

POST CORONA

From Crisis to Opportunity

From *New York Times* Bestselling Author

SCOTT GALLOWAY

ALSO BY SCOTT GALLOWAY

*The Four: The Hidden DNA of Amazon, Apple,
Facebook, and Google*

*The Algebra of Happiness: Notes on the Pursuit
of Success, Love, and Meaning*

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FROM CRISIS
TO OPPORTUNITY

Scott Galloway

PORTFOLIO | PENGUIN



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*For California taxpayers and the Regents of the University of
California*

The Great Acceleration

In Crisis There Is Opportunity

Outsourcing Sacrifice

The Culling of the Herd: The Strong Get (Much) Stronger

Surviving the Culling: Cash Is King

Crisis Management 101

Overcorrect

Going on Offense

The Covid Gangster Move: Variable Cost Structures

The Great Dispersion

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Second-Order Effects of the Dispersion of Work

The Brand Age Gives Way to the Product Age

Welcome to the Product Age

Red and Blue

Red and Blue Social Media

Red and Blue Search and Beyond

The Power of Bigness / The Monopoly Algorithm / Featurization

It's All Tech Now

The Four Expand Everywhere

The Four Come to Hollywood

Bigger Tech, Bigger Problems

Standing Up Against the Four

The Curse of Big Numbers

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Apple

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The Disruptability Index

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Ripe for Disruption

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Capitalism, Our Comorbidities, and the Coronavirus

[Sounds Great, but . . .](#)

[The Role of Government](#)

[Comorbidities](#)
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Capitalism on the Way Up, Socialism on the Way Down = Cronyism

[The Virtues of Failure](#)
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The New Caste System

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The Exploitation Economy

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Take Government Seriously

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[Democracy's One Weird Trick](#)
[Vote](#)

Tragedy of the Commons

[Calling the Corona Corps](#)
[Malefactors of Great Wealth](#)

What We Must Do

Acknowledgments

Notes

We're taught time is a reliable, relentless force. The sun's progress across the sky and our seasonal orbit around the sun establish an immortal, uniform rhythm. However, our perception of time is not constant. As we age, our frame of reference (the past) expands, and the years move faster. This morning I kissed my son goodbye before his first day of kindergarten. This afternoon he came home from fifth grade. It's the opposite for him. His school believes that same fifth grade should be a safe place to fail. His first Cs and Ds arrest time, frequently.

What we experience is change, not time. Aristotle observed that time does not exist without change, because what we call time is simply our measurement of the difference between "before" and "after."¹ Hence our daily experience of time dragging or flying by. Time is malleable, paced by change. And the smallest thing can create unprecedented change. Even something as small as a virus.

In early March of 2020, we were living in the "before." The novel coronavirus was in the news, but just. Outside China there was little to suggest a global crisis was unfolding. Forty-one people had died in northern Italy, but in the rest of Europe life was unchanged. The United States reported its first death on March 1, but the big news was Mayor Pete suspended his campaign for the presidency. There were no closures, no masks, and most people wouldn't have recognized Dr. Anthony Fauci.

By the end of the month, we were in the "after." The world shut down. Hundreds of thousands of people tested positive for the virus, including Tom Hanks, Placido Domingo, Boris Johnson, and dozens of sailors on a U.S. aircraft carrier in the middle of the Pacific Ocean.

A virus one four-hundredth the width of a human hair grabbed a sphere weighing 13 billion trillion tons and set it spinning ten times faster.

Yet even as time (change) sped up, our lives felt static. Like my son holding his first bad report card, we lost our capacity to imagine anything beyond the present moment. No before *or* after, just Zoom calls, takeout, and Netflix. We checked case counts and deaths vs. game scores and movie times. The hit movie of summer was *Palm Springs*—a story of two people living the same day over and over again.

Having experienced fifty-odd trips around the sun, I know we are wrong about the persistence of this moment. I try to convince myself what I tell my boys: this too shall pass. This book is an attempt to look beyond our unprecedented present and predict the future by creating it, catalyzing a dialog that crafts better solutions.

When the only astronomical object known to harbor life reverts to its regular rate of rotation, what will be different about business, education, and our country? Will it be more humane and prosperous? Or will people prefer it just stop spinning? What can we do to shape the “after”?

