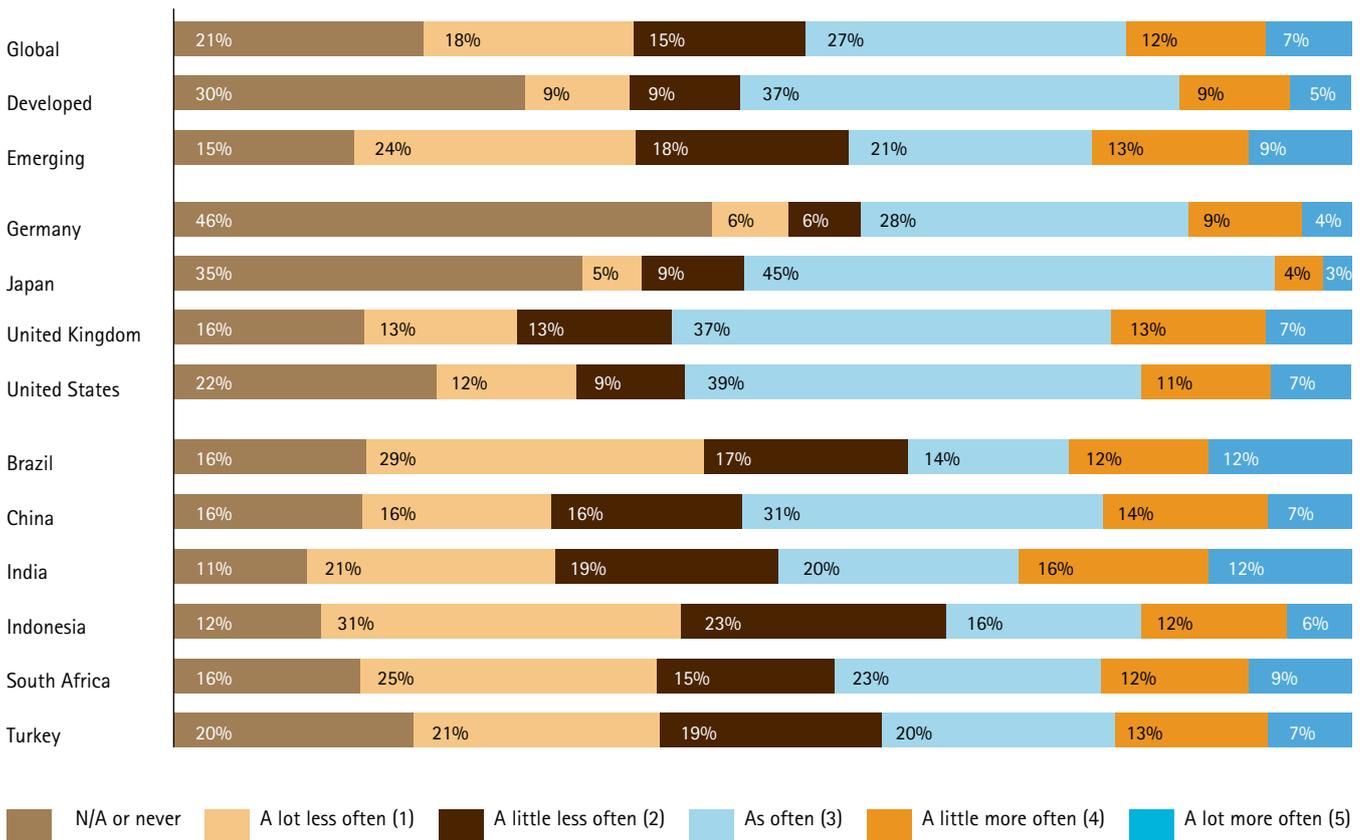
around them, from the “little-known park to the hidden gem of a shop.”⁹⁴

A break from the past

Disconnected consumers are not just seeking a break from the stresses of workaday life. They are also rejecting the traditions of previous generations—either subtly or overtly. This trend is higher in some emerging economies, perhaps due to a greater pace of social change than developed economies. We found that 45 percent of Brazilians are increasingly buying things of which their parents' generation would disapprove, compared with 36 percent in China and 35 percent in India. In Japan, by contrast, this figure was just 4 percent.

Figure 21: The disconnected consumer

"Compared to three years ago, how often do you turn off your phone for an extended period?"



Source: Accenture global consumer behavior survey. Note figures may not add to 100 percent due to rounding.

Case study

Royal Caribbean Cruises Limited—setting sail for growth

Cruise company Royal Caribbean lets customers get away from the connected digital world without it completely going away. Passengers are paying handsomely to switch off, with the company's sales rising to US\$7.5 billion in 2011, also the company's second-most profitable year in its history.⁹⁵ Royal Caribbean has wedded opposites—understanding that passengers want the feeling of disconnection, yet also the discretion to re-connect at their leisure. The company offers an array of offline options ranging from “chill out time” to “maximum exhilaration” pursuits,⁹⁶ but every ship is also equipped with cell phone service and Wi-Fi access.⁹⁷

Royal Caribbean has also boosted growth by adjusting its operations to appeal to newly-affluent consumers seeking a luxury vacation experience. All of Royal Caribbean's ships operating in China employ Chinese-style menus and offer increased retail and entertainment options as well as language services.⁹⁸ In the Western hemisphere, Royal Caribbean moved the target for its Pullmantur brand from the Spanish to Latin American cruise market as disposable income trends have shifted.⁹⁹ Royal Caribbean is also tapping into the novelty factor for emerging-market consumers. North Americans are more than 30 times more likely to have previously cruised than people residing in the Asian Pacific.¹⁰⁰ Cruises offer these newly-affluent consumers a vacation not easily available to prior generations, with ports of call in 96 countries and all seven continents.¹⁰¹

The co-operative consumer

Communal

The co-operative consumer's desire to involve others in the process of consumption is most visible at the community level. Communal consumption is built around proactive participation: consumers are engaging with like-minded people around them to achieve community-related goals.

Cross-sector communality

Communal activity is not confined to consumption. Consumers increasingly donate time and money to help others: we found that one-third of consumers globally are volunteering more of their time to help out a charity or good cause. Companies, in turn, are looking to enhance their reputations by supporting causes important to their customers. With 45 percent of consumers surveyed saying that purchases which benefit society or communities are more important to them now than they were three years ago, social and shareholder responsibilities are now interdependent.

