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### ***Consumers Hold Today's Key to Managing Business Uncertainty<sup>1</sup>***

The key to managing uncertainty for businesses and organizations of all types for the near term future is understanding your consumers, according to Futurist Greg Schmid. Of the drivers he identified as shaping consumer behavior, he said the rising level of educational attainment is the most fundamental change for businesses.

Schmid monitors and analyzes global business issues and drivers for businesses and governments participating in the Managing Uncertainty program. He shared these insights at the annual conference in Washington, DC. (The Institute for Alternative Futures is affiliated with Managing Uncertainty through its for-profit subsidiary, Alternative Futures Associates.)

In the US more than 50 percent of the adult population has some college education. Other developing countries have rapidly rising rates of attainment – among younger adults, Japan and South Korea actually edge ahead of the U.S. and Canada in the percentage of adults with a tertiary degree.

This rising level of education attainment, Schmid said, is the key factor in another important driver, income distribution. The household income distribution curve in the U.S is flattening out as the share of the population living in households with higher levels of incomes increases. “What’s your ability to play at any position on the income curve? We are turning into a society that is a rubber band society extending further apart. It will be hard to identify products that appeal across that spectrum,” he said.

The jobs that these people increasingly hold are information-based jobs, and the skills they learn on the job shape their information seeking behaviors in the marketplace. Schmid said targeted, tailored and timely communications win with these information-empowered consumers.

The U.S. consumer drives the global economy. With only 4 percent of the world's population, the U.S. market is responsible for 20 percent of GDP, and 40 percent of the net increase in world imports over the last ten years. “Why do world finance markets allow the US to have one percent interest rates when Europe has five percent?” Schmid asked. “The world is betting on the American consumer to continue driving the global economy.”

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<sup>1</sup> Reprinted with permission from the April 2004 issue of *Alternative Futures*, the newsletter of the Institute for Alternative Futures, Alexandria, Virginia; Marsha Rhea, editor.

## Alternative Thinking

What happens to your products and services if a new center of influence, such as China, with a different culture becomes a counter force in a consumer-driven marketplace? Tell us what you think.

**POINTS FOR THE CLASSROOM** (send comments to [forum@futuretakes.org](mailto:forum@futuretakes.org)):

- *Flex your neurons and enlighten your fellow readers! The “alternative thinking” question provided is an excellent starting point.*
- *The article discusses a correlation among education levels, income distribution, and consumer behavior. With other countries having “rapidly rising rates of [educational] attainment,” in some cases eclipsing those of the US and Canada, what are the long term implications to the US role as driver of the global economy? Furthermore, what are the implications of the baccalaureate degree becoming ever more commonplace – an increasingly educated populace or a cheapening of the degree – and with what implications to consumer behavior?*
- *Are there other reasons why “world finance markets allow the US to have one percent interest rates when Europe has five percent?” Thinking even further ahead, what will “education” itself be in 2025, and what impacts will that have on consumer behavior?*