I’m an entrepreneur and a business school professor, so I view things through the lens of business. That’s the core of this book—how the pandemic will reshape the business environment. I examine how the pandemic has favored big companies, and big tech most of all. A healthy portion of this book is a pandemic-era update to my first book, *The Four*, revisiting Amazon, Apple, Facebook, and Google. I also look at the disruption opportunities outside the sectors dominated by the Four, and some of the firms poised to prosper.

Business doesn’t operate in a vacuum, so I connect the business story to our broader societal story. I’ve devoted an entire chapter to higher education, as I believe it is on the cusp of transformative change. I write about the ways in which the pandemic has revealed and accelerated broader trends in our culture and politics, why I believe that a generation of changes undertaken in the name of capitalism have undermined the capitalist system, and what we can do about it. This has been a worldwide crisis, and while my examples and analysis are rooted in a U.S. experience, I hope these insights will hold value for readers in other countries.

I begin with two theses. **First, the pandemic’s most enduring impact will be as an accelerant.** While it will initiate some changes and alter the direction of some trends, the pandemic’s primary effect has been to accelerate dynamics already present in

society. **Second, in any crisis there is opportunity; the greater and more disruptive the crisis, the greater the opportunities.** However, my optimism on the second point is tempered by the first—many of the trends the pandemic accelerates are negative and weaken our capacity to recover and thrive in a post-corona world.

The Great Acceleration

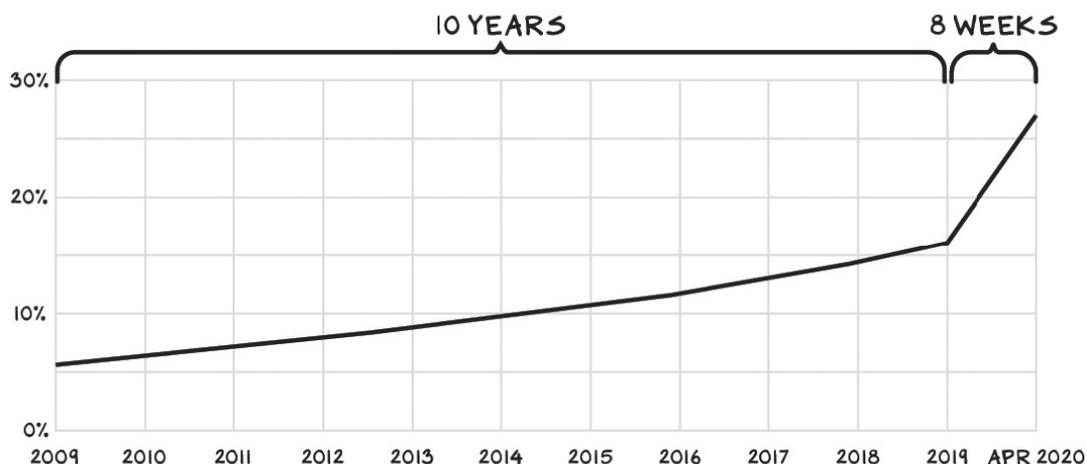
There is a saying attributed to Lenin: **“Nothing can happen for decades, and then decades can happen in weeks.”** It wasn’t Lenin, but Scottish MP George Galloway (great name). Galloway was paraphrasing, with typical Scottish brevity, something much more roundabout and obtuse that Lenin said in 1918, after the radical changes wrought by his revolution.

This theme, decades in weeks, is playing out in most sectors and facets of life. Ecommerce began taking root in 2000. Since then, ecommerce’s share of retail has grown approximately 1% every year. At the beginning of 2020, approximately 16% of retail was transacted via digital channels. Eight weeks after the pandemic reached the U.S. (March to mid-April), that number leapt to 27% . . . and it’s not going back. We registered a decade of ecommerce growth in eight weeks.

U.S. ECOMMERCE PENETRATION

(% OF RETAIL SALES)

2009–2020



SOURCE: BANK OF AMERICA, U.S. DEPARTMENT OF COMMERCE, SHAWSPRING RESEARCH.

Take any trend—social, business, or personal—and fast-forward ten years. Even if your firm isn't there yet, consumer behavior and the market now rests on the 2030 point on the trend line—positive or negative. If your firm had a weak balance sheet, it's now untenable. If you're in essential retail, your goods are more essential than ever. If you're in discretionary retail, you are more discretionary than ever. In your personal life, if you were fighting with your partner, your rows are worse. Good relationships now have another ten years of history and goodwill.