Businesses throughout the world have begun embracing the "triple bottom line" approach of improving society, the environment and economic results. Emerging-market businesses such as Outsurance (a South African insurance company which hires traffic wardens to improve road safety)¹⁰² and Mabe (a Mexican consumer durables manufacturer which promoted its eco-friendly washing machine

in Colombia by launching a water donation drive for poor villages)¹⁰³ have embraced communal practices on their own initiative, while 664 companies across 23 countries have received B Corporationⁱ accreditation for meeting high standards of social and environmental responsibility.¹⁰⁴

Some new business models tap into the critical mass of the community when it comes to purchasing power. One Block Off the Grid, a group purchasing provider of solar power, reported a 46 percent rise in registered users over five months in 2011 to reach more than 101,000 households in the United States.¹⁰⁵

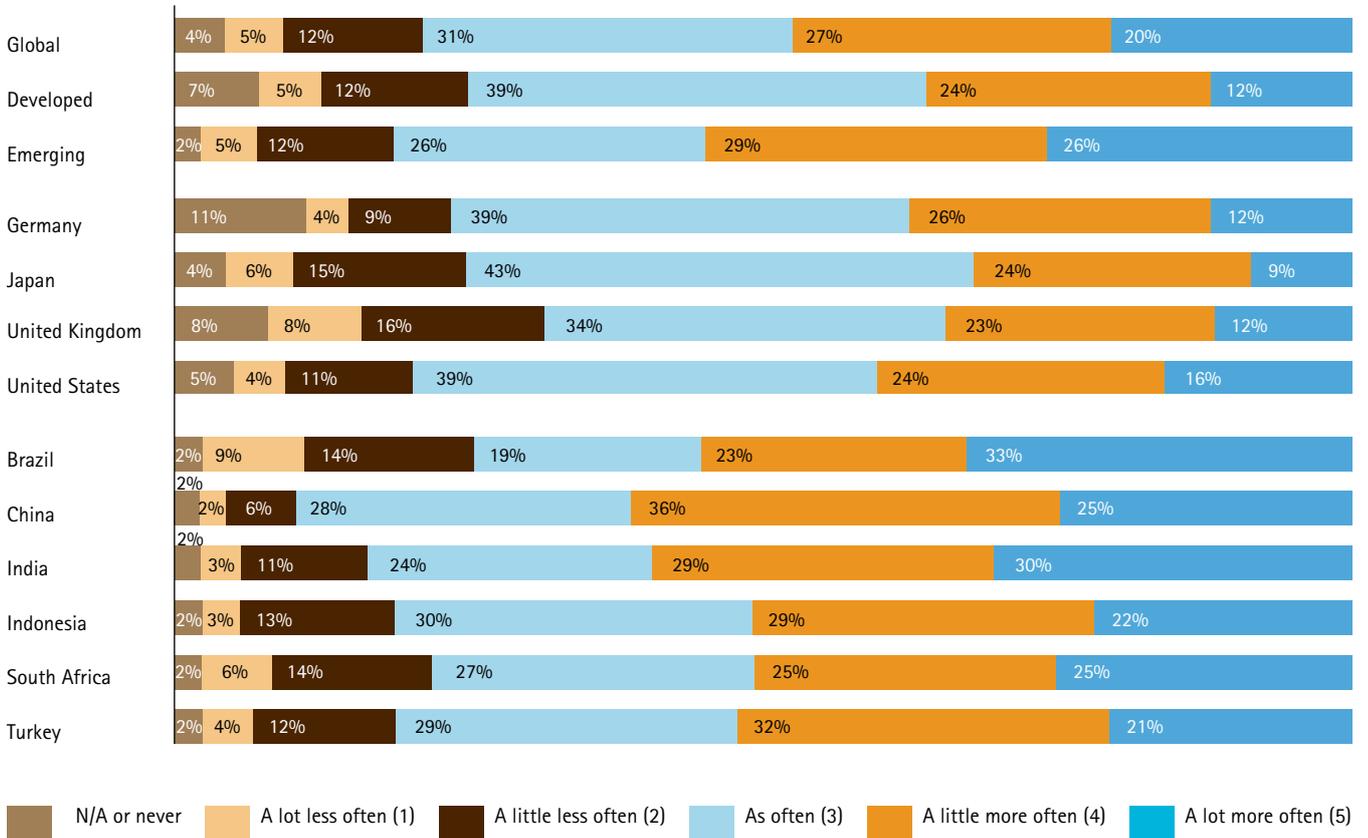
Doing it together

The communal consumer exhibits greater concern for physical and spiritual well-being. The Accenture global consumer behavior survey found that nearly half of respondents (47 percent) increasingly participate in physical activity to improve their health, rising to 60 percent in India and 61 percent in China (see Figure 22). China and India are clear hotspots for business too: Italian equipment maker Technogym anticipated up to 30 percent growth in equipment sales to China in 2010,¹⁰⁶ and one international gym chain has opened 65 gyms in India in ten years.

ⁱ B Corporations use the power of business to create public benefit.

Figure 22: The communal consumer

"Compared to three years ago, how often do you participate in physical activity to improve your health?"



Source: Accenture global consumer behavior survey. Note figures may not add to 100 percent due to rounding.

Case study

Whole Foods Market—building wealth from well-being

Whole Foods Market has long recognized consumers' increasing desire for healthy lives and healthy communities. In 1985, Whole Foods Market's "Declaration of Interdependence" described the company's commitment to operating communally, prioritizing the shared well-being of employees, customers, communities and the environment in its corporate practice.¹⁰⁷ Whole Foods Market has only deepened its commitment to communal conduct over the years. The company has formally labeled itself as a "conscious business," where social and environmental goals are pursued as greater ends than profits.¹⁰⁸ Whole Foods Market now provides customers with environmental ratings for its groceries as well as health education programs,¹⁰⁹ bridging the gap to consumers by sharing their communal sensibilities.

The company has grown aggressively to lead the natural food market, achieving scale on its consumer insight. Since its founding in 1980, Whole Foods Market has nearly doubled in size every four years, undertaking organic expansion and 19 acquisitions of other organic grocers by 2009 as it ventured into urban areas with high proportions of college-educated and upper-income residents.¹¹⁰ However, 2009 was a difficult year for the company, as identical store sales growth fell during the downturn.¹¹¹ With consumers becoming increasingly economical, the company responded by offering more affordable options, without losing the focus on wellness on which it had built its reputation.¹¹² Whole Foods Market subsequently experienced double-digit sales growth in the company's financial years 2010 and 2011, surpassing US\$10 billion in revenues.¹¹³

MapMyFitness—online fitness community

With more than 10 million registered members, US-based MapMyFitness is the world's largest social network of exercise enthusiasts in a fitness industry worth tens of billions of dollars in the United States alone.¹¹⁴ The site enables users to record and share workouts, exercise trails, nutrition programs and fitness events worldwide into a searchable database, allowing them to stay fit wherever they travel. The company has achieved 126 percent annual average growth since 2008.¹¹⁵

Safaricom Limited—reaching the remote

Kenyan telecommunications provider Safaricom has played an active role in African communities since its incorporation in 1997.¹¹⁶ Its mobile banking service gives more than 14 million low-income users access to financial services,¹¹⁷ and a new feature provides subscribers with medical services from partner Call-a-Doc.¹¹⁸ With the new service, 50 qualified doctors are on call to provide information, instruction and referral to local health centers, if necessary, for roughly US\$0.02 per minute.¹¹⁹ Safaricom's communal approach helped total revenue grow by 19 percent year-on-year in the first half of the company's financial year 2013 and it now serves 19.2 million customers.¹²⁰



Conscientious

The shift towards co-operative behavior is perhaps most marked in the growing concern for the environment. For example, 51 percent of consumers we asked in our global consumer behavior survey said they are considering the environmental impact of their purchases more than they were three years ago (see Figure 23).

Thinking global

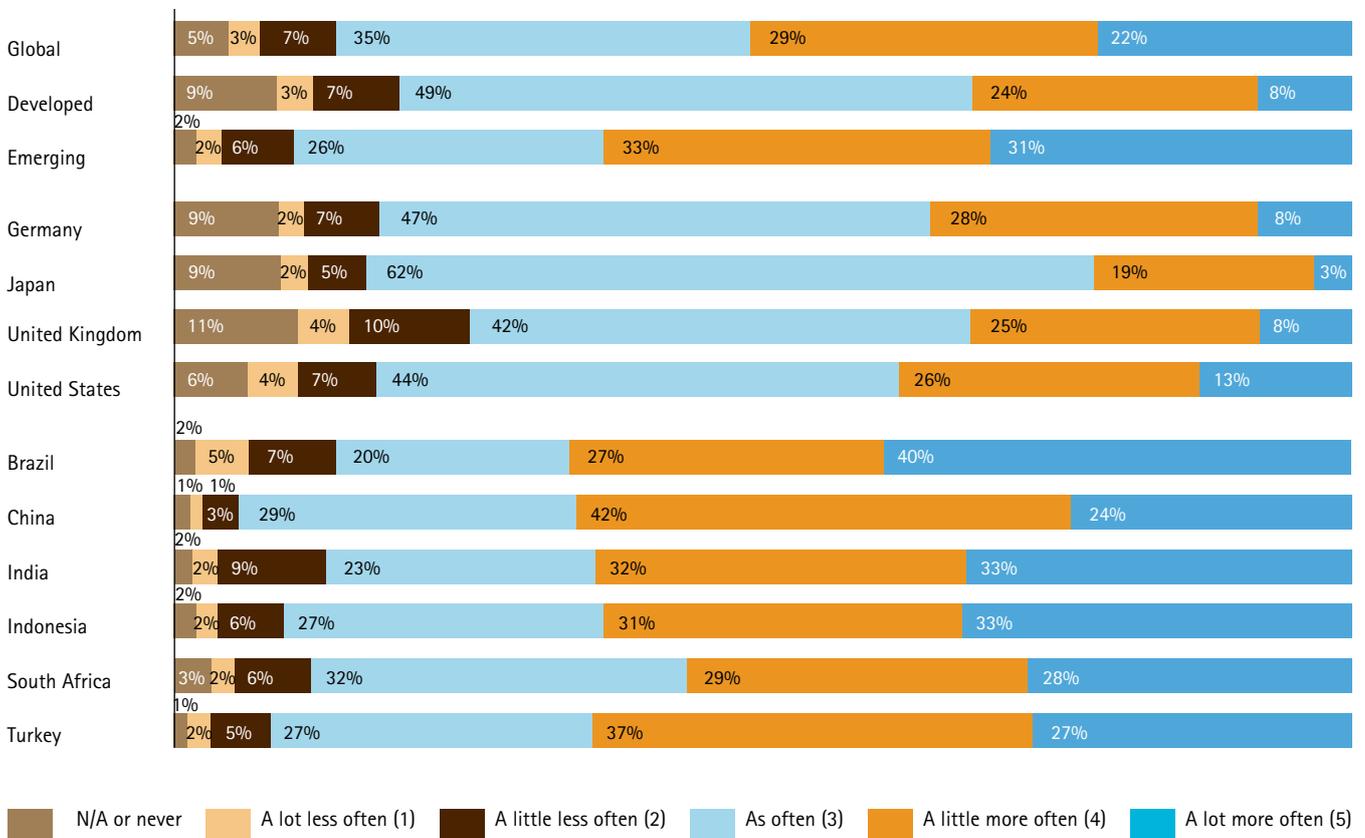
This trend is especially pronounced in emerging markets (64 percent versus 32 percent in developed markets). We also found evidence of a corresponding increase in the recycling of goods—50 percent of consumers are increasingly giving away things they do not need to those who have more use for them. Like many other trends, this is partly facilitated by technology, which has given consumers unprecedented access to information, making them both more sensitive to the consequences of

their purchasing decisions and more empowered to respond.

Businesses are being held to higher standards as a result: 83 percent of consumers we asked said it is important to feel that selling companies are trustworthy, while 54 percent said it is increasingly important that goods and services not harm the environment. Consumers have become conscientious—they are making choices based on their concerns, preferring to spend for the greater good of society and the environment.

Figure 23: The conscientious consumer

"Compared to three years ago, how often do you consider the environmental impact of the product or maker before purchasing a product?"



Source: Accenture global consumer behavior survey. Note figures may not add to 100 percent due to rounding.