For decades, companies invested millions of dollars in equipment for virtual meetings, hoping to diminish distance. Universities begrudgingly adopted tech tools including Blackboard in the early '90s to (sort of) keep pace with the outside world. Communications companies ran numerous ads featuring virtual family dinners, doctors seeing patients from across the country, and students learning from the world's great teachers without leaving their hometown.

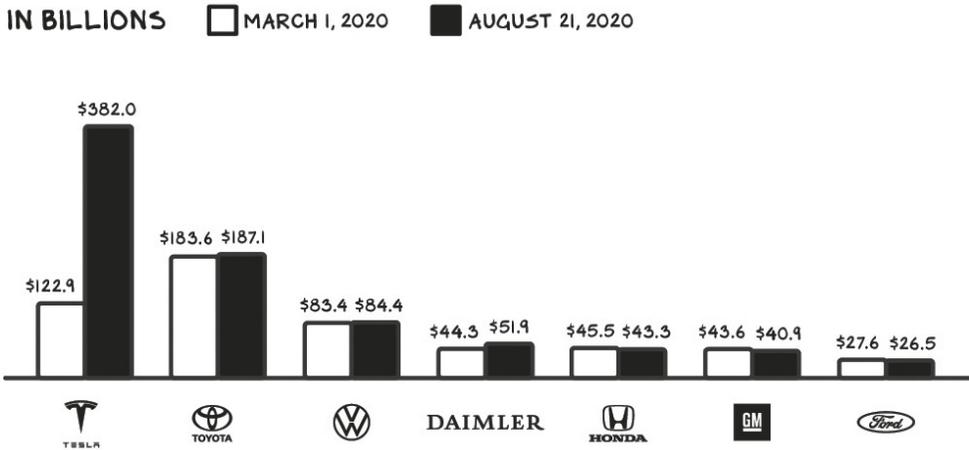
And for decades, not much happened. Multimillion-dollar video conference systems didn't work, and faculty resisted any tech more complex than Dry Erase or PowerPoint. FaceTime and Skype made inroads in our personal communications, but didn't reach critical mass.

Then, in weeks, our lives moved online and business went remote. Every business meeting went virtual, every teacher became an online educator, and social gatherings moved to a screen. In the markets, investors calibrated the value of disruptive companies based not on the next weeks or years, but on assumptions of the firm’s position in 2030.

It took Apple 42 years to reach \$1 trillion in value, and 20 weeks to accelerate from \$1 trillion to \$2 trillion (March to August 2020). In those same weeks, Tesla became not only the most valuable car company in the world, but more valuable than Toyota, Volkswagen, Daimler, and Honda . . . combined.

For decades, big-city mayors and planning officials have been calling for more bike lanes, pedestrian access, and fewer cars. And for decades, traffic, air pollution, and accidents congested our streets and skies. Then, in weeks, cyclists took over the road, outdoor dining tables sprouted, and skies cleared.

MARKET CAPITALIZATION OF AUTO FIRMS



SOURCE: ANALYSIS OF SEEKING ALPHA DATA.

Negative trends may have accelerated at a greater rate. For decades, economists have been warning that economic inequality was deepening, while economic mobility was declining. An economy with uncomfortable underlying trends has morphed to a dystopia.

Forty percent of Americans, we were told, would have trouble covering a \$400 emergency expense. But an unprecedented 11-year economic expansion meant the tide never went out. Then, in the first

three months of the Covid-19 recession we lost more employment (13%) than we lost in the two years of the Great Recession (5%). Half of U.S. households have had at least one person lose a job or take a pay cut because of the outbreak.² Households with income below \$40,000 were hit hardest—almost 40% were laid off or furloughed by early April, compared to just 13% of households with income over \$100,000.³

The world spun faster, for better or worse.

In Crisis There Is Opportunity

It's a cliché for a reason. John F. Kennedy made it a staple of his campaign speeches. Al Gore used it in his Nobel Prize acceptance speech. The Chinese word for *crisis* consists of two symbols, one meaning *danger*, the other, we are told, meaning *opportunity*. What opportunities await us post corona?

The pandemic has a silver lining that could rival the size of the cloud. America overnight has a greater savings rate and fewer emissions. Three of the largest, and most important, consumer categories in the U.S. (healthcare, education, and grocery) are in a state of unprecedented disruption and, possibly, progress.