Buying local

Forty-two percent of consumers surveyed are buying more locally sourced or locally made products than they did three years ago. This support for local enterprise has fueled rapid growth for community-oriented businesses such as social enterprises and co-operatives. Mexican social enterprise Enova has opened community education centers in 42 low-income locations since May 2009 and aims to improve the education of five million of Mexico's poor by 2013.¹²¹ In the United Kingdom, co-operatives rose by nearly 20 percent in value from 2008 to 2011, while the value of the wider economy fell by 1.7 percent during the same period.¹²² The United Nations declared 2012 the "International Year of Cooperatives," a testament to the power of conscientious production and consumption.

Squaring the virtuous circle

The conscientious consumer's expectations present an opportunity for businesses that embrace responsible practices. A San Francisco investment advisor, HIP Investor (Human Impact + Profit), created a reweighted ranking for the S&P 100 based on dozens of ethical criteria and discovered that companies which scored higher on the HIP Index also generated greater financial returns. Public relations company Edelman noted a surge in global consumer acceptance of brands supporting "good" causes while turning a profit, jumping from 43 percent in 2008 to 76 percent in 2012.¹²³ Businesses can enhance their reputations—and their bottom lines—by being good to the core, creating a self-fulfilling cycle of sustainable practices and sustained profits.

Case study

Suzano Papel e Celulose—seeding profits through propriety

Brazil's Suzano Papel e Celulose has a history of exceeding industry standards for environmental responsibility. Suzano was the first pulp and paper business globally (and the first of any Latin American company) to quantify its carbon footprint,¹²⁴ and the company now ranks second globally in eucalyptus pulp production and eighth largest for all pulps.¹²⁵ These accomplishments are not coincidental. Suzano embraced the disruptive potential of "triple bottom line" growth (where financial, social and environmental well-being interrelate) during the 1970s, after implementing a forest maintenance program to create jobs in nearby communities while procuring a cheaper supply of wood. This initiative was hugely successful, establishing environmental responsibility as a core component of sustained, profitable growth.¹²⁶

Suzano continues to actively invest time and resources in local ecosystems—both human and environmental—to cultivate sustainable growth. Prior to expanding into the new areas of Maranhão and Piauí, the company has assisted nearly 3,800 people through its Community Agricultural Project to date, where residents receive instruction on environmentally friendly methods of seed selection and farming.¹²⁷ As a result of these efforts, 97 percent of suppliers in Maranhão had already been contracted a year prior to that operation's start date through Suzano's Forest Partnership Program for local producers.¹²⁸ Suzano has also invested in biotechnology to partner sustainable forestry practices with cutting-edge production methods. The company currently produces eucalyptus yields of 104 cubic meters per hectare per year, vastly exceeding industry averages of 80 cubic meters,¹²⁹ in part due to its care of the local environment.

Natura—conscientious cosmetics

Brazilian cosmetics company Natura understands the importance of environmental conservation for its long-term competitiveness. Indeed, Natura built its business model around preserving the Amazon ecosystem while promoting local economic development.¹³⁰ When the company discovered that local communities were cutting down trees which provided critical ingredients for Natura products, it sent representatives to provide instruction on how to preserve trees as well as harvest cocoa and passion fruit. Natura's environmental conscientiousness has preserved more than 35,000 trees and supported 700 indigenous families.¹³¹ The company instigated its Carbon Neutral Program in 2007, and in 2008 was the only Latin American company invited to join the Climate Neutral Network, a forum for businesses and governments to discuss plans for combating global warming.¹³²

Revolution Foods—a square meal

San Francisco's Revolution Foods aims to provide healthy school lunches for mostly low-income students to meet demand from schools and parents for more nutritious school meals.¹³³ The company ensures that all meals comply with the National School Lunch program (costing less than US\$3 per child), guaranteeing that its partner schools are eligible for federal reimbursement and can continue to afford Revolution's services.¹³⁴ This sustainable, health-conscious strategy—further reinforced by using locally sourced ingredients whenever feasible¹³⁵—has generated 137 percent average annual revenue growth in the past three years, with the company now serving 200,000 meals a day across 850 schools.¹³⁶

Alex and Ani—eco-friendly jewelry

US-based jewelry maker Alex and Ani has experienced 151 percent growth over the past three years, using eco-friendly, locally sourced metals for its materials to promote conscientious lifestyles.¹³⁷ The company also strives to promote charitable giving through its products. It works closely with charities to produce designs representative of their message, with revenue from consumer purchases going directly to these organizations.¹³⁸

Minimalist

In today's world, ownership no longer symbolizes success. Half of the consumers (51 percent) we surveyed said it is increasingly important that items purchased have low or zero cost of ownership. This sentiment is highly prevalent in developed markets, where declining wages and rising costs coincide with high quality of life expectations. The drop-off in ownership is partly illustrated by the housing and automobile markets—the home ownership rate for American adults aged 25 to 44 has dropped by more than 9 percent since 1980,¹³⁹ while the share of young German households not owning cars rose from 20 percent in 1998 to 28 percent in 2008.¹⁴⁰

Access not ownership

The companies tapping into minimalist consumption are often darlings of the digital age, offering continuous access to a highly mobile clientele. Sweden's Spotify boasted 4 million paying subscribers for its "freemium" music streaming services in July 2012, doubling the amount of paying customers in September 2011.¹⁴¹ The pay-as-you-go car-sharing business Zipcar offers first-time users in the United States one year of rental access, gas, insurance and 180 free miles for less than US\$100,¹⁴² far less than the nearly US\$9,000 average cost for Americans to own a car for the same period.¹⁴³ Larger companies are starting to stake their claim—BMW, Hertz and General Motors are among those to have started or partnered with car-sharing schemes. The short-term accommodation rental company AirBnB processed 5 million transactions between January and June 2012 alone.¹⁴⁴

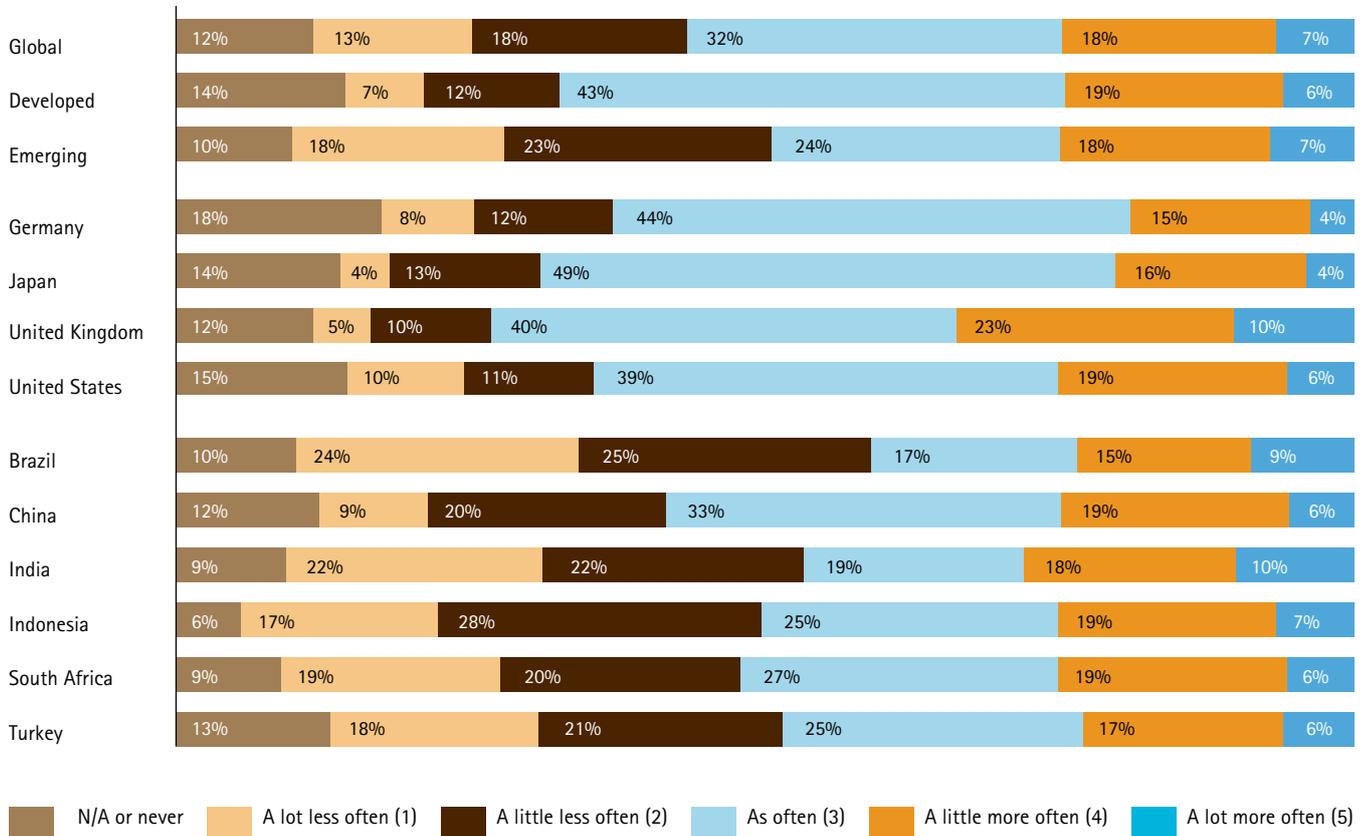
Something old, something borrowed

Minimalist consumption is also about borrowing or buying pre-used, according to our analysis. Our survey of consumer behavior shows that this trend is fairly constant between developed- and emerging-market consumers—with the United Kingdom showing the greatest degree of change of any one country (see Figure 24).

Elsewhere, some companies are blurring the boundaries between pre-owned and luxury. In Hong Kong, the initial public offering of second-hand luxury retailer Milan Station was 2,000 times oversubscribed, feeding off popularity among minimalist consumers.¹⁴⁵

Figure 24: The minimalist consumer

"Compared to three years ago, how often do you purchase or use something previously owned by someone else?"



Source: Accenture global consumer behavior survey. Note figures may not add to 100 percent due to rounding.

Case study

Hertz—turning lemons into lemonade

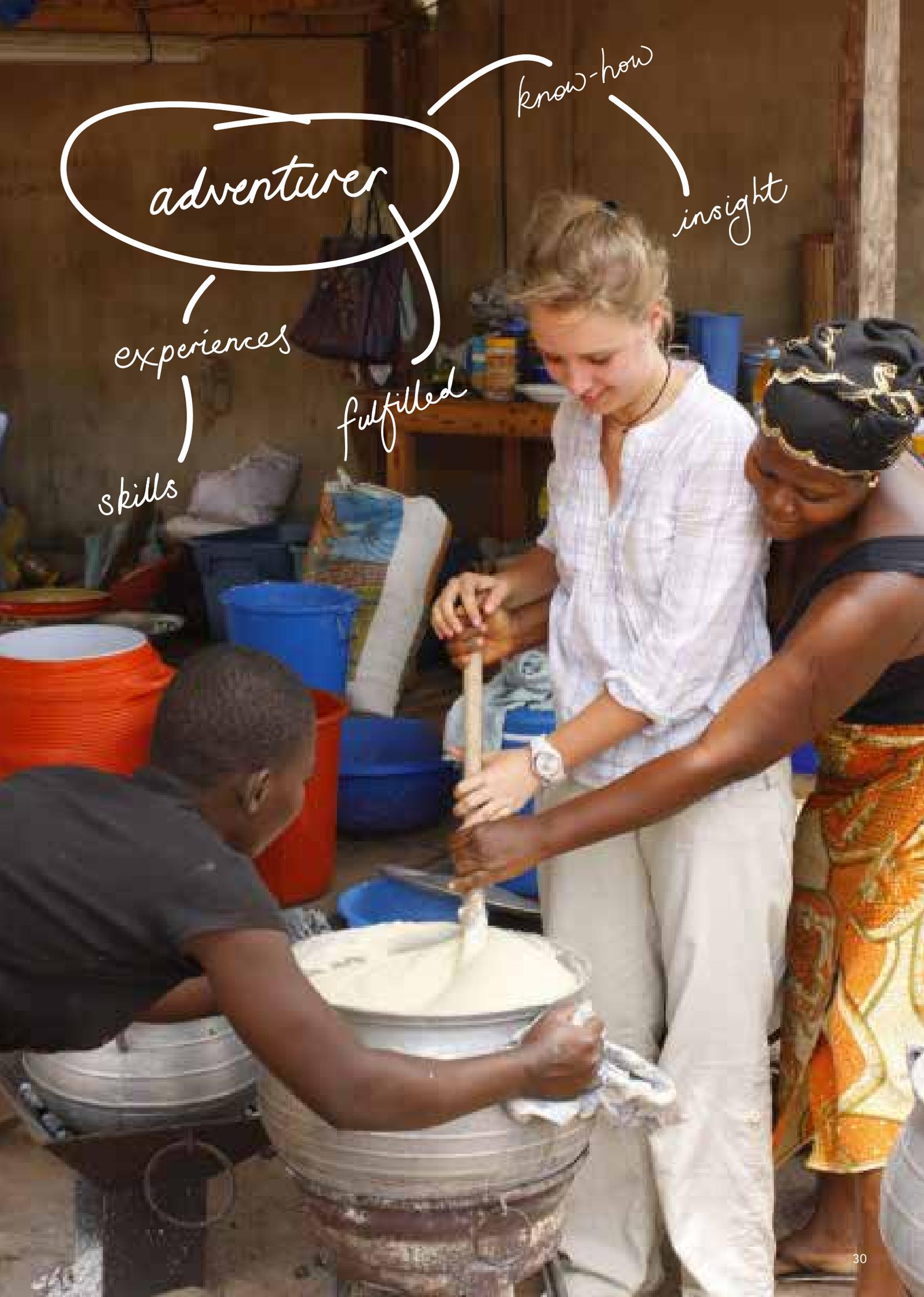
Hertz did not invent the car-share. Smaller companies such as Zipcar were the first movers, challenging the car rental industry status quo. Hertz confronted this disruption, creating car-share service Hertz On Demand in 2009. Disruption has enhanced Hertz's offerings: the company has drastically improved the consumer experience by cutting the time, energy and cost for customers to get behind the wheel.