While the overwhelming of some hospitals due to Covid-19 was rightfully the lead story, the more lasting narrative may be how the other 99% of people accessed healthcare during the pandemic—without setting foot in a doctor's office, much less a hospital. The forced embrace of telemedicine promises an explosion in innovation and opens a new front in the war against the costs and burdens of our broken healthcare system. Similarly, the forced embrace of remote learning, as clunky and problematic as it has been, could catalyze the evolution of higher education, yielding lower costs and increased admittance rates, and restoring college to its role as the lubricant for Americans' upward mobility. Even more fundamental than education, nutrition stands on the precipice of revolution, if the dispersion of grocery via delivery creates opportunities for more efficient distribution, wider reach for fresh foods, and adoption of local goods.

Underneath these changes, coming of age in a worldwide crisis has the potential to mature a generation with a renewed appreciation for community, cooperation, and sacrifice—a generation that believes empathy is not weakness, and wealth isn't virtue.

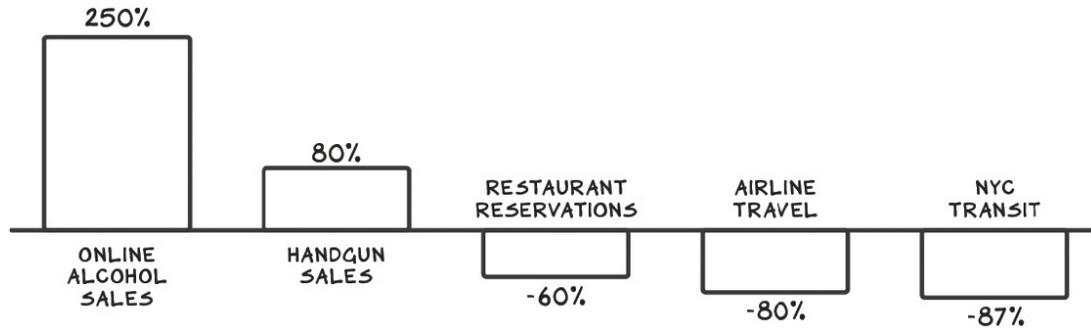
Opportunities are not guarantees. Indeed, the popular story about the Chinese word for *crisis* is not quite right. The first character means *danger*, but the second character is better translated as *a critical juncture*. A crossroads. For Lenin's countrymen, the radical transformations of 1917 presented opportunities as well. Their failure to seize them led to immense suffering.

It's easy to believe that won't happen to us, that "it can't happen here." But consider that not long ago (middle of the 20th century), we put 75,000 American citizens behind barbed wire because they had Japanese ancestry. Consider that none of us, at the onset of the pandemic, thought the U.S. could be a country that lost a thousand people a day to a virus that other (less developed?) nations stopped in its tracks.

Our response to this crisis has not inspired confidence. Despite having longer to prepare, spending more on healthcare than any nation, and believing we are the most innovative society in history, with 5% of the world's population the U.S. has endured 25% of the infections and deaths. It took the last 10 years to create 20 million jobs and 10 weeks to destroy 40 million. Travel is down, restaurants are dark, drinking and handgun sales are up. Over 2 million Gen Zers have moved back in with their parents,⁴ and 75 million young people are going to school amidst uncertainty, conflict, and danger.

CHANGE IN BEHAVIOR PRE AND POST PANDEMIC

APRIL 2019 VS. APRIL 2020



SOURCES: 1. NOWTHISNEWS 2. NPR 3. CNN 4. CNBC 5. NYT.

Historians can dissect the missteps that led us here. The deeper cause of our failure is already clear.

Consider two wars. America's involvement in World War II lasted 3 years and 8 months, and 407,000 Americans perished. You couldn't find chocolate or nylons, and despite the financial stress of wartime, households were asked to dig into their pockets and buy war bonds. Manufacturers retooled their plants to build bombers and tanks, and a nationwide 35 miles per hour "Victory" speed limit was imposed to save fuel and rubber for the war effort.⁵ We drafted high school students and high school teachers, and they gave their lives for liberty. After the war, we invested in our enemies and produced more wealth and prosperity than any society to date. For a time, we distributed it more fairly than ever before. We changed where we lived (suburbs) and how we lived (the car and television), and began a long-overdue reckoning with our most profound inequalities of race and gender.

OUTSOURCING SACRIFICE

American forces have been fighting in Afghanistan for 19 years, and we've lost 2,312 service members. The conflict has metastasized into violence spanning half the globe, with civilian deaths in the untold (literally) hundreds of thousands. During that time, I have seen