The minimalist approach of Hertz On Demand has carried over into Hertz's other services. The company has eliminated the payment obligations of membership, annual and late fees,¹⁴⁶ and now offers one-way car rentals in parts of the United States to lessen the hassle of rental returns.¹⁴⁷ Hertz also offers minimalist consumers access to a broader array of cars (its rental fleet now includes electric, natural gas and hybrid vehicles),¹⁴⁸ in more locations, without requiring a full-fledged rental.

Being a "fast follower" has quickly generated rewards for Hertz. Hertz On Demand grew to 130,000 members by May 2012,¹⁴⁹ and its success helped Hertz set quarterly records in revenues and pre-tax income in the second quarter of 2012.¹⁵⁰ Furthermore, these minimalist sensibilities have been reflected elsewhere in the company's strategy, from the introduction of "virtual kiosks" to a partnership with a recycling company to dispose of old tires.¹⁵¹

Electronics recycling—picking up the pieces

The growth of the secondary market for consumer electronics—an industry with a potential value of US\$49 billion in the United States alone¹⁵²—indicates some of the opportunities for companies serving minimalist consumers. American companies Gazelle and Nextworth Solutions, specializing in electronics recycling, have each experienced three-year growth averages above 100 percent,¹⁵³ while Buymobilephones.net was the United Kingdom's fastest-growing private company in 2010.¹⁵⁴ As consumers seek to trade up (for example, exchanging older smartphones to subsidize the purchase of newer versions) or purchase at a lower cost, a profitable niche has emerged for companies such as these to act as intermediaries to connect two sides of the minimalist consumer.



adventurer

know-how

insight

experiences

skills

fulfilled

Examples of growth opportunities

Consumer behavior change offers substantial opportunities for growth. These opportunities are significant enough to have an impact at the country level—and could help boost low-growth economies. In conjunction with Oxford Economics, an economics consultancy, we analyzed two sectors representative of the behavior changes we identified. For the networked consumer, we looked at the potential upside effect of growing tablet computer sales on the economy. For the co-operative consumer, we evaluated the effect of an increase in charitable giving.

Tablet computers and the networked consumer

The meteoric rise of the tablet computer industry illustrates how tapping into the changing consumer can trigger growth. Tablet computers are one of the fastest-growing consumer goods markets in the world, with the launch of the first Apple iPad in 2010 generating huge sales and spurring the release of many competing products. Around 60 million tablets were sold worldwide in 2011, with 2012 forecasts at nearly double this figure.ⁱⁱ The tablet's popularity should yield rapidly growing sales over the next five years, with industry experts forecasting sales to rise to between 261 and 450 million units per annum by 2016.ⁱⁱⁱ

We worked with Oxford Economics to measure the direct potential impact of tablet sales on the global economy from 2013 to 2016. Under our baseline scenario, we adopted analysts' estimates of 2016 tablet sales and assumed a constant annual growth rate between 2011 and 2016. In other words, these numbers are calculated using the existing pattern and trend of tablet sales. However, should the tablet market continue to meet the changing needs of the connected consumer, these numbers could be much higher. In our alternative scenario, we assume that tablet computers in 2016 would reach the same level of prevalence as smartphones now.ⁱⁱ

Our analysis of 10 economies confirmed tablet sales' positive and significant impact on global output. The full impact of the additional sales in the 10 countries considered is an increase in output over the baseline of around US\$61 billion,ⁱⁱ roughly equivalent to an economy the size of Croatia's. The full global impact can be estimated using linear extrapolation. Assuming that the direct and indirect impact in other countries is broadly the same as in our sample, global gross domestic product could increase by 0.16 percent (US\$97 billion) by 2016. When global economic growth is forecast to be just 3.5 percent in 2016, this would provide a welcome boost—adding an extra 4 percent to the growth outlook.

ii It is now more than five years since the launch of the first iPhone. By 2016, tablets could reach the same level of market development, given that the first iPad was launched in 2010.

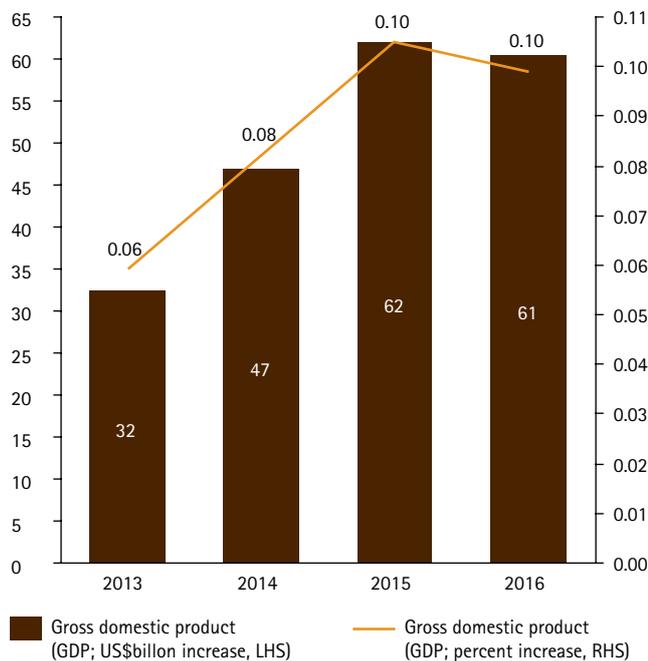
iii All figures in this section are in real terms at 2005 prices.

Figure 25: The growth opportunity from tablet computers

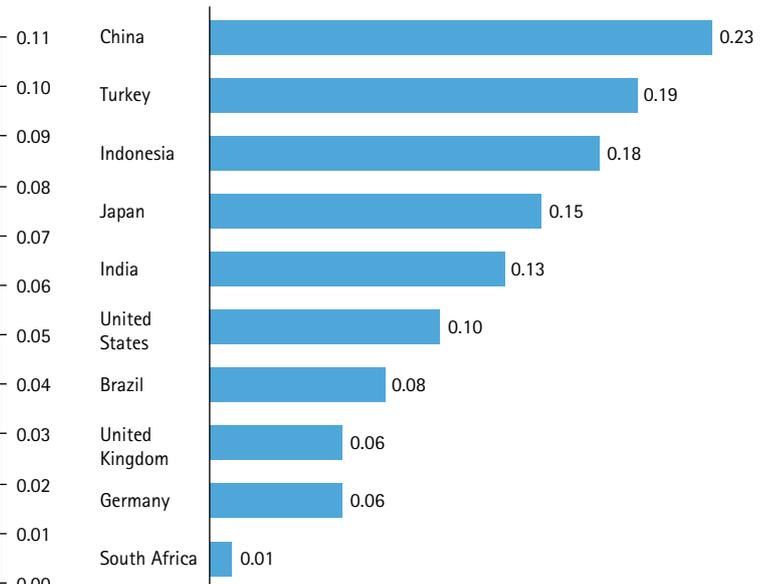
A higher penetration of tablet computers across 10 countries could boost global economic output by around US\$61 billion

Tablet computers scenario

Global GDP increase versus baseline, 2016



Percent increase in GDP versus baseline, 2016



Source: Oxford Economics, Accenture analysis

Indirect effect: apps

Not only would more tablet sales contribute directly to gross domestic product growth, but also the greater prevalence of tablet use creates a wealth of opportunities for ancillary sectors. Here, we focus on the market for mobile device applications (apps), and examine the likely boost from the continued rise of tablets. In 2009, 2.5 billion apps were downloaded, generating US\$2 billion in revenue.¹⁵⁷ By 2011 this had mushroomed to 24.9 billion apps and US\$12 billion in revenue.¹⁵⁸ Industry forecasts suggest that this rapid pace of expansion will

be maintained, with 310 billion apps forecast to be downloaded in 2016, generating US\$61 billion in revenue.¹⁵⁹

In our alternative scenario, where tablet sales are significantly higher than the baseline case, the potential market for apps will grow accordingly. Assuming that the share of app sales between smartphone users and tablet users is approximately equal to their share of total devices in operation, tablet users will purchase around 93 billion apps in 2016, worth US\$21 billion. In our scenario, this could rise to 140 billion apps, generating US\$28 billion in revenue.^{iv}

iv This assumes there is no change in the penetration rate of smart phones.

Charitable giving and the co-operative consumer

Growth is not just restricted to the private sector—an increase in levels of charitable giving, in line with a move towards co-operative consumption and concern for others, could spur growth and help improve conditions in the global economy.

In conjunction with Oxford Economics, we analyzed the potential impact of increased charitable donations on the global economy. The level of private sector charitable giving varies substantially across countries, from 0.2 percent of households' income in Japan to 1.8 percent in the United States.¹⁶⁰ These figures are lower than at the start of the global economic downturn. For the developed and emerging economies that donate the most (the United States and South Africa respectively),

we assume that contributions rise to their pre-crisis levels in our alternative scenario. In other countries we assume that between one-third and one-half of the gap between them and the highest-donating country is closed—for developed markets we close the gap to the United States, whereas for emerging markets the reference point is South Africa.

At the global level, the increase in charitable giving creates a significant increase in output in the short- and medium-term. The boost to demand in our sample countries increases gross domestic product both at home (through increased charity employment and operational spending) and abroad (via an increase in imports), with global levels increasing by US\$121 billion in 2013. Assuming the rest of the world has a similar donation pattern, we can estimate the impact of households in all countries increasing their donations. Overall, this would increase global output by around US\$183 billion in 2013—equivalent to an economy the size of Peru, and roughly 14 percent of the forecast growth between 2012 and 2013.

Indirect effects: mental health charities

The direct economic benefit is sizable, yet it ignores an even greater productivity gain enabled by increasing charitable donations. Here, we examine one small part of this indirect benefit with a case study on mental health charities. The literature in the area suggests that the direct cost of mental health (that is, the cost of treating the illness) accounts for between 28 and 32 percent of the total cost of mental illness.¹⁶¹ The indirect cost (defined as the value of the output lost) accounts for the remaining majority.

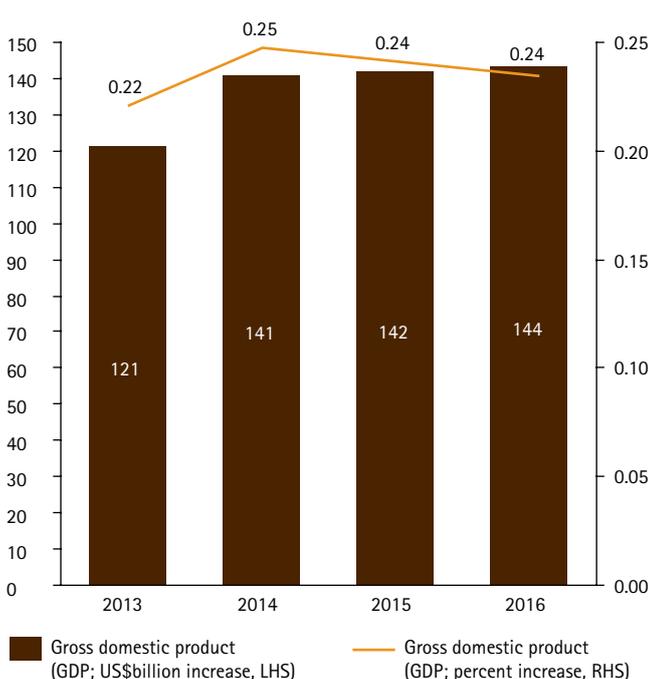
In this example, we assume that the share of health-related donations given to mental health is the same as the share of mental health services in total expenditure on healthcare. Therefore, in our scenario, 1.4 percent of the increase in charitable giving in any one year (around US\$1.4 billion in 2016¹) goes to mental health charities for the provision of treatment. Based on an assumed internal rate of return of 7 percent,¹⁶² this would generate a cumulative additional increase of US\$420 million to global output in 2016.

Figure 26: The growth opportunity from charitable giving

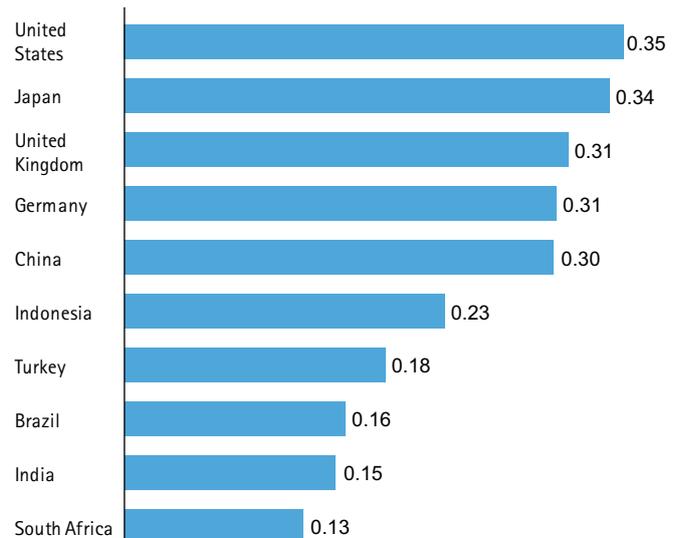
An increase in charitable giving across 10 countries could boost global economic output by US\$121 billion in 2013

Charitable giving scenario

Global GDP increase versus baseline, 2016



Percent increase in GDP versus baseline, 2016



Source: Oxford Economics, Accenture analysis

v. As the productivity gain from mitigating the effects of mental health illness is a longer-term question, the figures in this analysis pertain to 2016 rather than 2013. Around 20 percent of charitable donations are made to health-related causes, and across health spending overall, mental health accounts for around 7 percent of total expenditure. We multiplied these two figures to give us an assumed 1.4 percent of donations that go to mental health charities.

About the research

For the global consumer behavior survey, Accenture surveyed 10,000 online consumers from 10 countries—Brazil, China, Germany, India, Indonesia, Japan, South Africa, Turkey, the United Kingdom and the United States—to assess and quantify the extent of consumer behavior change. We conducted a factor analysis on the results of this survey to derive the 10 dimensions of consumer change discussed in this report.

The scenario analysis for both tablet computers and charitable giving was conducted using the same general methodology. We first developed assumptions for each scenario, before inputting them into Oxford Economics' Global Economic Model (GEM), which was then solved to assess the economic outlook under each alternative.

The following assumptions were used for the tablet computers' scenario:

1) A baseline forecast for annual tablet computer sales was built up using the latest historical data for annual sales and forecasts for sales in 2016 at the global and country level.

2) This forecast was then coupled with historical data for tablet penetration rates in 2010 to calculate tablet penetration rates in 2016, assuming the average lifetime of a tablet computer is two years.

3) For the scenario, alternative penetration rates for 2016 were set to broadly match the current penetration rates of smart phones. In some emerging economies these were adjusted up or down to reconcile the rate with the current level of tablet penetration and the baseline forecast for penetration in 2016.

4) The annual tablet sales figure needed to achieve the scenario penetration rate for 2016 was then calculated using linear extrapolation.

5) To produce the additional tablet computers purchased in the scenario, firms must increase investment above baseline levels to expand their productive capacity. Using input-output tables, the capital to output ratio for the electronics sector (around 0.3) was used to calculate the additional investment needed to increase supply to meet the implied tablet sales in the scenario. This formed the basis for the assumed increase in investment, the first key assumption for the GEM.

6) The increase in tablet sales implied by the scenario was converted to a value in base year prices for each country in the sample. This formed the basis for the assumed increase in consumption, one of the three assumptions for the GEM.

7) Finally, the share of additional sales in each country that would be supplied by imports was calculated based on the current ratio of imports to domestic production for consumer electronics (taken from input-output tables). This varied across countries, and is reflected in the final scenario results.

The following assumptions were used for the charitable giving scenario:

1) Research was conducted to establish the baseline level of donations in each country.

2) For the scenario, we assumed that donation levels increase in all countries:

- Donations in the United States rise back to their pre-crisis level (around 2.2 percent of households' disposable income), an increase of around 20 percent from current levels.

- Other developed countries close between one-third and one-half of the gap between their current level and the level in the United States.

- Donations in South Africa increase by 0.1 percentage points, a 10 percent increase in the level compared to the baseline.

- Other emerging economies close half of the gap between their current level and the level in South Africa.

3) The increase in donations in the scenario is translated into a percentage increase in consumption and a percentage increase in employment, based on the breakdown of charities' spending.

With the assumptions built up, the second stage in each scenario was to input these assumptions into the Global Economic Model to compute the economic outlook under each alternative.

The Oxford Global Model covers 46 countries, including the United States, the main European Union countries, China and the other main Asian economies. This model—which is unique among commercial economic consultancies—provides a rigorous and consistent structure for analysis and forecasting, and enables the implications of alternative global scenarios and policy developments to be analyzed at both the macro and sectoral level.

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